



Anhui Expressway Company Limited

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

(Stock Code : 0995)

2019
INTERIM REPORT



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IMPORTANT NOTICE

1. The Board of Directors, the Supervisory Committee and the Directors, Supervisors and the senior management of the Company hereby warrant that the contents of the interim report are true, accurate and complete, and that there are no false accounts, misleading statements or significant omissions of information and jointly and individually accept the legal responsibility.

2. Absence of Directors

Role of the absent director	Name of the absent director	Reason of absence	Name of alternate director
Non-executive director	Yang Xudong	Business commitment	Du Jian
Independent non-executive director	Kong Yat Fan	Business commitment	Liu Hao
Independent non-executive director	Jiang Jun	Business commitment	Liu Hao

3. The interim report was unaudited but was reviewed by the audit committee of the Company.

4. Mr. Qiao Chuanfu, Chairman, Mr. Xu Zhen, who is responsible for the accounting work and Mr. Xiao Guangzhuo, manager of the Financial Department of the Company hereby confirm that the financial statements contained in the interim report are true, accurate and complete.

5. The profit appropriation plan or the plan of transferring reserves to capital for the Reporting Period approved by the Board of Directors: Nil

6. The forward-looking risk statement

Applicable Not applicable

Please refer to Section IV, "Discussion and Analysis on Business Operations" for the potential risks of the Company. Forward looking statements, including the future plan and development strategy, contained in this report do not constitute a real commitment to investors by the Company. Investors should be reminded of such investment risks and invest rationally.

7. Whether there was any extraordinary use of funds by the controlling shareholder and its related parties for purposes other than for operations?

No

8. Whether there were any provisions of external guarantee in violation of specified decision making procedures?

No

9. Major Risk Notice

The major risks have been concretely described in the report. Please refer to Section IV “Discussion and Analysis on Business Operations” for the possible risk factors and the corresponding tackling measures as set out in the discussion and analysis in respect of the future development of the Company.

10. Other

Applicable Not applicable

Unless otherwise specified, the currency used in this report is RMB.

In this report, if the sum of the sub-item value is inconsistent with the total number, it is due to rounding.

SECTION I DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

"the Company", "Company"	Means	Anhui Expressway Company Limited
"the Group"	Means	the Company, its subsidiaries and associated companies
"ATHC" or "Anhui Transportation Group"	Means	Anhui Transportation Holding Group Company Limited (formerly known as Anhui Expressway Holding Group Company Limited and Anhui Expressway Holding Corporation)
"China Merchants Highway"	Means	China Merchants Highway Network Technology Holding Company Limited (formerly known as China Merchants Hua Jian Highway Investment Company Limited)
"SSE"	Means	Shanghai Stock Exchange
"SEHK" or "Hong Kong Stock Exchange"	Means	The Stock Exchange of Hong Kong Limited
"Xuanguang Company"	Means	Xuanguang Expressway Company Limited
"Expressway Media"	Means	Anhui Expressway Media Company Limited
"Xin'an Financial"	Means	Anhui Xin'an Financial Group Company Limited
"Xin'an Capital"	Means	Anhui Xin'an Capital Operating Management Group Company Limited
"Xuancheng Transportation Investment" or "XCIC"	Means	Xuancheng Transportation Investment Company Limited (formerly known as Xuancheng Highway Construction Management Company Limited)
"Ningxuanhang Company"	Means	Anhui Ningxuanhang Expressway Investment Company Limited
"Guangci Company"	Means	Xuancheng City Guangci Expressway Limited Liability Company
"Wantong Pawn"	Means	Hefei Wantong Pawn Company Limited
"Wantong MicroCredit"	Means	Hefei Wantong MicroCredit Company Limited
"Yida Company"	Means	Anhui Yida Toll Road Service Sector Management Co., Ltd.
"Huatai Group"	Means	Hefei Huatai Group Corporation Limited
"AEHK"	Means	Anhui Expressway (H.K.) Limited
"China Merchants Fund"	Means	Anhui Transportation China Merchants Industrial Fund (Limited Partnership)

“Jinshi Merger and Acquisition Fund”	Means	Anhui Transportation Jinshi Merger and Acquisition Fund (Limited Partnership)
“China Merchants Fund Management Company”	Means	Anhui Transportation China Merchants Investment Fund Management Company Limited
“Jinshi Fund Management Company”	Means	Anhui Transportation Jinshi Fund Management Co., Ltd.
“General Meeting”	Means	a general meeting of Anhui Expressway Company Limited
“Board”	Means	the board of directors of Anhui Expressway Company Limited
“Directors”	Means	the directors of Anhui Expressway Company Limited
“Supervisory Committee”	Means	the supervisory committee of Anhui Expressway Company Limited
“Supervisors”	Means	the supervisors of Anhui Expressway Company Limited
“Reporting Period”	Means	the six-month period ended 30 June 2019
“Listing Rules”	Means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SFO”	Means	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CSRC”	Means	China Securities Regulatory Commission
“PRC” or “Mainland China”	Means	the People’s Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
“Articles of Association”	Means	the Amended and Restated Articles of Association of Anhui Expressway Company Limited
“Company Law”	Means	the Company Law of the People’s Republic of China
“Securities Law”	Means	the Securities Law of the People’s Republic of China
“HKAS”	Means	Hong Kong Accounting Standards
“Information Industry Company”	Means	Anhui Transportation Information Industry Company

SECTION II CORPORATE PROFILE AND MAIN FINANCIAL INDICATORS

1. Company Information

Official Chinese name of the Company	安徽皖通高速公路股份有限公司
Abbreviation (in Chinese)	皖通高速
English name of the Company	Anhui Expressway Company Limited
Abbreviation (in English)	Anhui Expressway
Legal representative of the Company	Qiao Chuanfu

2. Contact Person and Contact Details

	Secretary to the Board of the Company	Representative of Securities Affairs
Name	Dong Huihui	Ding Yu
Contact address	520 Wangjiang West Road, Hefei, Anhui, the PRC	520 Wangjiang West Road, Hefei, Anhui, the PRC
Telephone	0551-65338697	0551-63738923, 63738922
Fax	0551-65338696	0551-65338696
Email Address	wtgs@anhui-expressway.net	wtgs@anhui-expressway.net

3. Introduction of Basic Information

Registered address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
Postal code of registered address	230088
Office address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
Postal code of office address	230088
Website of the Company	http://www.anhui-expressway.net
E-mail address of the Company	wtgs@anhui-expressway.net
Query index for changes	Nil

4. Information Disclosure and Addresses for Keeping Report

Newspapers designated for publishing report	China Securities Journal, Shanghai Securities News
Websites designated for disclosure of the interim report assigned by CSRC	http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.net
Addresses designated for keeping the interim report	Shanghai Stock Exchange, 528 Pudong South Road, Shanghai Hong Kong Registrars Limited, 46th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong Company's head office at 520 Wangjiang West Road, Hefei, Anhui, the PRC
Search index of change in registration during the Reporting Period	None

5. Company Stock Information

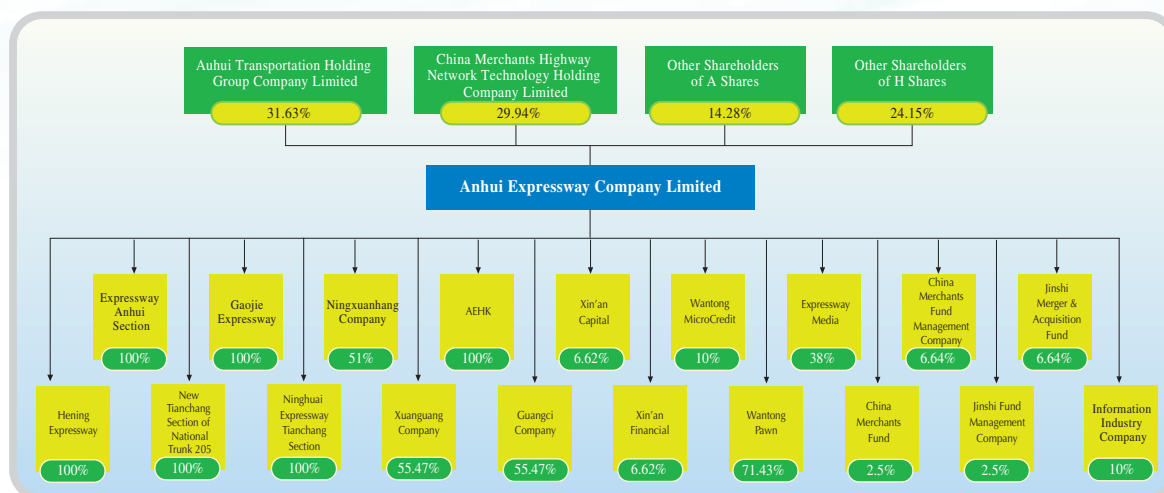
Stock Category	Stock Exchange	Stock Abbreviations	Stock Code	Stock Abbreviations before alteration
A Shares	Shanghai Stock Exchange	Anhui Expressway	600012	–
H Shares	The Stock Exchange of Hong Kong Limited	Anhui Expressway	0995	–

6. Other Related Information

Applicable Not applicable

Anhui Expressway Company Limited

As of 30 June 2019, the structure of the Company, its subsidiaries and associated companies (the "Group") and other equity investments is as follows:



7. Main Accounting Data and Financial Indicators (under PRC accounting standards)

(1) Main Accounting Data

Unit: yuan Currency: RMB

Main Accounting Data	2019	2018	Change as compared to the corresponding period of last year (%)
	(January-June)	(January-June)	
Revenue	1,467,501,106.08	1,467,508,868.01	0.00
Net profit attributable to shareholders of the Company	547,875,668.55	555,596,747.32	-1.39
Net profit after extraordinary items attributable to shareholders of the Company	547,016,641.85	554,951,814.80	-1.43
Net cash flows from operating activities	935,505,582.63	851,049,193.72	9.92

	As at 30 June 2019	As at 31 December 2018	Change as compared to the end of last year (%)
Net assets attributable to shareholders of the Company	<u>10,203,220,150.16</u>	10,069,996,981.61	<u>1.32</u>
Total assets	<u>15,281,969,121.48</u>	<u>14,780,287,813.81</u>	<u>3.39</u>

(2) *Main Financial Indicators*

Main financial Indicators	2019 (January-June)	2018 (January-June)	Change as compared to the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.3303	0.3350	-1.40
Diluted earnings per share (RMB/share)	0.3303	0.3350	-1.40
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.3298	0.3346	-1.43
Returns on net assets (weighted average) (%)	5.33	5.79	A decrease of 0.46 percentage point
Returns on net assets after deduction of non-recurring profit or loss (weighted average) (%)	5.32	5.78	A decrease of 0.46 percentage point

Explanations on Main Accounting Data and Financial Indicators

Applicable Not applicable

8. Differences between financial statements prepared in accordance with different domestic and overseas accounting standards

Applicable Not applicable

(1) *Differences of net profit and net assets attributable to shareholders of the Company between international accounting standards and the PRC accounting standards*

Applicable Not applicable

(2) *Differences of net profit and net assets attributable to shareholders of the Company between the HKAS and the PRC accounting standards*

Applicable Not applicable

Unit: '000 Currency: RMB

	Net profit		Net assets attributable to shareholders of the Company	
	Amount of current period	Amount of previous period	Amount at the end of the Reporting Period	Amount at the beginning of the Reporting Period
PRC accounting standards	547,876	555,597	10,203,220	10,069,997
Items and amounts adjusted in accordance with HKAS:				
Valuation, depreciation/ amortization of assets and related deferred taxes	-4,209	-4,216	44,468	48,677
HKAS	543,667	551,381	10,247,688	10,118,674

(3) *Explanation on the major differences between the PRC accounting standards and HKAS*√ Applicable Not applicable

In order to issue and list “H” shares in Hong Kong, the highway franchise, fixed assets and related land use rights of the Company were valued by a PRC certified public valuer and an international certified public valuer on 30 April and 15 August 1996 respectively and the results were included in the relevant prescribed financial statements and the financial statements prepared in accordance with Hong Kong Financial Reporting Standards. As per the said valuation, the valuation result of the international certified public valuer is higher than that of the PRC certified public valuer’s result by RMB 319,000,000. Such differences have impacts on the business performance (i.e. the depreciation and amortization figures) of the highway franchise, fixed assets, and land use rights and the related deferred tax of the Group and the Company, which resulted in the above adjustments.

9. **Non-recurring profit or loss items and amounts involved**√ Applicable Not applicable

Unit: yuan Currency: RMB

Non-recurring profit or loss items	Amount	Note (if applicable)
Gains or losses from disposals of non-current assets	-186,805.49	
Government subsidies charged to the current gains or losses (excluding those closely related to the Company’s normal operations, subsidised in accordance with the government policies or regulations, subsidised in a standardised amount or being continuously subsidised in a constant amount)	1,146,280.60	The assets related government grants include the construction funds subsidies of Ninghuai Expressway (Tianchang Section) received from Jiangsu Provincial Highway Construction Department (attached to the Transportation Department of Jiangsu Province) in 2007 and the station construction funds subsidies of Hening Expressway and Gaojie Expressway received from Anhui Provincial Highway Administration Bureau (attached to the Transportation Department of Anhui Province) in 2010 and amortized in the first half of 2019.
Other non-operating income and expenses	272,060.37	
Effects on minority shareholders’ interests	-64,624.91	
Effects on income tax	-307,883.87	
Total	859,026.70	

10. Other

Applicable Not applicable

Main accounting data and indicators prepared in accordance with HKAS (unaudited)

Abstract of Results

Unit: '000 Currency: RMB

	For the		Change (%)
	six months ended 30 June		
	2019	2018	
Revenue	1,965,648	1,760,879	11.63
Profit before income tax	757,664	762,088	-0.58
Profit attributable to owners of the Company	543,667	551,381	-1.40
Basic earnings per share attributable to owners of the Company (RMB)	0.3278	0.3324	-1.38

Abstract of Assets

Unit: '000 Currency: RMB

	As at	As at	Change (%)
	30 June	31 December	
	2019	2018	
Total assets	15,344,104	14,829,956	3.47
Total liabilities	4,230,601	4,200,849	0.71
Total net assets (Capital and reserve attributable to owners of the Company)	10,247,688	10,118,674	1.28
Net assets Value per share (RMB)	6.18	6.10	1.31

SECTION III CORPORATE BUSINESS SUMMARY

I. Explanation on the principal business engaged by the Company, operating model and industry information during the Reporting Period

The Company was incorporated on 15 August 1996 as a joint stock limited company in Anhui Province, the PRC, and is the first PRC highway company listed in Hong Kong. It is also the only listed highway company in Anhui Province. On 13 November 1996, 493.01 million of H shares issued by the Company were listed on The Stock Exchange of Hong Kong Limited. On 7 January 2003, 250 million of A Shares issued by the Company were listed on Shanghai Stock Exchange. As at 30 June 2019, the total share capital of the Company is 1,658,610,000 shares, each with a face value of RMB 1.

The Company's principal businesses include the investment, construction, operation and management of certain toll roads within Anhui province. The Company acquires operational highway assets through various means such as investment and construction, acquisition or co-operative operation. The Company provides toll services for vehicles, collects vehicles toll fees according to the charging standards and maintains, repairs and carries out safety maintenance for the operating expressways. Toll roads are large-scale transportation infrastructures with long payback cycle and the investment return period is long and the income is relatively stable.

The Company owns the entire or partial equity interest of Hening Expressway (G40 Hushan Expressway Hening Section), New Tianchang Section of National Trunk 205, Gaojie Expressway (G50 Huyu Expressway Gaojie Section), Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section), Guangci Expressway (G50 Huyu Expressway Guangci Section), Ninghuai Expressway Tianchang Section, Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section) and Ningxuanhang Expressway, which are toll highways in Anhui Province. As of 30 June 2019, the operation mileage which the Company managed had reached 557km and the total assets was about RMB15.282 billion.

In addition, the Group is also actively exploring and experimenting with the advertising business along the expressway, financial business and fund investment business to further expand the profit space and achieve sustainable development of the Group.

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The major listed companies in the same industry and their financial indicators are shown in the following table:

Unit: RMB'0,000

Stock code	Stock Name	Total assets	Net assets	Asset Liability ratio (%)	Operating revenue	Year-on-year growth of revenue (%)	Net profit	Year-on-year Growth of net profit (%)	Return on net assets (%)	Price earning ratio
Arithmetic mean		2,457,510.05	1,214,876.68	45.75	381,978.73	-7.44	136,206.26	4.80	10.43	14.05
Median		1,629,591.08	1,004,630.16	42.69	307,039.55	3.69	95,611.01	11.00	8.25	11.11
600012. SH	Anhui Expressway	1,478,028.78	1,058,109.90	28.41	296,694.85	3.69	109,664.20	1.01	11.55	8.91
001965. SZ	China Merchants Highway	8,408,425.37	4,979,916.06	40.77	675,934.02	26.56	437,105.12	8.76	8.81	12.69
600350. SH	Shandong Expressway	6,859,613.64	2,931,541.81	57.26	682,879.88	-15.98	362,641.18	21.90	10.93	7.45
600020. SH	Zhongyuan Expressway	5,014,783.81	1,121,111.74	77.64	577,603.65	-7.42	80,356.71	-31.15	6.55	10.33
600377. SH	Ninghu Expressway	4,816,272.88	2,935,385.69	39.05	996,901.12	5.43	447,571.09	21.46	17.63	11.28
600548. SH	Shenzhen Expressway	4,110,085.03	1,953,975.27	52.46	580,710.80	11.45	357,873.06	138.01	22.19	5.69
601107. SH	Sichuan Expressway	3,620,381.68	1,488,439.92	58.89	596,901.75	-25.24	90,080.20	-7.03	5.98	12.53
600269. SH	Ganyue Expressway	3,298,138.94	1,618,387.42	50.93	450,741.92	4.15	110,357.97	19.56	7.93	7.80
000900. SZ	Modern Investment	2,470,712.52	968,132.66	60.82	1,186,099.46	11.97	95,611.01	12.98	10.81	6.13
600033. SH	Fujian Expressway	1,729,892.17	1,106,328.84	36.05	266,267.30	7.61	95,822.96	11.00	8.25	11.11
000429. SZ	GPED A	1,629,591.08	1,004,630.16	38.35	321,869.41	4.20	190,334.04	11.29	18.02	10.46
000828. SZ	Dongguan Development	1,100,936.14	652,676.47	40.72	162,352.07	11.79	105,196.01	18.31	17.27	7.40
600035. SH	Chutian Expressway	1,089,740.03	623,255.87	42.81	307,039.55	14.21	44,070.27	-22.94	7.26	11.47
600368. SH	Wuzhou Traffic	1,060,263.81	353,299.57	66.68	181,935.31	1.52	40,535.77	13.82	12.39	8.15
000755. SZ	Shanxi Road Bridge	918,074.55	104,646.26	88.60	160,683.37	-51.67	4,584.68	-84.20	5.61	38.50
601518. SH	Jilin Expressway	666,712.16	382,116.66	42.69	85,138.33	-12.55	24,050.01	-10.01	7.63	14.30
600106. SH	Chongqing Road Bridge	652,094.66	353,357.03	45.81	23,980.92	0.83	22,490.69	-19.75	6.32	14.80
601188. SH	Longjiang Traffic	512,653.86	430,647.17	16.00	69,897.14	-60.89	31,961.03	-14.86	7.37	12.90
000886. SZ	Hainan Expressway	328,494.68	278,064.99	15.35	46,186.06	-20.81	16,608.58	76.11	6.11	22.33
000548. SZ	Hunan Investment	213,224.24	163,756.57	23.20	29,867.04	-69.24	3,082.77	-74.75	2.43	54.33

Note: Source from Wind, and the information was as at 31 December 2018

II. Explanation on material changes in major assets of the Company during the Reporting Period (in accordance with the PRC Accounting Standards)

Applicable Not applicable

At the end of the Reporting Period, the scope of the consolidated statement of the Group has not changed.

Unit: yuan Currency: RMB

Items	30 June 2019	31 December 2018	Percentage Change	Explanation on change
Financial assets at fair value through profit or loss	250,656,232.88	0	N/A	Mainly due to the structured deposits with floating rates acquired by the Company from a bank during the Reporting Period ;
Deferred income tax assets	100,080,638.40	57,559,374.23	73.87%	Mainly due to the decrease in the deductible deferred income tax assets as a result of the “conversion of debt to capital reserve” of Ningxuanhang Company during the Reporting Period.

Among which assets of RMB1,974,745.80 are in overseas, representing 0.01% of total assets.

III. Analysis on core competency during the Reporting Period

Applicable Not applicable

The Company was founded in 1996, and is the first PRC expressway company listed in Hong Kong, and also the only listed expressway company of Anhui province.

1. The transportation infrastructure concession is the core business of the Group. Our operating region is located in Anhui province, having superior geographical location and geographical advantages. Our road sections are major transit national trunks across the Anhui region. With the implementation of national development strategy of the “Yangtze River Economic Zone” and the basic strategy of “development towards the East and acceleration of integration into the Yangtze River Delta” of Anhui Province, the network economic efficiency of the roads managed by the Company shall become more apparent.

2. The performance of the Company remains outstanding and stable, with high credit rating, low debt to assets ratio and strong solvency. At the same time, the operation of the Group is steady, and the outcomes of management on relations with investors are significant with a higher degree of concern in the capital market, resulting in a sound guarantee for the Company's future development by equity financing, continuous improvement in financing structure, and further expansion with the help of capital market.
3. Since its listing, the Company has shown a corporate image of openness and integrity to investors with information disclosure that is sufficient, fair and in compliance with relevant regulations, and has gained a well social response and influence in the PRC and overseas through active investor relationship management. Our persistence in high cash dividend ratio policy also gains favor and support from the market and investors. The Company has a stable investor foundation and good market image in the domestic and overseas capital market.

SECTION IV DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

I. Management Discussion and Analysis

During the Reporting Period, the Company deeply implemented the “1123” development strategy, focused on the principal businesses and accelerated high quality development, while continuing to promote our quality improvement and efficiency increasing and doing better and stronger.

The reconstruction and expansion of Hening Expressway advanced orderly. 2019 is a year for the reconstruction and expansion of Hening Expressway project to fully accelerate towards completion. During the Reporting Period, constructions such as subgrade, surface, security and ancillary works have been safely, orderly and comprehensively progressed as scheduled, and the double-run was implemented on the temporary full single-line four-lane surface. During the Reporting Period, the project had completed investment of RMB498 million, with a total completed investment of RMB2,428 million.

Toll management has been steadily improved. The toll revenue during the Reporting Period reached RMB1.397 billion (pre-tax), with an average daily total revenue of RMB7.7172 million, representing a growth of 1.51% year on year. Among them, electronic payment amounted to RMB772 million, accounting for 55.28% of the total toll revenue, representing a growth of 11.89% year on year. Toll stations at provincial border are being withdrawn orderly. The Company formulated the plan for toll stations between provinces withdrawal, researched and interviewed the toll standards and the exemption policies of neighboring provinces and studied the change in calculation of toll for trucks and participated in the revision of the standards and policies of toll. The Company planned the establishment of software and hardware system and staff re-designation for ensuring stable transition following cancellation of toll stations at provincial border.

The effectiveness of operation informalization has started to show. The self-developed road assets management standardized operation system can upload photos and tire tracks in the rescue site so that the rescue development and progress can be understood on a real-time basis. The informalization of the daily electromechanical management business was completed and the important projects such as flat implementation of charging system was progressed.

Quality improvement and effectiveness enhancement through intensive maintenance. In 2019, the Company continued to promote the intensive management of specialist works. For the first time, the main specialist works of our road segment were consolidated into one tender lot. It is not only beneficial to unified management and technical standards and works progress acceleration, but also beneficial to the coordination and dispatch of construction units and cost control. The cost deduction and effectiveness enhancement were further achieved when comparing with the previous methods of diversified tender or centralized tender by categories.

Safety situation remained stable. During the Report Period, the Company conducted safety inspection and supervision over the important sections, in particular, the Company conducted key supervisions over the reconstructed and expanded sections of the Hening Expressway during the Spring Festival travel season and holidays so as to check deficiencies and remedy and improve the safety road capacity. Scientific and reasonable contingency plan of the Company is ensured by strengthening emergency management, refining contingencies classification standards for traffic accidents and congestion in toll stations.

Strengthened management and control and the investment income increased steadily. The Company continued to strengthen the management and control of participating companies, consolidated the management basis of equity and continued to strengthen the post-investment management. During the Reporting Period, the Company confirmed and received dividends of RMB145 million and RMB33 million from Xuanguang Company and Guangci Company for the year 2018 (2017: RMB130 million and RMB29 million respectively). It is expected that the dividends from Expressway Media for the year 2018 will be received in the second half of this year.

Major operation status during the Reporting Period

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group achieved a revenue of RMB1,467,501 thousand (corresponding period in 2018: RMB 1,467,509 thousand). The total profit was RMB763,349 thousand (corresponding period in 2018: RMB767,788 thousand), representing a decrease of 0.58% compared with that of the corresponding period of last year. Unaudited net profit attributable to shareholders of the Company reached RMB547,876 thousand (corresponding period in 2018: RMB555,597 thousand), representing a decrease of 1.39% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.3303 (corresponding period in 2018: RMB 0.3350), representing a decrease of 1.40% compared with that of the corresponding period of last year.

In accordance with HKAS, the Group achieved a revenue of RMB1,965,648 thousand (corresponding period in 2018: RMB1,760,879 thousand), representing an increase of 11.63% compared with that of the corresponding period of last year; profit before income tax was RMB757,664 thousand (corresponding period in 2018: RMB762,088 thousand), representing a decrease of 0.58% compared with that of the corresponding period of last year; unaudited profit attributable to owners of the Company was RMB543,667 thousand (corresponding period in 2018: RMB551,381 thousand), representing a decrease of 1.40% compared with that of the corresponding period of last year; basic earnings per share was RMB0.3278 (corresponding period in 2018: RMB0.3324), representing a decrease of 1.38% compared with that of the corresponding period of last year.

Toll Expressway business (in accordance with PRC Accounting Standards)

During the Reporting Period, the Group achieved a total toll income of RMB1,355,353 thousand (After tax) (corresponding period in 2018: RMB1,335,380 thousand), representing an increase of 1.50% compared with that of the corresponding period of last year.

Economic development, policy exemption, the change of the highway network remain the principal factors which influenced the toll revenue of the Group.

In the first half of 2019, the economy of Anhui province improved steadily, with a total GDP of RMB1,566.4 billion. Calculated at comparable prices, there is an increase of 8% over the same period last year (corresponding period in 2018: 8.3%).

During the Reporting Period, with various policies and measures of exemption being implemented continuously, the Group's amounts of exemption totaled RMB491.62 million (corresponding period in 2018: RMB483.53 million), increasing by 1.67% against the same period of the previous year, of which:

The amount of exemption in Green Channel was RMB205.86 million (corresponding period in 2018: RMB227.10 million), representing a decrease of 9.35% year on year, with over 570 thousand vehicles being exempted;

The exempted amount in the Spring Festival, Qing Ming Festival and the International Labor Day was RMB167.16 million (corresponding period in 2018: RMB150.22 million), representing an increase of 11.28%. The number of the exempted cars reached 3,887.4 thousand;

The exempted amount for Anhui transportation card holders was RMB106.88 million (corresponding period in 2018: RMB92.46 million), representing an increase of 15.60%. Among it, the amount of exemption of trucks with 15% discount was RMB94.11 million (corresponding period in 2018: RMB80.45 million), representing an increase of 16.98%.

The exempted amount under other exemption policies was RMB11.72 million (corresponding period in 2018: RMB13.75 million), representing a decrease of 14.76%.

In addition, the operating performance of the toll road is affected by changes in the surrounding competing 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 2019 is as follows:

Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		First half of 2019	First half of 2018	Flux(%)	First half of 2019	First half of 2018	Flux(%)
Hening Expressway	100%	24,390	26,650	-8.48	406,636	461,246	-11.84
New Tianchang Section of National Trunk 205	100%	6,561	5,379	21.97	41,773	32,370	29.05
Gaojie Expressway	100%	18,749	17,966	4.36	349,070	331,888	5.18
Xuanguang Expressway	55.47%	26,767	26,847	-0.30	266,748	272,489	-2.11
Lianhuo Expressway Anhui Section	100%	17,183	14,489	18.59	153,400	120,209	27.61
Ninghuai Expressway Tianchang Section	100%	35,525	35,746	-0.62	52,550	53,995	-2.68
Guangci Expressway	55.47%	30,271	28,771	5.21	53,625	49,493	8.35
Ningxuanhang Expressway	51%	5,745	4,057	41.61	73,007	54,369	34.28

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per kilometer per day (RMB)		Flux(%)
		First half of 2019	First half of 2018	First half of 2019	First half of 2018	
		Hening Expressway	100%	77:23	76:24	
New Tianchang Section of National Trunk 205	100%	22:78	23:77	7,693	5,961	29.05
Gaojie Expressway	100%	63:37	64:36	17,532	16,669	5.18
Xuanguang Expressway	55.47%	76:24	77:23	17,545	17,922	-2.11
Lianhuo Expressway Anhui Section	100%	67:33	71:29	15,695	12,299	27.61
Ninghuai Expressway Tianchang Section	100%	84:16	81:19	20,754	21,308	-2.68
Guangci Expressway	55.47%	79:21	81:19	21,162	19,532	8.35
Ningxuanhang Expressway	51%	78:22	82:18	3,447	2,567	34.28

Notes:

1. 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.
2. The toll income data above are tax included.

During the Reporting Period, due to the continuous influence of 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. In addition, on December 20, 2018, the Chuhuai Expressway was opened to traffic, which also had a certain diversion effect on the traffic volume of the Hening Expressway. During the Reporting Period, the traffic volume of Hening Expressway decreased by 8.48% year on year, and the toll revenue decreased by 11.84% year on year.

During the Reporting Period, the Panjia Garden Toll Station and the Sanhe Toll Station, which are adjacent to the National Trunk 205 Toll Station, stopped collecting toll on June 1, 2018 and January 31, 2019 respectively, resulting in the return of trucks diverted by other highways to Tianchang Section of National Trunk 205; Since November 2018, the Huaian – Jiangdu Section of the Jinghu Expressway has been restricted to vehicles other than trucks of the fifth category due to expansion construction, which resulted in part of trucks from Lianyungang to Zhenjiang and Changzhou diverting their ways to travel through Tianchang section of National Trunk 205. Affected by the above factors, during the Reporting Period, the traffic volume of Tianchang Section of National Trunk 205 increased by 21.97% year on year and the toll revenue increased by 29.05% year on year.

Since the opening of Tianchang Section of Suyang Expressway, Tianchang Section of Ninghuai Expressway has been affected by continuous diversion. This together with the removal of the two toll stations at the parallel National Trunk 205 caused a significant diversion of traffic flow of trucks. Affected by this, during the Reporting Period, the traffic volume of Ninghuai Expressway decreased by 0.62% year on year and toll revenue decreased by 2.68% year on year.

During the Reporting Period, affected by the continuous warming of local area construction, the truck traffic volume of Anhui section of Lianhuo Expressway grew faster, the traffic volume increased by 18.59% year on year, and the toll revenue increased by 27.61% year on year.

Benefiting continuously from the opening of Tongnanxuan Expressway, Xuanguang Expressway and Ningxuanhang Expressway became connected with Yanjiang Expressway, which attracted vehicles from regions such as Zhejiang and Jiangsu to choose the routes through Anhui Province to Wuhan, Guangzhou and other places. As a result, the toll revenue of Gaojie Expressway increased by 5.18% year on year and the toll revenue of Guangci Expressway increased by 8.35% year on year. Ningxuanhang Expressway, with a newly opened section, is still in the period of rapid profit growth, with the toll revenue increasing by 34.28% year on year.

During the Reporting Period, commencement of operation of surrounding county roads following completion of upgrading and transformation caused large diversion of traffic flow of some sections of Xuanguang Expressway. The traffic police in the jurisdiction of expressway controlled the traffic flow of Xuanguang Expressway. In some time periods, trucks were prohibited from entering all toll gates except the main line of Anhui and Zhejiang, which has a direct impact on the truck traffic volume of Xuanguang Expressway. Affected by these factors, the traffic volume of Xuanguang Expressway decreased by 0.30% year on year and toll revenue decreased by 2.11% year on year during the Reporting Period.

General achievements of the pawn business

In June 2012, the Company and Huatai Group jointly set up Hefei Wantong Pawn Company Limited ("Wantong Pawn"), in which the Company injected capital in the sum of RMB150 million, accounting for 71.43% of its registered capital; Huatai Group invested RMB60 million, accounting for 28.57% of its registered capital. In 2015, both shareholders reduced capital of Wantong Pawn by RMB52.50 million by the same proportion, and the current registered capital of Wantong Pawn is RMB157.50 million.

During the Reporting Period, Wantong Pawn has continued the disposal of underperforming loans while steadily advanced the business of personal real estate backed pawn loans. The company has collected a total of RMB1.4708 million, and the actual mortgage loan business has actually granted 22 loans with a total amount of RMB25.61 million. All newly processed projects pay interest on time and there is no significant risk signal.

During the Reporting Period, Wantong Pawn has reversed the provision for impairment of Wantong Pawn accrued for the previous year of RMB0.9217 million, and the accumulated provision reached RMB125 million. Achieving profitability as a result of the restart of its business, Wantong Pawn achieved a profit before income tax of RMB1.61 million. The net profit was RMB1.44 million, representing an increase of RMB1.17 million against the same period of the previous year.

(I) Analysis of Main Business

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

(Unit: yuan Currency: RMB)

Items	Current period	Corresponding period of last year	Flux (%)
Revenue	1,467,501,106.08	1,467,508,868.01	0.00
Cost of sales	640,586,269.08	634,300,406.56	0.99
Administration costs	45,862,494.68	40,041,314.49	14.54
Finance costs	24,713,716.05	25,760,768.07	-4.06
Cash flows from operating activities	935,505,582.63	851,049,193.72	9.92
Cash flows from investing activities	-722,234,293.93	-168,502,345.09	N/A
Cash flows from financing activities	-101,139,060.67	-84,169,495.33	N/A

Reason for a change of cost of sales: mainly because higher highway maintenance cost of the Company during the Reporting Period as compared with the same period of the previous year.

Reason for a change of administrative expenses: mainly because higher remuneration for management personnel during the Reporting Period as compared with the same period of the previous year.

Reason for a change of finance cost: mainly due to the decrease in the amortization amount of the long-term payable amortized cost for minority shareholders after the conversion of debts of Ningxuanhang Company to its capital reserves in the Reporting Period.

Reason for a change of net cash flows from operating activities: mainly due to the decrease in payment of taxes of the Company during the Reporting Period as compared with the same period of the previous year.

Reason for a change of net cash flows used in investing activities: mainly due to the increase in the balance of the Company's structured bank deposit during the Reporting Period as compared with the same period of the previous year.

Reason for a change of net cash flows used in financing activities: mainly due to the increase in cash dividends paid by Xuanguang Company and Guangci Company during the Reporting Period as compared with the same period of the previous year.

(1) Operating income

During the Reporting Period, the Group achieved an operating income of RMB1,467,501 thousand (corresponding period in 2018: RMB1,467,509 thousand), remaining stable with the corresponding period of the previous year. The toll income is the main revenue source of the Group. The concrete analysis about the revenue is as follows:

Operating income	The first	Percentage	The first	Percentage	Flux (%)
	half of 2019 (RMB' 000)	(%)	half of 2018 (RMB' 000)	(%)	
Expressway business	1,465,129	99.84	1,465,538	99.87	-0.03
– Toll income	1,355,353	92.36	1,335,380	91.00	1.50
– Service area income	16,357	1.11	15,672	1.07	4.37
– Other business income	93,419	6.37	114,486	7.80	-18.40
Pawn business	2,372	0.16	1,971	0.13	20.35
Total	1,467,501	100.00	1,467,509	100.00	0.00

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

(Unit: yuan Currency: RMB)

Industries	Revenue	Cost of sales	Principal businesses in terms of industries			
			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	1,371,710,345.37	569,626,591.43	58.47	1.53	6.75	A decrease of 2.03 percent
Pawn business	2,372,043.76	0	N/A	20.36	N/A	N/A

Principal businesses in terms of products

Products	Revenue	Cost of sales	Gross profit rate (%)	Change in	Change in	Change in
				revenue	cost of sales	gross profit rate
				(compared with	(compared with	(compared with
				the previous	the previous	the previous
				year) (%)	year) (%)	year) (%)
Hening Expressway	403,289,916.90	170,945,941.37	57.61	-11.50	5.51	A decrease of 6.84 percent
New Tianchang Section of National Trunk 205	39,783,974.77	20,245,543.54	49.11	29.05	5.46	An increase of 11.38 percent
Gaojie Expressway	344,512,109.27	93,139,610.01	72.96	5.10	10.64	A decrease of 1.36 percent
Xuanguang Expressway	258,979,109.63	75,776,160.92	70.74	-2.11	8.74	A decrease of 2.92 percent
Lianhuo Expressway Anhui Section	150,028,371.00	62,216,284.24	58.53	27.36	11.36	An increase of 5.96 percent
Ninghuai Expressway Tianchang Section	52,173,032.14	19,947,911.52	61.77	-2.61	1.64	A decrease of 1.59 percent
Guangci Expressway	52,063,391.02	9,620,232.27	81.52	8.35	0.80	An increase of 1.38 percent
Ningxuanhang Expressway	70,880,440.64	117,734,907.56	-66.10	34.28	3.74	An increase of 48.90 percent
Wantong Pawn	2,372,043.76	0	N/A	20.36	N/A	N/A
Total	1,374,082,389.13	569,626,591.43	58.54	1.56	6.75	A decrease of 2.02 percent

Principal businesses in terms of region

Regions	Revenue	Cost of sales	Gross profit rate (%)	Change in	Change in	Change in
				revenue	cost of sales	gross profit rate
				(compared with	(compared with	(compared with
				the previous	the previous	the previous
				year) (%)	year) (%)	year) (%)
Anhui Province	1,374,082,389.13	569,626,591.43	58.54	1.56	6.75	A decrease of 2.02 percent

(3) Expenses

Administration costs

During the Reporting Period, the Group's administration costs were RMB45,862 thousand (corresponding period in 2018: RMB40,041 thousand), representing an increase of 14.54% as compared to the same period last year. Such increase was mainly caused by the increase of the salary of the Company's administrative staff manager compared with the same period of last year.

Finance costs

During the Reporting Period, the Group's finance costs were RMB24,714 thousand (corresponding period in 2018: RMB25,761 thousand), representing a decrease of 4.06% as compared to the same period last year. The decrease in finance costs was primarily attributable to the decrease in amortized amount of the amortized cost of long-term payables to minority shareholders upon conversion of debts to capital reserve of Ningxuanhang Company during the Reporting Period.

Gain on fair value change

During the Reporting Period, gain on fair value change of the Group was RMB3,698 thousand (corresponding period in 2018: 0). The increase in gain on fair value change was mainly attributable to the gain on structured deposits bearing floating interest acquired from banks by the Company during the Reporting Period.

Income tax

During the year, except for AEHK, the applicable PRC Corporate Income Tax rate for the Company, the Company's subsidiaries and associated companies was 25% (2018: 25%).

During the Reporting Period, the Group's income tax expenses were RMB218,601 thousand (corresponding period in 2018: RMB219,246 thousand), remaining stable with the corresponding period of the previous year.

Value-Added Tax

Since 1 May 2016, the Group has fully implemented the levying of value-added tax in lieu of business tax. The Company, Xuanguang Company, Ningxuanhang Company and Guangci Company levied the value-added tax by 3% and 5% of the toll revenue by simple approach; 0% tax rate is applied to compensation income due to road damage; the sales tax rate of road assistance service income, entrusted expressway management income, and operating income of service areas was 6%; value-added tax was levied by simple approach based on 5% of the rental income; the sales tax rate of Wantong Pawn's loan interest income was 6%.

(4) Cash flows

During the Reporting Period, the Group's net cash flows from operating activities were RMB935,506 thousand (corresponding period in 2018: RMB851,049 thousand), representing an increase of 9.88% as compared with that in 2018, mainly due to the decrease in taxes that the Group paid during the Reporting Period as compared with that of the corresponding period of last year.

During the Reporting Period, the Group's net cash flows from investing activities were RMB-722,234 thousand (corresponding period in 2018: RMB -168,502 thousand), primarily attributable to the increase in amount of structured deposits purchased by the Company during the Reporting Period as compared to the same period of the previous year.

During the Reporting Period, the Group's net cash flows from financing activities were RMB-101,139 thousand (corresponding period in 2018: RMB -84,169 thousand) and it was because the cash dividends distributed by Xuanguang Company and Guangci Company during the Reporting Period increased as compared with corresponding period last year.

During the Reporting Period, the aggregated sum of bank loans obtained by the Group was RMB345 million. At the end of the Reporting Period, there was still a remaining bank loan of RMB1.98 billion. These are all long-term loans with an annual interest rate from 1.2% to 4.9%. They mainly comprised a floating rate loan borrowed from a bank for the construction of Ningxuanhang Expressway and the CDB special loan for the road widening construction work of Hening Expressway. The principal will be repaid between 2019 and 2035.

The Group has good credit ratings. As at 30 June 2019, the total credit facilities granted was RMB3.2 billion, and the facilities which have not yet been utilized amounted to RMB1.85 billion.

2. Others

(1) Detailed explanation on major changes in profit structure or profit source of the Company

Applicable Not applicable

(2) Other

Applicable Not applicable

(II) Explanation on major changes in profits caused by non-core business

Applicable Not applicable

(III) Analysis of assets and liabilities

√ Applicable □ Not applicable

1. Assets and Liabilities

Unit: yuan Currency: RMB

Items	Amount at the end of the Reporting Period	Percentage of amount at the end of the Reporting Period to the total assets (%)	Amount at the end of last period	Percentage of amount at the end of last period to the total assets (%)	Percentage of amount at the end of the Reporting Period as compared to that of last year (%)
Deferred tax assets	100,080,638.40	0.65	57,559,374.23	0.39	73.87
Non-current liabilities due within one year	513,514,899.64	3.36	391,935,075.56	2.65	31.02
Other current liabilities	67,087,295.81	0.44	23,010,496.31	0.16	191.55
Non-controlling interests	866,538,432.49	5.67	511,101,971.26	3.46	69.54

Other explanations:

Increase in deferred income tax assets was mainly attributable to the decrease in deductible deferred income tax assets as a result of the conversion of debts into capital reserve of Ningxuanhang Company during the Reporting Period;

Increase in non-current liabilities due within one year was mainly attributable to the increase in long-term payables due to non-controlling shareholders of Ningxuanhang Company at the end of the Reporting Period;

Increase in other current liabilities was mainly attributable to the increase in estimated payable of toll roads repairing expenses of the Group at the end of the Reporting Period;

Increase in non-controlling shareholders' interests was mainly attributable to the conversion of debts into capital reserve by Ningxuanhang Company during the Reporting Period.

2. Restrictions on major assets as at the end of the Reporting Period

□ Applicable √ Not applicable

3. Other explanation

□ Applicable √ Not applicable

(IV) Investment Analysis

1. Overall analysis of external equity investments

Applicable Not applicable

No new equity investment of the Company during the Reporting Period (corresponding period of 2018: nil)

For the implementation of the strategic plan for “13th Five-Year Plan” of the Company to capture the opportunities of development in the information industry, the Company plans to invest RMB6 million for capital contribution to Anhui Transportation Information Industry Company (安徽交控信息產業公司), which is jointly invested and established by Anhui Transportation Holding Group Co., Ltd., and Anhui Transport Consulting & Design Institute Co., Ltd. and Anhui Expressway Network Operations Co., Ltd., both of which are subsidiaries of ATHC, China Merchants New Intelligence Technology Company Limited under China Merchants Expressway Network & Technology Holdings Co., Ltd. and Shanghai Lianyin Venture Capital Co., Ltd. (上海聯銀創投有限公司) under China UnionPay. The Company will hold 10% of the share capital in the Information Industry Company. Such matter was considered and passed by the 12th meeting of the eighth Session of the Board convened on 22 March 2019. Business registration of the company was completed in June 2019 and the initial capital contribution of RMB3 million was paid by the Company in August 2019.

(1) Material equity investments

Applicable Not applicable

(2) Material non-equity investments

Applicable Not applicable

Currency: RMB

Name of project	Basic information of the project	Project amount	Progress of the project	Amount of investment for the year	Aggregate actual amount of investment	Revenue from the project
Expansion of Hening Expressway	about 87 km in length	6.375 billion	The construction of the project began in November 2016	0.498 billion	2.428 billion	under construction

(3) Financial assets measured at fair value

√ Applicable Not applicable

Unit: yuan Currency: RMB

Item	Opening balance	Increases during the Reporting Period	Decreases during the Reporting Period	Changes in fair value during the Reporting Period	Ending balance
Equity vehicles – structured deposits	0.00	700,000,000.00	453,042,054.80	3,698,287.68	250,656,232.88
Equity instruments – shares of unlisted companies					
– Xin'an Financial	93,809,711.03	0.00	0.00	0.00	93,809,711.03
– Xin'an Capital	27,489,653.64	0.00	0.00	0.00	27,489,653.64
– Wantong MicroCredit	15,000,000.00	0.00	0.00	0.00	15,000,000.00
– China Merchants Fund	99,625,000.00	0.00	0.00	0.00	99,625,000.00
– Jinshi Merger and Acquisition Fund	99,625,000.00	0.00	0.00	0.00	99,625,000.00
– China Merchants Fund Management Company	375,000.00	0.00	0.00	0.00	375,000.00
– Jinshi Fund Management Company	375,000.00	0.00	0.00	0.00	375,000.00
Total	<u>336,299,364.67</u>	<u>700,000,000.00</u>	<u>453,042,054.80</u>	<u>3,698,287.68</u>	<u>586,955,597.55</u>

(V) Material Asset and Equity Interest Disposal

 Applicable Not applicable

(VI) Analysis of Main Shares Holding Companies and Joint Stock Companies

√ Applicable □ Not applicable

(Unit: RMB' 000)

Name of company	Equity Capital the Group possesses	Registered Capital	30 June 2019		The six months ended 30 June 2019		Main business
			Total assets	Net assets	Revenue	Net profit	
Xuanguang Company	55.47%	111,760	864,861	561,243	269,521	125,596	The construction, management and operation of Xuanguang Expressway
Ningxuanhang Company	51%	300,000	5,016,780	1,036,111	87,818	-150,579	Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service
Guangci Company	55.47%	56,800	231,832	223,478	52,963	32,153	The construction, management and operation of Guangci Expressway
Wantong Pawn	71.43%	157,500	75,062	71,579	2,372	1,437	Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service
AEHK	100%	1,981	1,910	1,863	0	-2	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	485,870	373,404	81,730	34,108	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	3,353,675	2,792,575	71,389	62,338	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	3,168,720	1,018,406	204,950	58,621	Internet financial services, network information services, pawn business, etc
Wantong MicroCredit	10%	150,000	119,583	117,001	3,939	2,497	Distributing petty loans, small size enterprises management consulting and financial advisory
China Merchants Fund	6.64%	3,000,000	1,524,907	1,510,396	9,873	-4,977	Investment in transportation, services, energy conservation and environmental protection
Jinshi Merger and Acquisition Fund	6.64%	3,000,000	1,577,648	1,566,672	69,096	62,556	Investment in equity, asset management and investment consultation
China Merchants Fund Management Company	2.5%	30,000	37,014	34,803	13,379	5,889	Daily management and investment consultation of China Merchants Fund
Jinshi Fund Management Company	2.5%	30,000	35,917	35,917	5,629	3,732	Daily management and investment consultation of Jinshi Merger and Acquisition Fund

(VII) Status of the Structured Entity controlled by the Company

Applicable Not applicable

II. Other disclosure

1. *Warnings and explanations on the forecast that the cumulative net profit for the period commencing from 1 January 2019 to the end of the next reporting period may be a loss or that substantial changes occur compared with the corresponding period of last year*

Applicable Not applicable

2. *Possible risk factors*

Applicable Not applicable

Changes in Macroeconomic Environment and Industry Policies

The toll road industry is sensitive to change in macro-economy. Macroeconomic changes 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. In the backdrop of increasing uncertainties and destabilizing factors in the external environment, China has maintained a momentum of steady economic growth, with a GDP growth of 6.3% for the first half of the year, while efforts are needed to strengthen the foundation for sustainable and sound economic development. For industry policies, the pace of reform for toll roads has been accelerated. While the Regulation on the Administration of Toll Roads has not been formally introduced, new policies to cancel the highway boundary toll stations between provinces, accelerate the development of the ETC and change the way of charging truck tolls have been issued. These measures will improve the efficiency of toll roads in the long run, though they will result in increasing amount of toll exemption for vehicles using expressways and rising cost in the short and medium term, which are expected to have an impact on the Company's operating results.

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. We will make thorough efforts to cancel the highway boundary toll stations between provinces by strengthening efforts to study the policies on discontinuation of highway boundary toll stations between provinces, understanding the changes of operation and management model and the effects and participating in setting charging standards.

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. Most highway sections of the Company have been open to traffic for a long time and have entered the mature stage, with increasingly serious damage to road condition and increasing road maintenance cost in the later stage. The road network effect has not yet been developed on the newly opened road sections, the amount of various policy exemptions continues to rise and diversified modes of travel such as bullet trains and high-speed railways emerged. All of them have had an impact on the operating performance of toll road projects of the Group.

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. We will make full use of regional traffic advantage in Anhui province and, through the improvement of road signs, expand the promotion of the routing publicity. We will continuously improve our operation, management and maintenance by developing a safe, green and intelligent expressway system. We will also push forward the expansion project of Hening Expressway from Longxi Overpass to Zhouzhuang with both safety and quality in mind to ensure opening of the section during the year.

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-provincial 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. We will capture the opportunities arising from the national strategy of Yangtze River Delta integration to accelerate our efforts in connecting the areas without means of transportation across the provinces, 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 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 participate in investment of emerging industry and start from small-scale and small proportion of equity purchase, taking the initiative to cultivate new profit growth.

3. Other disclosure

Applicable Not applicable

The business plan disclosed in the 2018 annual report of the Group is as follows: Expecting no significant change in the operating environment, the Group has set the 2019 target for overall toll revenue at about RMB2.731 billion (actual amount in 2018: RMB2.694 billion). Due to the need of the national inspection in 2020 and the increase of the mileage of entrusted management, the maintenance cost in 2019 is expected to increase as compared with that in 2018. Due to the adjustment of the entrusted management model, labor costs is expected to decrease as compared with those in 2018.

	Planned amount of 2019 (RMB00'000'000)	Actual amount of this Reporting Period (RMB00'000'000)	Completion percentage (%)
Toll revenue	27.31	13.55	49.62
Labor costs	3.62	1.72	47.51
Maintenance costs	1.78	0.86	48.31
Administrative expenses	0.92	0.42	45.65

Note: All of toll income above exclude tax.

4. Liquidity, financial resources and capital structure (in accordance with HKAS)

The Group's capital management policy is to ensure that the Group can operate continuously to provide returns to the shareholders and to benefit other stakeholders, while at the same time maintaining optimal capital structure so as to reduce capital costs. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payable to shareholders, return capital to shareholders, issue new shares or dispose of its assets in order to reduce the debt amount. The Group uses debt-to-capital ratio to monitor its capital, and the ratio is calculated by dividing net debt by total capital. Net debt equals to total borrowing (including current and non-current borrowing in the consolidated balance sheet) minus the cash and cash equivalents. Total capital equals to equity (as listed in the consolidated balance sheet) plus net debt. As at 30 June 2019, debt-to-capital ratio of the Group was 1.66% (31 December 2018:5.15%).

During the Reporting Period, the Group's net cash flows from operating activities were RMB309,473 thousand, representing an increase of 7.79% as compared with that in 2018. The change was mainly due to the decrease of taxes paid by the Company during the Reporting Period compared with that of the corresponding period of last year.

During the Reporting Period, the Group's net cash flows from investing activities were RMB -150,395 thousand, decreasing by RMB496,413 thousand as compared with the corresponding period in 2018. The change was mainly attributable to the increase in amount of bank structured deposits purchased by the Company during the Reporting Period as compared to the same period of the previous year.

During the Reporting Period, the Group's net cash flows from financing activities were RMB -46,955 thousand and mainly due to the increase in the cash dividends distributed by Xuanguang Company and Guangci Company during the Reporting Period as compared with corresponding period last year.

During the Reporting Period, the aggregated sum of bank loans obtained by the Group was RMB345 million (corresponding period 2018: RMB42 million). At the end of the Reporting Period, there was still a remaining bank loan of RMB1.981 billion (31 December 2018: RMB1.709 billion). These are all long-term loans with an annual interest rate from 1.20% to 4.90% (31 December 2018: 1.20%-4.90%). They mainly comprised a floating rate loan borrowed from a bank for the construction of Ningxuanhang Expressway and the CDB special loan for the road widening construction work of Hening Expressway. The principal will be repaid between 2019 and 2035.

As at the end of the Reporting Period, among the bank borrowings, RMB600 million (31 December 2018: RMB600 million) bore fixed interest rate of 1.2% per annum (31 December 2018: 1.2%); and the remaining borrowings bore floating interest rates ranging from 4.41% to 4.9% per annum (31 December 2018: 4.41% to 4.9%).

The Group has good credit ratings. As at 30 June 2019, the total credit facilities granted was RMB3.2 billion, and the facilities which have not yet been utilized amounted to RMB1.85 billion.

For the currency unit of the Group's lending and cash holdings, please refer to note 14 to the condensed consolidated interim financial information, its composition and distribution are roughly the same as at 31 December 2018.

Since the revenue and expenditure of the Group are mainly in RMB, the Group does not expect to incur significant currency risk in the operational activities. The Group did not enter into any foreign exchange hedging arrangements to manage the foreign exchange risk (corresponding period in 2018: nil).

5. Charge of assets and contingent liabilities

As at 30 June 2019, bank borrowings of RMB600 million was secured by a pledge over the toll revenue entitled by the Group after the completion of the proposed reorganization and expansion construction of Hening Expressway (31 December 2018: RMB600 million).

As at 30 June 2019, the Group had no contingent liabilities (31 December 2018: Nil).

6. Major investment, acquisition and disposal

During the Reporting Period, the Group did not have any major investment and acquisition or disposal of subsidiaries, associated companies and joint ventures (corresponding period in 2018: Nil).

SECTION V MAJOR EVENTS

I. Profile of the General Meeting

Session	Date	Disclosure date of the published resolutions	Query indexes for the published resolutions
The first extraordinary general meeting of shareholders in 2019	3 April 2019	4 April 2019	Shanghai Securities News China Securities Journal
2018 Annual General Meeting	17 May 2019	18 May 2019	http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.net

Explanation on the General Meeting

Applicable Not applicable

Resolutions approved at the first extraordinary general meeting of 2019:

- the entering into of the Debts Conversion Agreement in respect of the related party transactions to be effected by the Company and Anhui Ningxuanhang Expressway Investment Company Limited was considered, approved and ratified, and the equity conversion pursuant to the Debts Conversion Agreement was approved, for which, the Directors were authorized to take necessary measures and sign requisite documents. (Ordinary resolution).

Resolutions passed in 2018 Annual General Meeting:

- To approve the working report of the Board of Directors, the working report of the Supervisory Committee, the audited financial report and the profit appropriation proposal for the year 2018 (Ordinary resolution);
- To approve the appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's PRC and Hong Kong auditors for the year 2019 and to authorize the Board of Directors in determining their remuneration (Ordinary resolution);
- To approve the general mandate to authorize the Board of Directors in allotting or issuing new A Shares and/or H Shares of the Company (Special resolution);

II. The profit appropriation plan or the plan of transferring reserves to capital

The interim profit appropriation plan or the plan of transferring reserves to capital

Whether to allocate or transfer

No

III. 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.

√ Applicable □ Not applicable

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 Group	Continue to support the company's future acquisition of the good road assets owned by Anhui Transportation Group 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	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	Anhui Transportation Group	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

IV. Appointment and Dismissal of Auditors

Explanation on the appointment and dismissal of auditors

Applicable Not applicable

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers were approved to be appointed as the PRC auditors and Hong Kong auditors of the Company for the year 2019 respectively at the 2018 Annual General Meeting of the Company.

Explanation on the change of accounting firm during the auditing period

Applicable Not applicable

Explanation of the Company on the "non-standard audit report" prepared by the accounting firm

Applicable Not applicable

Explanation of the Company on the "non-standard audit report" issued by the certified public accountants in respect of the financial statements contained in the annual report last year

Applicable Not applicable

V. Bankruptcy or Reorganization

Applicable Not applicable

VI. Material Litigation and Arbitration

The Company was involved in material litigation or arbitration during the Reporting Period.

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

VII. Punishment by Regulatory Authorities on the Company, Directors, Supervisors, Senior Management, Controlling Shareholders, the Actual Controller of the Company and Acquirer

Applicable Not applicable

VIII. Explanation on the Credibility of the Company, its Controlling Shareholders and Actual Controllers during the Reporting Period

Applicable Not applicable

The Company, its controlling shareholders and actual controllers are in good standing with no events such as unsatisfied judgements and unsatisfied debt of substantial amounts during the Reporting Period.

IX. Information on Share Incentives Plan, Employee Share Ownership Plan or other Employee Incentives and their Impacts

1. *Relevant share incentive matters which have been disclosed in temporary announcement without any further changes*

Applicable Not applicable

2. *Incentive items which have not been disclosed in the temporary announcements or which have subsequent progress*

Share incentive

Applicable Not applicable

Other description

Applicable Not applicable

Employees' share ownership plan

Applicable Not applicable

Other incentives

Applicable Not applicable

X. Major Related Party/Connected Transactions

1. Related Party/Connected transactions in relation to daily operations

(1) Items which have been disclosed in temporary announcement and without further developments or changes in subsequent implementation

Applicable Not applicable

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	28 December 2018 "Announcement – Continuing Connected Transactions: Entrusted Management Agreements" 29 December 2018 "Announcement on related party transactions for providing commission management" 25 March 2019 "Anhui Expressway Announcement in relation to Contemplated 2019 Daily Related Party Transactions"
To receive expressway network toll settlement	28 December 2018 "Announcement – Continuing Connected Transactions: Entering Into Network Services Agreement In Writing" 25 March 2019 "Anhui Expressway Announcement in relation to Contemplated 2019 Daily Related Party Transactions"
To receive construction management service	25 March 2019 "Anhui Expressway Announcement in relation to Contemplated 2019 Daily Related Party Transactions" 15 May 2019 "Announcement – Continuing Connected Transactions: 2019 Expressway Routine Maintenance, Snow Removal And Road Repair Works Contracts";
To receive supervisory service of project construction	25 March 2019 "Anhui Expressway Announcement in relation to Contemplated 2019 Daily Related Party Transactions"
To receive construction test service	25 March 2019 "Anhui Expressway Announcement in relation to Contemplated 2019 Daily Related Party Transactions"
To receive property management service	25 March 2019 "Anhui Expressway Announcement in relation to Contemplated 2019 Daily Related Party Transactions"
To provide the house rental services	25 March 2019 "Anhui Expressway Announcement in relation to Contemplated 2019 Daily Related Party Transactions"

Item overview	Indexes of announcements (being the date of uploading respective announcements on the website of the Company)
To provide service area rental services	25 March 2019 <i>"Anhui Expressway Announcement in relation to Contemplated 2019 Daily Related Party Transactions"</i>
To provide gas stations rental services	25 March 2019 <i>"Anhui Expressway Announcement in relation to Contemplated 2019 Daily Related Party Transactions"</i> 29 March 2018 <i>"Announcement – Continuing Connected Transactions: Lease of Operating Rights of Gas Stations"</i>
To receive material purchasing service	21 June 2018 <i>"Announcement on the Change of the Subject of Related Transaction Contract"</i> 20 June 2018 <i>"Announcement-Continuing Connected Transactions: Supplemental Agreement to the Widening Work Agreement"</i> 31 December 2016 <i>"Related Transaction Announcement"</i> 30 December 2016 <i>"Announcement-Continuing Connected Transactions: Widening Work Agreement"</i>

(2) Items which have been disclosed in temporary announcement and with developments or changes in subsequent implementation

Applicable Not applicable

(3) Items which have not been disclosed in temporary announcement

Applicable Not applicable

2. *Related Party/Connected transactions in relation to assets or equity acquisition and disposal*

(1) Items which have been disclosed in temporary announcement and without further developments or changes in subsequent implementation

Applicable Not applicable

(2) Items which have been disclosed in temporary announcement and with developments or changes in subsequent implementation

Applicable Not applicable

(3) Items which have not been disclosed in temporary announcement

Applicable Not applicable

(4) Performance which shall be disclosed during the Reporting Period (if it involves an agreement of performance)

Applicable Not applicable

3. *Significant related party/connected transactions on joint external investment*

(1) Items which have been disclosed in temporary announcement and without further developments or changes in subsequent implementation

Applicable Not applicable

(2) Items which have been disclosed in temporary announcement and with developments or changes in subsequent implementation

Applicable Not applicable

(3) Items which have not been disclosed in temporary announcement

Applicable Not applicable

4. *Related debtor and creditor accounts*

(1) Items which have been disclosed in temporary announcement and without further developments or changes in subsequent implementation

Applicable Not applicable

(2) Items which have been disclosed in temporary announcement and with developments or changes in subsequent implementation

Applicable Not applicable

(3) Items which have not been disclosed in temporary announcement

Applicable Not applicable

Unit: RMB' 000

Related parties	Relationship with the parties	The Company provides capital to related parties			Related parties provide capital to the Company		
		Opening Balance	Amount incurred	Closing Balance	Opening Balance	Amount incurred	Closing Balance
ATHC	Controlling shareholder	0	0	0	1,398,457	-839,927	558,530
XCIC	Other connected persons	0	0	0	429,943	-190,816	239,127
	Total	0	0	0	1,828,400	-1,030,743	797,657

The circumstances under which the relationship is formed

Mainly in respect of the interest-bearing borrowing to Ningxuanhang Company from Anhui Expressway Holding Group and the interest free borrowing to Xuancheng Transportation from Xuanguang Company.

Impact on the Company's operating results and financial situation resulting from the relationship

5. Other Significant Related Party/Connected Transactions

Applicable Not applicable

In order to meet the capital requirement, to improve the capital structure, to enhance the financing ability, to reduce the credit risk and to assure the sustainable development of Ningxuanhang Company, conversion of debts into capital reserve of Ningxuanhang Company was considered and passed at the first extraordinary general meeting in 2019 of the Company convened on 3 April 2019. For details, please refer to the "Announcement – Disclosable transaction and connected transactions: Agreement relating to conversion of debts into capital reserve of Ningxuanhang Company" dated 28 December 2018, the "Supplemental Announcement: – Disclosable transaction and connected transactions: Agreement relating to conversion of debts into capital reserve of Ningxuanhang Company" dated 7 January 2019, and the Circular "Disclosable transactions and connected transactions: Agreement relating to conversion of debts into capital reserve of Ningxuanhang Company" dated 15 February 2019.

6. Other

Applicable Not applicable

XI. Material Contracts and their Implementation

1. Material custody, subcontracting and leasing items

Applicable Not applicable

2. Implementation of guarantee

Applicable Not applicable

(RMB' 00,000,000)

Total amount of guarantees provided by the Company (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	-0.03
Total balance of guarantees provided for the subsidiaries as at the end of the Reporting Period	1.63
Total amount of guarantees provided by the Company (including guarantees provided for its subsidiaries)	
Total guarantee amount	1.63
Total guarantee amount as a percentage of net asset value (%)	1.47
There into:	
Amount of guarantee provided for shareholders, actual controllers and their affiliates	0
Amount of debt guarantee directly or indirectly provided for the guaranteed objects with the ratio of liabilities to assets exceeding 70%	0
Amount of guarantee that exceeds 50% of the net assets	0
The total of the above three amount of guarantee	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 0.163 billion.

3. *Other major contracts*

Applicable Not applicable

XII. Poverty alleviation work of the Company

Applicable Not applicable

1. *Targeted poverty alleviation plan*

Applicable Not applicable

The Group will take full advantage of the feature that its highways and the grassroots units are running across suburbs and rural areas, and actively respond to the national policies of targeted poverty alleviation by mobilizing the management offices and subsidiaries to carry out poverty alleviation, making donations for the construction of infrastructure in rural areas, school funding and other social welfare undertakings. It will also fulfill its social responsibility, and effectively promote the interaction between grassroots units and local residents, so as to organize, manage and establish a mass public base and establish a good corporate image.

2. *Summary of targeted poverty alleviation work during the Reporting Period*

Applicable Not applicable

- (1) in April 2017, Gaojie Management Office established the poverty alleviation team in the village to provide designated help Lishu Village in Liufan Township, Taihu County. In 2019, Gaojie Management Office implemented targeted measurements for households, set up a paired assistance desk account for 144 cadres, helped 337 poverty-stricken households to formulate assistance project database and annual assistance plan. In respect of safe housing, it conducted an initiation of demolition of dilapidated houses, reconstructed dilapidated houses for 5 households in the first half of the year and released grants of RMB15,000 for special reconstruction of dilapidated houses; in respect of income increase for industries, it guided 197 households to develop income increasing industries, implemented the special financial grant of RMB400,000; in respect of employment, it arranged 47 public welfare posts in forests protection, roads maintenance and repairs and cleaning by way of adjustment and addition, and led 339 poverty-stricken persons to work as migrant workers by way of transfer employment.
- (2) Hefei Management Office's effort in actively helping poverty-stricken "left-behind" children. In the first half of 2019, the Jinzhai Road station of Hefei Management Office has helped the poverty-stricken "left-behind children" by way of partner assistance. The trade union visited and expressed care to two left-behind children. The consolation money totaled RMB1,000.

- (3) Tianchang Management Office's effort in actively carrying out donation activities to subsidize education. In 2019, the party branch of Tianchang Management Office has partnered with a resident primary school in Chajian County to implement strictly poverty alleviation measures in timely manner and with defined responsibilities, and to subsidize students to complete primary education. In the first half of 2019, the general party branch, party branches in each of the financial department, the maintenance department and National Trunk 205 toll station donated RMB2,000 to 4 students, with whom helping pairs were formed.
- (4) In the first half of 2019, Mr. Liang Shihua (梁世華), the general manager of Xuanguang Company, participated in fixed-point poverty alleviation to help Wang Shenghong, an elderly of a poor household in Jing County, with a monthly donation of RMB100 and festive donations of RMB300. Total donation for the first half of 2019 amounted to RMB1,200.

3. Targeted poverty alleviation effect

Applicable Not applicable

(RMB0' 000)

Index	Quantity and Progress
I. Overall Situation	
Among: 1. Funds	167.42
2. Goods	10
3. Registered poor population helped out of poverty (person)	1,097
II. The Component of Investment	
1. Industrial poverty alleviation	
Among: 1.1 industry poverty alleviation project types	<input checked="" type="checkbox"/> Agricultural industry poverty alleviation <input type="checkbox"/> Tourism poverty alleviation <input checked="" type="checkbox"/> E-commerce poverty alleviation <input type="checkbox"/> Asset income poverty alleviation <input type="checkbox"/> Technology poverty alleviation <input type="checkbox"/> Other
1.2 Number of industrial poverty alleviation projects	1
1.3 Total amount of investment in industrial poverty alleviation projects	50
1.4 Registered poor population helped out of poverty (person)	409

Index	Quantity and Progress
2. Transferring employment poverty alleviation	
Among: 2.1 Investment in vocational skills training	2
2.2 Number of vocational skills training (person/ time)	80
2.3 number of registered poor population helped to achieve employment (person)	91
3. Relocation poverty alleviation	
4. Education and poverty alleviation	
Among: 4.1 amount of funding for poor students	6.4
4.2 number of poor students funded (persons)	29
5. Poverty alleviation through health	
6. Ecological protection and poverty alleviation	
Among: 6.1 project name	
	<input type="checkbox"/> carry out ecological protection and construction <input type="checkbox"/> establish ecological protection compensation mode <input checked="" type="checkbox"/> set up ecological public welfare posts <input type="checkbox"/> other
6.2 investment amount	19.2
7. Cover	
Among: 7.1 amount of investment for “three left-behind” personnel	4.5
7.2 number of the “three left-behind” persons who were helped (persons)	50
7.3 amount invested to help poor disabled persons	5.32
7.4 number of people with poverty and disability who were helped (persons)	56
8. Society poverty alleviation	
9. Other projects	
Among: 9.1. Number of projects	3
9.2 Investment amount	90
9.3 Registered poor population helped out of poverty (person)	384
9.4 Other project descriptions	<ol style="list-style-type: none"> 1. Party construction poverty alleviation amount was RMB100,000, 2. Transportation poverty alleviation amount was RMB400,000, 3. Consumption poverty alleviation amount was RMB400,000.

4. Progress in the implementation of social responsibility for targeted poverty alleviation

Applicable Not applicable

Gaojie Office of the Company entered Lishu village in 2017 to carry out targeted poverty alleviation work, As of now:

- (1) According to the latest data of poverty alleviation by Gaojie Office, there are 45 villagers' groups in Lishu village, with a total of 987 households and 3,611 people. The village had 337 registered poverty-stricken households and 1,110 poverty-stricken persons. A total of 230 households and 887 people have been lifted out of poverty in Lishu village, and the rate of poverty has dropped from 30.73% at the beginning of the establishment of the register to 6.18%. It is planned to lift 97 households and 209 people out of poverty by 2019, so as to achieve the goal of "poverty alleviation for household and village delisting".
- (2) Since the commencement of poverty alleviation work, Gaojie Office has cooperated with private cooperatives in 3 industrial projects, including the establishing of highland calf breeding base (with more than 130 calves), Huangheshan peach planting base (with an area of 350 mu) and ecological Luhua chicken breeding base (with 20 thousand chickens). Currently, there are two economic entities, including a photovoltaics company and the Sanhekou cooperatives, in village cooperatives.
- (3) Gaojie Office working team in villages actively assisted Lishu Village to implement high-end product strategy and branding strategy for raising the quality of agricultural products and therefore increasing sales income of Lishu Village significantly. At the beginning of the current year, the team assisted in selling more than 10 thousand catties of beef, bringing sales income over RMB400,000. The team planned to assist in selling more than 2,000 boxes of peaches in July 2019, with estimated sales income amounting to RMB100,000. The net economic income of village cooperatives in 2019 will reach RMB250,000.
- (4) Gaojie Office continues to enhance Party building, insisting on the route of "Party building leading poverty alleviation". For the location establishment of Party branch events, the locations and grounds establishment of general Party branch and 3 branches were completed last year, while the design of the remaining branch locations and grounds was finished, and all the construction will be completed in August. Since this year, the working team has been supporting and conforming to the general Party branch of the village, gathering the power of all Party members from the village, insisting on incorporating Party building leading poverty alleviation into the work and promoting "one withholding two fostering".

5. *Subsequent targeted poverty alleviation plans*

Applicable Not applicable

- (1) We will focus on grassroots Party building and further consolidate poverty alleviation foundation. We will continue to deepen the “pairing and joint construction of party building in enterprises and villages”, complete the standardized construction of the remaining 2 branch Party building activity locations, increase guidance for party building in non-public industry branches, and train and support a number of Party members to become wealth creation experts through the combination of “double training and double leading”.
- (2) We will strictly implement the assistance plan to achieve the goal of “poverty alleviation for household and village delisting”. Through organizing activities such as the “Poverty Alleviation Evening School” and the “New Era Civilization Practice Station”, the confidence and capability in property alleviation of poor households will be improved and the income increasing channels will be expanded, which in turn we will win the war on poverty alleviation eventually.
- (3) We will improve the industry chain and promote the healthy development of the collective economy. We will process the standardization and branding of premium agricultural products in Lishu Village, as well as continue to help broaden the sales channels to strive for achieving annual sales income of agricultural products over RMB800,000.
- (4) Speeding up the establishment of infrastructure, such as transport, education, health infrastructure, completing the remediation of the centre villages, implementing the greening and lighting works of main roads, building up the “grand stage of village” and creating a role model of excellent village at provincial level.

XIII. Convertible Bonds

Applicable Not applicable

XIV. Environmental information

(I) *Explanation on the environmental situation of the Company and the subsidiaries which are engaged in heavily polluted industries as specified by the national environmental protection authorities*

Applicable Not applicable

(II) *Explanation on the environmental situation for companies other than key polluters*

Applicable Not applicable

The Company strictly carried out the concept of “incorporating the idea of green development into the production and life of transportation development” set out in the Plan of Transport Energy Conservation and Environment Protection under 13th Five-year Plan 《交通運輸節能環保“十三五”發展規劃》 to bring the environmental protection to various aspects, such as maintenance, service and office, striving to establish a green operating system and aiding green transport development while at the same time enhancing the quality of transportation.

1. The Company is committed to improving the level of road maintenance management, integrating the ideas of green construction and low-carbon operation into the whole process of road maintenance, and fully considering the impact of road maintenance and facility construction on the ecological environment. During the maintenance process, the Company strictly abides by the “Environmental Protection Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes”, the “Regulations on Environmental Protection Management of Construction Projects”, the “Administrative Penalties Regulation for Environmental Protection” and other local laws and industry regulations, promotes the recycling of waste materials and minimize the damage to the environment by road usage.
2. The Company strives in technology innovation and green services for intensively promoting green transportation development. The first one is replacement of environmental lighting system. The Company replaced the traditional halogen lamps with LED energy-saving lamps. Provided that the necessary lighting of the road is guaranteed, in line with the idea of energy conservation and green operation, the Company actively promoted the green lighting renovation along the expressways and the service areas, controlling the switch remotely for power-saving based on the weather and time. The second one is setting up ETC lanes. ETC lanes are set up at the toll stations of the Company’s management offices, which improving the traffic efficiency of vehicles at the toll gates and also the emissions of carbon dioxide and hydro carbons due to idling vehicles and braking. The third one is constructing electric vehicle charging stations. The Company actively promoted the transformation of customers’ energy consumption patterns, co-operating with State Grid and Yida Company to start investment in electric vehicle charging infrastructure construction. In recent years, the Company has continuously improved the electric vehicle intelligent charging service platform and took the lead in building charging stations in its affiliated service areas, which has effectively solved the concerns of the passengers driving electric vehicles on expressway.

3. The Company advocates that green should be started from each individual and actively establishes the “green office” concept. Firstly, achieving a “green” daily working style of office staff, representing saving behaviors such as water-saving and power-saving, as well as achieving zero-emission and increasing staff’s environmental awareness in their day-to-day work. Secondly, establishing green office, we achieve energy-saving construction and ecological environmental protection from construction materials, office design to office supply procurement. We put efforts in four aspects, including strong measures to save energy, lower petroleum, gas and water consumption, saving energy of newly-built building and save energy for procurement. Thirdly, stably implementing the promotion of office automation, starting to use video conference and paperless office, etc, in order to achieve paperless office, enhance management efficiency and increase the staff’s environmental awareness.

(III) Explanation of reasons for non-disclosure of environmental information by companies other than key emitters

Applicable Not applicable

(IV) Description of the subsequent progress or changes in the disclosure of environmental information during the reporting period

Applicable Not applicable

XV. Analysis of Other Major Events

1. The situation and impact of the change of accounting policy, accounting estimates and accounting methods compared with the previous accounting period

Applicable Not applicable

Change of accounting policies

HKFRS 16 “Leases”

This note explains the impact of the adoption of HKFRS 16 “Leases” on the Group’s financial statements and discloses the new accounting policies that have been applied from 1 January 2019 below.

The Group leases lands. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Group has adopted HKFRS 16 "Leases" from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised right-of-use assets in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These right-of-use assets were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019, adjusted by the amount of any prepaid rental expenses relating to that lease recognised in the balance sheet as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 (unaudited)	1 January 2019 (audited)
Land use rights	<u>8,866</u>	<u>9,399</u>

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

Right-of-use assets – increase by RMB9,399 thousand
Land use rights – decrease by RMB9,399 thousand

There was no impact on retained earnings on 1 January 2019.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 “Determining whether an Arrangement contains a Lease”.

2. *During the Reporting Period, the situation, corrected amount, reason and impact of the correction of the significant accounting error required to be restated during the Reporting Period*

Applicable Not applicable

3. *Other*

Applicable Not applicable

Adjustment on the toll road truck tolls preferential policies

According to the “Implementation of Views on Further Reducing Enterprises’ Costs of People’s Government of Anhui Province” and the “Notice on Adjusting the Preferential Policies for Truck Tolls issued by Anhui Provincial Department of Transportation”, the end date for the preferential policy whereby trucks with Anhui transportation cards could enjoy 15% discount on toll is extended from 11 July 2019 to the end of 2020. Please refer to the Company’s announcement dated October 25, 2018 “Adjustment of Preferential Period for Truck Toll” for details.

Unified policy of 5% discount offering for ETC users

In accordance with the Notice of Implementing the Policy of Discount Offering for Vehicles using ETC on Toll Roads 《關於落實收費公路ETC車輛通行費優惠政策的通知》 issued by Anhui Provincial Department of Transportation and Development and Reform Commission of Anhui Province, vehicles from other provinces that use toll roads in Anhui Province and pay with e-pay cards enjoy a preferential policy of 5% discount on the toll from 1 July 2019.

Conversion of debts into capital reserve of Ningxuanhang Company

In order to meet the capital needs of Ningxuanhang Company during the operation period, optimize the capital structure, improve the financing capacity, reduce credit risk and ensure the sustainable development of the company, at the 11th meeting of the 8th session of the Board held on December 28, 2018, the Board considered and approved the “proposal on converting the project capital debt of Ningxuanhang Company to capital reserve”. The Company, Anhui Transportation Group, Xuancheng Transportation (the “Shareholders”) and Ningxuanhang Company entered into the Ningxuanhang Company Debt-to-Capital Reserve Conversion Agreement (the “Debts Conversion Agreement”), pursuant to which the portion of project capital investment from the Shareholders to Ningxuanhang Company which was accounted as debts according to the audited financial statement for 2017 of Ningxuanhang Company as at 31 December 2017 will be converted to Ningxuanhang Company’s capital reserve. In addition, project capital investments from the Shareholders to Ningxuanhang Company after 1 January 2018 will be accounted as Ningxuanhang Company’s capital reserve. The four parties that signed the Debts Conversion Agreement performed their internal decision-making procedures in accordance with their respective requirements and discussed the matters in the agreement. The Debts Conversion Agreement shall come into force upon being jointly signed by the parties and the parties having obtained all necessary authorizations and approvals for the performance of the agreement.

This transaction has been considered and approved in the 2019 First Extraordinary General Meeting of the Company held on April 3, 2019.

XVI. Corporate Governance

The Company has strictly complied with the requirements of laws, regulations and regulatory documents including the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and the Guidelines on Articles of Association of Listed Companies issued by CSRC in the PRC since its establishment and has continued to enhance its corporate governance standards. During the Reporting Period, the Company continued to enhance the governance system and operation procedures based on the work arrangement of the regulatory authorities and the latest regulations. The actual conditions of the Company’s corporate governance did not deviate from the requirements of the CSRC’s Code of Corporate Governance for Listed Companies and other related laws and regulations. The Company had also fully adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules.

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 CG Code 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.

Amendments to the Term of Reference of Human Resources and Remuneration Committee and the Work Rules and Procedures of the Audit Committee of the Company

In accordance with the Listing rules and Code on Corporate Governance revised by the SEHK and in light of the actual situation of the Company, corresponding amendments were made to the Term of Reference of Human Resources and Remuneration Committee and the Work Rules and Procedures of the Audit Committee of the Company. These amendments were considered and approved at the 12th meeting of the 8th session of the Board held on March 22, 2019.

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 20th meeting of the 6th session of the Board.

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 2019, thereby providing protection for the Directors, Supervisors and senior executives in their performance of duties.

Audit Committee

As at the date of this report, the audit committee of the Company convened three meetings in 2019, in which it reviewed the 2018 annual report and financial statement prepared in accordance with PRC accounting standards and HKAS, the 2019 first quarterly financial statement, as well as the 2019 interim results announcement and 2019 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 2019, 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”) as set out in Appendix 10 of the Listing Rules. After making specific enquiries, all Directors and Supervisors confirmed that they have fully complied with the Model Code during the Reporting Period.

Internal Control

A comprehensive and practicable internal control system is fundamental to good corporate governance. The Board is responsible for establishing and maintaining the internal control systems of the Company so as to review the financial, operational and supervisory control procedures, and to protect the interests of shareholders and safety of the Company’s assets.

During the Reporting Period, the Board, based on its continuous review of the internal control system of the Company, prepared the “Self-evaluation Report Regarding Internal Control of the Company” to elaborate and explain the objectives of internal control, the composition and implementation of the internal control systems and the overall evaluation results.

The internal audit department of the Group plays an important role in reinforcing the internal monitoring system. It periodically reviews all the operation projects of the Group in a circulation form, so as to assist the Board in deciding whether the internal monitoring system is effective and accords with established procedures and standards. The annual audit plan (including annual audit objectives and audit frequency) was formulated based on the independent risk assessment of the department, and the audit committee of the Company will discuss and approve the annual audit plan at the beginning of every fiscal year. All the major internal audit findings will be submitted to the audit committee of the Company for approval, and all the suggestions of the internal audit department will be properly followed up, so as to make sure that the suggestions can be executed within a reasonable time.

The Board considers that the internal monitoring system of the Group is efficient and effective. The Group will keep reviewing and updating the system to safeguard the investment of shareholders and assets of the Group.

XVII. Subsequent Event

Except as disclosed in this report, there were no important events affecting the Group that have occurred after 30 June 2019 and up to the date of this report.

SECTION VI CHANGE OF ORDINARY SHARES AND SHAREHOLDERS

I. Change of share capital

1. Change of shares

(1) Change of shares

During the Reporting Period, the total number of shares and capital structure of the Company was not changed.

(2) Explanation of change of share capital

Applicable Not applicable

(3) The Influence of change of share capital from the time after the Reporting Period to the date of this interim report to financial indicators like earnings per share and net assets per share (If any)

Applicable Not applicable

(4) Other content that the Company deems necessary or the securities regulatory authority requires to disclose

Applicable Not applicable

2. Change of restricted shares

Applicable Not applicable

II. Shareholders

1. Number of shareholders

Number of shareholders of ordinary shares as at the end of the Reporting Period	30,516
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Note: at the end of the Reporting Period, the total number of A-share shareholders is 30,447, and the total number of H-share shareholders is 69.

2. The top ten shareholders and top ten tradable shareholders (or unrestricted shareholders) with the highest shareholding percentage as at the end of the Reporting Period

Unit: shares

Name of shareholders	Change during the Reporting Period	The top ten shareholders					Nature of shareholders
		Total shareholding as at the end of the Reporting Period	Shareholding percentage (%)	Number of restricted shares	Shares pledged or locked-up	Share status	
Anhui Transportation Group	0	524,644,220	31.63	0	Nil	State-owned legal person	
HKSCC NOMINEES LIMITED	-28,000	488,999,899	29.48	0	Unknown	Overseas legal person	
China Merchants Highway	0	404,191,501	24.37	0	Nil	State-owned legal person	
Hong Kong Securities Clearing Company Ltd.	18,790,048	24,386,442	1.47	0	Nil	Other	
Ding Xiuling	0	5,411,435	0.33	0	Nil	Domestic natural person	
Citic bank co., LTD. – jianxin zhongzheng 500 index enhanced securities investment fund	1,203,945	4,709,526	0.28	0	Nil	Other	
E fund – industrial and commercial bank of China – e fund no. 2 asset management plan	2,667,200	2,667,200	0.16	0	Nil	Other	
Basic pension insurance fund – combination 1001	-4,572,300	2,394,510	0.14	0	Nil	Other	
Qin Jianhua	854,637	2,276,437	0.14	0	Nil	Domestic natural person	
Bank of China limited – warburg standard & poor’s China a-share dividend opportunity index securities investment fund (LOF)	-497,100	2,266,100	0.14	0	Nil	Other	

The ten largest unrestricted shareholders

Name of shareholders	Number of unrestricted circulating shares	Type and Number of shares	
		Type	Number
Anhui Transportation Group	524,644,220	RMB ordinary shares	524,644,220
HKSCC NOMINEES LIMITED	488,999,899	Overseas listed foreign shares	488,999,899
China Merchants Highway	404,191,501	RMB ordinary shares	404,191,501
Hong Kong Securities Clearing Company Ltd.	24,386,442	RMB ordinary shares	24,386,442
Ding Xiuling	5,411,435	RMB ordinary shares	5,411,435
Citic bank co., LTD. – jianxin zhongzheng 500 index enhanced securities investment fund	4,709,526	RMB ordinary shares	4,709,526
E fund – industrial and commercial bank of China – e fund no. 2 asset management plan	2,667,200	RMB ordinary shares	2,667,200
Basic pension insurance fund – combination 1001	2,394,510	RMB ordinary shares	2,394,510
Qin Jianhua	2,276,437	RMB ordinary shares	2,276,437
Bank of China limited – warburg standard & poor's China a-share dividend opportunity index securities investment fund (LOF)	2,266,100	RMB ordinary shares	2,266,100

Explanations of connected relationship or acting in concert between the above-mentioned shareholders

There is no connected relationship between the State-owned shareholders and the legal person shareholders in the above chart. The Company does not know if there is any connected relationship amongst other shareholders, or whether they belong to the persons acting in concert under "Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies".

Note: The H shares held by HKSCC NOMINEES LIMITED are held by it on behalf of many clients.

Shareholdings and restrictions of top ten restricted shareholders

Applicable Not applicable

3. *Strategic investors or ordinary legal person who became the top ten shareholders due to issuance of new shares*

Applicable Not applicable

III. Change of Controlling Shareholders and Effective Controllers

Applicable Not applicable

IV. Persons (other than the Directors, Supervisors or chief executive of the Company) who have interests or short positions disclosable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance

As at 30 June 2019, so far as is known to the Directors, or as can be ascertained after reasonable enquiry by the Directors, the persons (other than the Directors, Supervisors or chief executive of the Company) who had, directly or indirectly, interests or had short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were set out as follows:

Name of Shareholders	Capacity	Number at the end of reporting period (shares)	Change during the Reporting Period	Type of shares	Proportion of H shares	Whether pledged or frozen
China Merchants Highway	Interest in controlled corporation	89,160,000 (Long position)	Unknown	H shares	18.08%	Unknown
HSBC Holdings plc	Interest in controlled corporation	98,525,221 (Long position) 99,825,933 (Short position)	Unknown	H shares	19.98% 20.25%	Unknown

Name of Shareholders	Capacity	number at the end of Reporting Period (shares)	Change		Proportion of A shares	Whether pledged or frozen
			during the Reporting Period	Type of shares		
Anhui Transportation Group	Beneficial owner	524,644,220	0	A shares	45.01%	no
China Merchants Highway	Beneficial owner	404,191,501	0	A shares	34.68%	no

Note: Except as disclosed in this report, on 30 June 2019, as shown in the register to be kept under section 336 of part XV of the SFO, the company has not received any notice of interest or short position in the shares of the company and related shares as at 30 June 2019.

V. Purchase, Sale and Redemption of the Company's Securities

During the Reporting Period, neither the Company nor any of its subsidiaries and joint ventures purchased, sold or redeemed any of the listed securities of the Company.

VI. Pre-emptive Rights

Neither the Articles of Association of the Company nor the PRC laws require the Company to offer pre-emptive rights to its existing shareholders for subscription of new shares according to the proportion of their shareholdings.

SECTION VII RELATED INFORMATION OF PREFERENCE SHARES

Applicable Not applicable

SECTION VIII DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Changes of Shareholdings

1. *Change in shareholdings of Directors, Supervisors and senior management (current or resigned during the Reporting Period)*

Applicable Not applicable

2. *Equity incentives awarded to Director, Supervisor, senior management during the Reporting Period*

Applicable Not applicable

II. Change in Directors, Supervisors and Senior Management during the Reporting Period

Applicable Not applicable

Changes of Directors, Supervisors and senior management of the Company

Applicable Not applicable

III. Information on other issues

Applicable Not applicable

IV. Disclosure of Interests of the Directors, Supervisors and Chief Executive

As at 30 June 2019, none of the Directors, Supervisors, chief executive nor their associates had or were deemed to have any interests or short positions in any shares, or underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the SEHK and to be disclosed herein pursuant to the Model Code.

V. Employees remuneration and training

As at 30 June 2019, the Company and its main subsidiaries employed approximately 2,223 employees (as at 30 June 2018: 2,981 employees), which included 1,632 production staff, 128 technicians, 38 financial staff and 425 administrative staff (as at 30 June 2018, the numbers were 2,291, 158, 37 and 495 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 totalled RMB171,587.5 thousand (corresponding period in 2018: RMB190,864.9 thousand). In strict compliance with the various social insurance policies of the PRC, 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 and 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 business trainings in various areas such as operational management to vigorously enhance the position-specific skills and expertise standard of employees. With respect to general management, the company held a management capacity improvement class for the mid-level management. With respect to online learning, the Company focused on encouraging autonomous learning by employees, promoted E-learning online study, and encouraged learning and communications using mobile phone applications and online interactions, etc.

SECTION IX RELATED INFORMATION OF BONDS

Applicable Not applicable

SECTION X FINANCIAL REPORT

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

ASSETS	Note	Unaudited 30 June 2019	Audited 31 December 2018
Non-current assets			
Concession intangible assets	7	10,506,898	10,308,886
Land use rights	7	—	9,399
Right-of-use assets	7	8,866	—
Property, plant and equipment	7	901,686	958,059
Investment properties	7	355,973	364,868
Intangible assets	7	1,754	3,406
Investments in an associate		141,894	128,932
Deferred income tax assets		87,195	26,523
Financial assets at fair value through other comprehensive income ("Financial assets at FVOCI")	8	336,300	336,300
		<u>12,340,566</u>	<u>12,136,373</u>
Current assets			
Inventories		5,893	5,033
Other current assets		3,513	3,513
Financial assets at fair value through profit or loss ("Financial assets at FVPL")	9	250,656	—
Receivables and prepayments	10	176,110	171,562
Restricted cash	27	1,759	60,000
Cash and cash equivalents	27	2,565,607	2,453,475
		<u>3,003,538</u>	<u>2,693,583</u>
Total assets		<u><u>15,344,104</u></u>	<u><u>14,829,956</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary share capital	11	1,658,610	1,658,610
Share premium	11	1,415,593	1,415,593
Other reserves	12	51,026	51,533
Retained earnings		7,122,459	6,992,938
		<u>10,247,688</u>	<u>10,118,674</u>
Non-controlling interests		<u>865,815</u>	<u>510,433</u>
Total equity		<u><u>11,113,503</u></u>	<u><u>10,629,107</u></u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

LIABILITIES	Note	Unaudited 30 June 2019	Audited 31 December 2018
Non-current liabilities			
Long-term payables	17	422,165	1,079,788
Borrowings	14	1,821,547	1,562,897
Deferred income tax liabilities		26,696	98,049
Deferred income	16	27,497	28,583
		<u>2,297,905</u>	<u>2,769,317</u>
Current liabilities			
Trade and other payables	13	1,601,213	1,109,867
Current income tax liabilities		105,202	152,967
Provision	15	67,087	23,010
Borrowings	14	159,194	145,688
		<u>1,932,696</u>	<u>1,431,532</u>
Total liabilities		<u>4,230,601</u>	<u>4,200,849</u>
Total equity and liabilities		<u>15,344,104</u>	<u>14,829,956</u>

The notes on pages 75 to 107 are an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information on pages 75 to 107 were approved by the Board of Directors on 23 August 2019 and the interim condensed consolidated balance sheet was signed on its behalf by:

Director (喬傳福)

Director (許振)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2019	2018
Revenue	19	1,965,648	1,760,879
Cost of sales	20	<u>(1,156,221)</u>	<u>(946,230)</u>
Gross profit		809,427	814,649
Other gains – net	18	41,348	40,053
Administrative expenses	20	(45,905)	(40,069)
Net impairment reversal/(losses) on financial assets	21	<u>922</u>	<u>(140)</u>
Operating profit		805,792	814,493
Finance costs	22	(61,089)	(64,795)
Share of profit of an associate		<u>12,961</u>	<u>12,390</u>
Profit before income tax		757,664	762,088
Income tax expenses	23	<u>(217,180)</u>	<u>(217,821)</u>
Profit for the period		<u>540,484</u>	<u>544,267</u>
Attributable to:			
Owners of the Company		543,667	551,381
Non-controlling interests		<u>(3,183)</u>	<u>(7,114)</u>
		<u>540,484</u>	<u>544,267</u>
Basic and diluted earnings per share			
(expressed in RMB per share)	24	<u>0.3278</u>	<u>0.3324</u>

The notes on pages 75 to 107 are an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2019	2018
Profit for the period	540,484	544,267
Other comprehensive income	—	—
Total comprehensive income for the period	<u>540,484</u>	<u>544,267</u>
Attributable to:		
Owners of the Company	543,667	551,381
Non-controlling interests	<u>(3,183)</u>	<u>(7,114)</u>
	<u>540,484</u>	<u>544,267</u>

The notes on pages 75 to 107 are an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

	Note	Attributable to equity holders of the Company				Non-controlling interests	Total
		Ordinary share capital (Note 11)	Share premium (Note 11)	Other reserves (Note 12)	Retained earnings		
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 (audited)		—	—	(12,565)	12,565	—	—
Restated total equity at 1 January 2018 (audited)		<u>1,658,610</u>	<u>1,415,593</u>	<u>103,957</u>	<u>6,258,043</u>	<u>650,390</u>	<u>10,086,593</u>
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)		<u>—</u>	<u>—</u>	<u>—</u>	<u>551,381</u>	<u>(7,114)</u>	<u>544,267</u>
Others (unaudited)		—	—	(507)	507	—	—
Transactions with owners							
Dividends relating to 2017 (unaudited)		—	—	—	(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)	17	—	—	—	—	13,180	13,180
Balance at 30 June 2018 (unaudited)		<u>1,658,610</u>	<u>1,415,593</u>	<u>103,450</u>	<u>6,428,451</u>	<u>529,201</u>	<u>10,135,305</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

	Note	Attributable to equity holders of the Company				Non-controlling interests	Total
		Ordinary share capital (Note 11)	Share premium (Note 11)	Other reserves (Note 12)	Retained earnings		
Balance at 1 January 2019 (audited)		1,658,610	1,415,593	51,533	6,992,938	510,433	10,629,107
Comprehensive income							
Profit/(loss) for the period (unaudited)		—	—	—	543,667	(3,183)	540,484
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 2019 (unaudited)		—	—	—	543,667	(3,183)	540,484
Others (unaudited)		—	—	(507)	507	—	—
Transactions with owners							
Dividends relating to 2018 (unaudited)	25	—	—	—	(414,653)	—	(414,653)
Dividends paid to a non-controlling interest of subsidiaries relating to 2018 (unaudited)		—	—	—	—	(142,635)	(142,635)
Debt conversion (unaudited)	17	—	—	—	—	501,200	501,200
Balance at 30 June 2019 (unaudited)		<u>1,658,610</u>	<u>1,415,593</u>	<u>51,026</u>	<u>7,122,459</u>	<u>865,815</u>	<u>11,113,503</u>

The notes on pages 75 to 107 are an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2019	2018
Cash flows from operating activities			
Cash generated from operations		642,938	656,102
Interest paid		(54,184)	(49,415)
Income tax paid		(279,281)	(319,592)
Net cash generated from operating activities		309,473	287,095
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(3,478)	(430)
Purchase of intangible assets	7	—	(247)
Net decrease in restricted cash	27	58,241	—
Proceeds from disposal of financial assets at fair value through profit or loss	5.3	453,042	—
Payments for purchase of financial assets at fair value through profit or loss	5.3	(700,000)	—
Net decrease in financial products		—	310,000
Proceeds from sales of property, plant and equipment		273	179
Interest received		41,527	36,516
Net cash (used in)/generated from investing activities		(150,395)	346,018
Cash flows from financing activities			
Proceeds from borrowings		345,000	120,600
Repayments of borrowings		(72,844)	(28,100)
Repayments of long-term payables		(176,476)	—
Dividends paid to the non-controlling interests		(142,635)	(127,255)
Net cash used in financing activities		(46,955)	(34,755)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		2,453,475	1,829,395
Exchange gains on cash and cash equivalents		9	19
Cash and cash equivalents at end of the period	27	2,565,607	2,427,772

The notes on pages 75 to 107 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

1 General information

Anhui Expressway Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") on 15th August 1996 as a joint stock limited company. The Company and its subsidiaries (the "Group") are principally engaged in the construction, operation, management and development of the toll roads and associated service sections in the Anhui Province. Besides, the Group has commenced to operate pawn business since 2012.

The Company's H shares and A shares have been listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange since November 1996 and January 2003 respectively. The address of its registered office is No. 520, West Wangjiang Road, Hefei, Anhui, the PRC.

As at 30 June 2019, the Group's toll roads and concession period granted are shown as follows:

Toll road	Length kilometres	Concession periods granted
Hening Expressway	134	From 16 August 1996 to 15 August 2026
National Trunk 205 Tianchang Section	30	From 1 January 1997 to 31 December 2026
Xuanguang Expressway	67	From 1 January 1999 to 31 December 2028
Gaojie Expressway	110	From 1 October 1999 to 30 September 2029
Lianhuo Expressway Anhui Section	54	From 1 January 2003 to 30 June 2032
Xuanguang Expressway Nanhuan Section	17	From 1 September 2003 to 31 December 2028
Ninghuai Expressway Tianchang Section	14	From 18 December 2006 to 17 June 2032
Guangci Expressway	14	From 20 July 2004 to 20 July 2029
Ningxuanhang Expressway Xuancheng to Ningguo Section (i)	46	From 8 September 2013 to 7 September 2043
Ningxuanhang Expressway Ningguo to Qianqiuguan Section (ii)	40	From 19 December 2015 to 18 December 2020
Ningxuanhang Expressway Liqiao to Xuancheng Section (ii)	27	From 30 December 2017 to 29 December 2022

1 General information (Continued)

- (i) In 2013, Ningxuanhang Expressway Xuancheng to Ningguo Section was officially opened to traffic. The length of toll road is 46 kilometres. The formal concession period is 30 years starting from 8 September 2013, granted by local government on 5 September 2018.
- (ii) In 2015, Ningxuanhang Expressway Ningguo to Qianqiuguan Section was officially opened to traffic. The length of toll road is 40 kilometres and the temporary granted concession period is 5 years starting from 19 December 2015. In 2017, Ningxuanhang Expressway Liqiao to Xuancheng Section was officially opened to traffic. The length of toll road is 27 kilometres and the temporary granted concession period is 5 years starting from 30 December 2017. Concession intangible assets of the two sections are amortized over 30 years temporarily before the formal granted concession period is granted, which will be determined according to future assessment and relevant provisions.

The condensed consolidated interim financial information is presented in thousands of Renminbi ("RMB'000"), unless otherwise stated. This condensed consolidated interim financial information was reviewed by audit committee of the Company and approved for issue by the Board of Directors on 23 August 2019.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2019 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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 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) New standard, amendments and interpretation of HKFRS effective in 2019 adopted by the Group

The following new standard, amendments and interpretation have been adopted by the Group for the first time for its financial year beginning on 1 January 2019:

- HKFRS 16 “Leases”
- HK (IFRIC) 23 “Uncertainty over Income Tax Treatments”
- Amendments to HKFRS 9 regarding prepayment features with negative compensation
- Amendments to HKAS 28 regarding long-term interests in associates and joint ventures
- Amendments to HKAS 19 regarding plan amendment, curtailment or settlement
- Amendments from annual improvements to HKFRS Standards 2015 – 2017 Cycle on HKFRS 3 “Business Combinations”, HKFRS 11 “Joint Arrangements”, HKAS 12 “Income Taxes” and HKAS 23 “Borrowing Costs”.

Other than the impact of the adoption of HKFRS 16 is disclosed below, the other amendments and interpretation did not have any impact on the Group’s condensed consolidated financial statements and did not require retrospective adjustment.

(i) HKFRS 16 “Leases”

This note explains the impact of the adoption of HKFRS 16 “Leases” on the Group’s financial statements and discloses the new accounting policies that have been applied from 1 January 2019 below.

The Group leases lands. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

3 Accounting policies (Continued)

(a) *New standard, amendments and interpretation of HKFRS effective in 2019 adopted by the Group (Continued)*

(i) **HKFRS 16 “Leases”** (Continued)

Until the 2018 financial year, payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

3 Accounting policies (Continued)

(a) *New standard, amendments and interpretation of HKFRS effective in 2019 adopted by the Group (Continued)*

(i) **HKFRS 16 “Leases” (Continued)**

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Group has adopted HKFRS 16 “Leases” from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised right-of-use assets in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 “Leases”. These right-of-use assets were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019, adjusted by the amount of any prepaid rental expenses relating to that lease recognised in the balance sheet as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

3 Accounting policies (Continued)

(a) *New standard, amendments and interpretation of HKFRS effective in 2019 adopted by the Group (Continued)*

(i) **HKFRS 16 “Leases” (Continued)**

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 (unaudited)	1 January 2019 (audited)
Land use rights	<u>8,866</u>	<u>9,399</u>

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

Right-of-use assets – increase by RMB9,399 thousand

Land use rights – decrease by RMB9,399 thousand

There was no impact on retained earnings on 1 January 2019.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 “Determining whether an Arrangement contains a Lease”.

3 Accounting policies (Continued)

(b) New standard and amendments of HKFRS issued but are not yet effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Group

A number of new standard and amendments of HKFRS which are relevant to the Group's operations are effective for the financial year beginning after 1 January 2019 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 standard and amendments. These new standard and amendments are set out below:

- Amendments to HKFRS 3 regarding definition of a business, effective for annual accounting periods beginning on or after 1 January 2020
- Amendments to HKAS 1 and HKAS 8 regarding definition of material, effective for annual accounting periods beginning on or after 1 January 2020
- Revised Conceptual Framework for Financial Reporting 2018, effective for annual accounting periods beginning on or after 1 January 2020
- HKFRS 17 "Insurance Contracts", effective for annual accounting periods beginning on or after 1 January 2021
- 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 standard and amendments. None of these is expected to have a significant impact on the consolidated financial statements of the Group.

4 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Liquidity risk

Compared to 31 December 2018, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5 Financial risk management and financial instruments (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 30 June 2019 and 31 December 2018.

As at 30 June 2019 (unaudited)	Level 1	Level 2	Level 3	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Financial assets				
Financial assets at FVPL	—	—	250,656	250,656
Financial assets at FVOCI	—	—	336,300	336,300
	<u>—</u>	<u>—</u>	<u>586,956</u>	<u>586,956</u>
As at 31 December 2018 (audited)	Level 1	Level 2	Level 3	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Financial assets				
Financial assets at FVOCI	—	—	336,300	336,300
	<u>—</u>	<u>—</u>	<u>336,300</u>	<u>336,300</u>

The following table presents the changes in level 3 instruments for six months ended 30 June 2019.

	For six months ended 30 June 2019		
	Financial assets	Financial assets	Total
	at FVPL	at FVOCI	
Opening balance (audited)	—	336,300	336,300
Additions (unaudited)	700,000	—	700,000
Disposals (unaudited)	(453,042)	—	(453,042)
Gains recognised in profit or loss (unaudited) (Note 18)	3,698	—	3,698
Closing balance (unaudited)	<u>250,656</u>	<u>336,300</u>	<u>586,956</u>

5 Financial risk management and financial instruments (Continued)

5.3 Fair value estimation (Continued)

Quantitative information about fair value measurements using significant unobservable inputs (level 3):

	Fair value as at 30 June 2019	Valuation technique	Unobservable input	Range (weighted average)
Financial assets at FVOCI	215,000	Market comparable approach	P/B	10~13/(11.5)
Financial assets at FVOCI	121,300	Income approach	Discount rate	10.39%~10.89%/ (10.64%)
Financial assets at FVPL	250,656	Income approach	Discount rate	3.90%~4.20%/ (4.05%)
	586,956			

The nominal value less impairment provision of receivables, trade and other payables and current borrowings are assumed to approximate their fair values due to short period of maturity dates. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

6 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Strategic Development and Investment Committee that makes strategic decisions.

The Strategic Development and Investment Committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Strategic Development and Investment Committee for the purposes of allocating resources and assessing performance.

The Group's operations are mainly organised under the following business segments:

- Toll roads services, including construction, operation, management and development of toll roads; and
- Pawn services, including pawn loan services.

6 Segment information (Continued)

The revenue, profit or loss and assets of the pawn services business were much less than 10% of the relevant combined totals. The Group considered that it is not meaningful to treat the pawn services business as separate reportable operating segment and since there are no other significant businesses other than the toll road services, no segment information is presented for the six months ended 30 June 2019.

The Group is domiciled in Anhui Province, the PRC. Its revenue is generated from Anhui Province, the PRC. As at 30 June 2019 and 31 December 2018, all non-current assets of the Group are located in the PRC.

7 Capital expenditures

	Concession intangible assets	Intangible assets	Property, plant and equipment	Investment properties	Land use rights	Right-of-use assets
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 (Note 20)	(292,694)	(2,659)	(55,917)	(8,529)	(479)	—
Closing net book amount as at						
30 June 2018 (unaudited)	<u>10,003,484</u>	<u>4,960</u>	<u>912,547</u>	<u>354,246</u>	<u>9,985</u>	<u>—</u>
Six months ended 30 June 2019						
Opening net book amount as at						
1 January 2019 (audited)	10,308,886	3,406	958,059	364,868	—	9,399
Additions	498,147	—	3,478	—	—	—
Transfers	—	188	(188)	—	—	—
Disposals	(230)	—	(4,380)	—	—	—
Depreciation/amortisation (Note 20)	(299,905)	(1,840)	(55,283)	(8,895)	—	(533)
Closing net book amount as at						
30 June 2019 (unaudited)	<u>10,506,898</u>	<u>1,754</u>	<u>901,686</u>	<u>355,973</u>	<u>—</u>	<u>8,866</u>

As at 30 June 2019, the toll roads under the Service Concessions and their respective concession periods granted are disclosed in Note 1.

Borrowing costs of RMB3,532 thousand have been capitalised in the six months ended 30 June 2019 at an average annual interest rate of 1.20% (same period of 2018: RMB3,565 thousand; 1.20%).

8 Financial assets at FVOCI

	Equity interests in unlisted companies and LPs						Total
	ATZIIF (a)	ATGBF (b)	AXFG (c)	AXCM (c)	WTMC (d)	ATZFM (a)	
Balance as of 1 January 2019 and							
30 June 2019	<u>99,625</u>	<u>99,625</u>	<u>93,810</u>	<u>27,490</u>	<u>15,000</u>	<u>375</u>	<u>336,300</u>

- (a) As at 30 June 2019, FVOCI represented 2.50% equity interests in Anhui Transportation Zhaoshang Fund Management Co., Ltd. (“安徽交控招商基金管理有限公司”, “ATZFM”) with a fair value of RMB375 thousand (31 December 2018: 2.50% and fair value of RMB375 thousand) and 6.64% equity interests in Anhui Transportation Zhaoshang Industry Investment Fund LP (“安徽交控招商產業投資基金(有限合夥)”, “ATZIIF”) with a fair value of RMB99,625 thousand (31 December 2018: 6.64% and fair value of RMB99,625 thousand).
- (b) As at 30 June 2019, FVOCI represented 2.50% equity interest in Anhui Transportation Goldstone Fund Management Co., Ltd. (“安徽交控金石基金管理有限公司”, “ATGFM”) with a fair value of RMB375 thousand (31 December 2018: 2.50% and fair value of RMB375 thousand) and 6.64% equity interest in Anhui Transportation Goldstone Buy-out Fund LP (“安徽交控金石並購基金合夥企業(有限合夥)”, “ATGBF”) with a fair value of RMB99,625 thousand (31 December 2018: 6.64% and fair value of RMB99,625 thousand).
- (c) As at 30 June 2019, FVOCI represented 6.62% equity interests in Anhui Xin’an Financial Group Co., Ltd. (“安徽新安金融集團股份有限公司”, “AXFG”) with a fair value of RMB93,810 thousand (31 December 2018: 6.62% and fair value of RMB93,810 thousand) and 6.62% equity interests in Anhui Xin’an Capital Operation Management Co., Ltd. (“安徽新安資本運營管理股份有限公司”, “AXCM”) with a fair value of RMB27,490 thousand (31 December 2018: 6.62% and fair value of RMB27,490 thousand).
- (d) As at 30 June 2019, FVOCI represented 10% equity interests in Hefei Wan Tong Microcredit Co., Ltd. (“合肥市皖通小額貸款有限公司”, “WTMC”).

9 Financial assets at FVPL

	30 June 2019 (unaudited)	31 December 2018 (audited)
Structural deposits	<u>250,656</u>	—

As at 30 June 2019, Financial assets at FVPL are mainly structured deposits with banks, which are presented as current assets since they are expected to be collected within three months from 30 June 2019.

10 Receivables and prepayments

	30 June 2019 (unaudited)	31 December 2018 (audited)
Pawn loans to customers (a)	175,702	185,718
Toll roads income receivable (b)	65,234	48,450
Receivables for construction	30,051	30,051
Interest receivable	7,655	12,828
Receivables from management service of toll roads	1,105	—
Others	20,940	20,280
	300,687	297,327
Less: Provision for impairment of pawn loans (a)	(122,708)	(123,864)
Provision for impairment of others (c)	(2,926)	(2,692)
	175,053	170,771
Prepayments		
– Prepaid expenses	1,057	791
	176,110	171,562

(a) Pawn loans to customers

As at 30 June 2019 and 31 December 2018, the analysis of pawn loans to customers is as follows:

	30 June 2019 (unaudited)	31 December 2018 (audited)
Pawn loans to customers		
– Principal	175,702	185,718
– Interest	—	—
	175,702	185,718
Less: Impairment allowances	(122,708)	(123,864)
Pawn loans to customers, net	52,994	61,854

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 2019 (2018: bore fixed interest rates ranging from 10.92% to 26.40%). The Group ceased interest accrual once pawn loans were over due.

10 Receivables and prepayments (Continued)

(a) Pawn loans to customers (Continued)

As at 30 June 2019, the Group's pawn loans to certain third party customers with carrying amounts of RMB600 thousand (31 December 2018: RMB600 thousand) were secured by their trade receivables of RMB7,510 thousand (31 December 2018: RMB7,510 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") who is 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	
	2019	2018
Beginning of the period (audited)	(123,864)	(121,528)
Reversed/(recognised) impairment losses (unaudited) (Note 21)	1,156	(93)
End of the period (unaudited)	<u>(122,708)</u>	<u>(121,621)</u>

(b) As at 30 June 2019, 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 RMB60,602 thousand (31 December 2018: RMB44,405 thousand) for uncollected toll roads income (Note 28).

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

	For the six months ended 30 June	
	2019	2018
Beginning of the period (audited)	(2,692)	(2,316)
Impairment losses recognised (unaudited) (Note 21)	(234)	(47)
End of the period (unaudited)	<u>(2,926)</u>	<u>(2,363)</u>

As at 30 June 2019 and 31 December 2018, all other receivables balances were denominated in RMB.

As at 30 June 2019 and 31 December 2018, the fair values of the other receivables of the Group approximated their carrying amounts.

11 Ordinary share capital and share premium

	Number of A shares (thousands)	Number of H shares (thousands)	Ordinary Share capital	Share premium	Total
At 1 January 2018 (audited)	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the period (unaudited)	—	—	—	—	—
At 30 June 2018 (unaudited)	<u>1,165,600</u>	<u>493,010</u>	<u>1,658,610</u>	<u>1,415,593</u>	<u>3,074,203</u>
At 1 January 2019 (audited)	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the period (unaudited)	—	—	—	—	—
At 30 June 2019 (unaudited)	<u>1,165,600</u>	<u>493,010</u>	<u>1,658,610</u>	<u>1,415,593</u>	<u>3,074,203</u>

The total authorised and issued number of ordinary shares is 1,658,610,000 shares with a par value of RMB1 per share. All issued shares are fully paid.

Share premium is the amount by which the fair value of the consideration received exceeds the nominal value of shares issued, net of transaction cost.

12 Other reserves

	Capital surplus	Statutory surplus reserve fund	Discretionary surplus reserve fund	Enterprise safety fund	Merger reserve (a)	Excess of the consideration over carrying amount of the non-controlling interests acquired (b)	Fair value change of AFS financial assets, net of tax	Fair value change of financial assets at FVOCI, net of tax	Total
Balance at 31 December 2017									
(audited)	2,243	955,881	658	49,269	(186,362)	(710,116)	4,949	—	116,522
Change in accounting policy (audited)	—	—	—	—	—	—	(4,949)	(7,616)	(12,565)
Balance at 1 January 2018									
(audited)	2,243	955,881	658	49,269	(186,362)	(710,116)	—	(7,616)	103,957
Usage of enterprise safety fund (unaudited)	—	—	—	(507)	—	—	—	—	(507)
Balance at 30 June 2018									
(unaudited)	<u>2,243</u>	<u>955,881</u>	<u>658</u>	<u>48,762</u>	<u>(186,362)</u>	<u>(710,116)</u>	<u>—</u>	<u>(7,616)</u>	<u>103,450</u>
Balance at 1 January 2019									
(audited)	2,243	955,881	658	48,255	(186,362)	(710,116)	—	(59,026)	51,533
Usage of enterprise safety fund (unaudited)	—	—	—	(507)	—	—	—	—	(507)
Balance at 30 June 2019									
(unaudited)	<u>2,243</u>	<u>955,881</u>	<u>658</u>	<u>47,748</u>	<u>(186,362)</u>	<u>(710,116)</u>	<u>—</u>	<u>(59,026)</u>	<u>51,026</u>

Upon approval from the Board of Directors, capital surplus, other than those relating to receipts of donated non-cash assets and equity investments held can be used to increase capital. Capital surplus arising from receipts of donated non-cash assets and equity investments can only be used to increase capital after the donated assets or investments have been disposed of.

The Company appropriates discretionary surplus reserve after shareholders' meeting approves the Board of Directors' proposal. The discretionary surplus reserve can be used to make up for the loss or increase capital after approval.

12 Other reserves (Continued)

- (a) The merger reserve as at 30 June 2019 and 31 December 2018 represented the excess of consideration over the Company's share of paid-in capital of Xuancheng Guangci Expressway Co., Ltd. (“宣城市廣祠高速公路有限責任公司”, “Guangci”) acquired under common control.

	30 June 2019 (unaudited)
The Company's share of paid-in capital of Guangci	28,968
Less: consideration paid to the then equity owner for acquisition of Guangci under common control	<u>(215,330)</u>
Merge reserve	<u><u>(186,362)</u></u>

- (b) The reserve of excess of the consideration over carrying amount of the non-controlling interests acquired represented RMB699,147 thousand arising from acquisition of 49% equity interests of Gaojie Expressway in 2006 and RMB10,969 thousand arising from acquisition of 4.47% equity interests of Guangci in 2012.

13 Trade and other payables

	30 June 2019 (unaudited)	31 December 2018 (audited)
Payables on acquisition of concession intangible assets	627,490	704,907
Dividends payable (Note 28)	414,653	—
Current portion of long-term payables (Note 17)	349,745	240,078
Staff salaries and welfare	90,880	27,404
Deposits for construction projects	66,120	62,396
Other taxation payables	17,092	20,177
Interest payable	4,577	6,169
Service fee for the collection of toll roads income (Note 28)	4,054	5,101
Others	26,602	43,635
	<u><u>1,601,213</u></u>	<u><u>1,109,867</u></u>

As at 30 June 2019, trade and other payables of RMB568,746 thousand were aged over one year (31 December 2018: RMB467,652 thousand). These payables were mainly payables for construction projects which will be settled after project completion and current portion of long-term payables.

As at 30 June 2019 and 31 December 2018, all trade and other payables were denominated in RMB.

13 Trade and other payables (Continued)

As at 30 June 2019 and 31 December 2018, the fair values of trade and other payables, except for staff salaries and welfare, approximated their carrying amounts.

14 Borrowings

	30 June 2019		31 December 2018	
	Interest rate per annum (unaudited)	Amount	Interest rate per annum (audited)	Amount
Long-term bank borrowings				
Denominated in RMB				
– guaranteed (a)	4.41%-4.90%	832,626	4.41%-4.90%	942,658
– unsecured (a)	4.41%	163,115	4.41%	165,927
– pledged (b)	1.20%-4.90%	985,000	1.20%	600,000
		<u>1,980,741</u>		<u>1,708,585</u>
Less: current portion				
Denominated in RMB				
– guaranteed (a)	4.41%-4.90%	(122,567)	4.41%-4.90%	(120,065)
– unsecured (a)	4.41%	(5,627)	4.41%	(5,623)
– pledged (b)	1.20%-4.90%	(31,000)	1.20%	(20,000)
		<u>(159,194)</u>		<u>(145,688)</u>
Non-current borrowings		<u>1,821,547</u>		<u>1,562,897</u>

(a) The bank borrowings of RMB218,786 thousand were guaranteed by Xuancheng Communication Investment Co., Ltd. (“宣城市交通投资有限公司”, “XCIC”), a non-controlling interest of subsidiaries; RMB613,840 thousand were guaranteed by the ATHC; RMB163,115 thousand were guaranteed by the Company as at 30 June 2019 (31 December 2018: RMB281,900 thousand were guaranteed by XCIC; RMB660,758 thousand were guaranteed by the ATHC; and RMB165,927 thousand were guaranteed by the Company).

(b) As at 30 June 2019, the bank borrowings of RMB590,000 thousand was guaranteed by estimated future toll roads cash inflow from the completion of reform and expansion of Hening Expressway (31 December 2018: RMB600,000 thousand) and the bank borrowings of RMB395,000 thousand was guaranteed by estimated future toll roads cash inflow from the completion of reform and expansion of Ningxuanhang Expressway Liqiao to Xuancheng Section (31 December 2018: nil).

14 Borrowings (Continued)

As at 30 June 2019 and 31 December 2018, the Group's borrowings are repayable as follows:

	30 June 2019 (unaudited)	31 December 2018 (audited)
Within 1 year	159,194	145,688
Between 1 and 2 years	305,471	280,699
Between 2 and 5 years	631,230	654,731
Over 5 years	884,846	627,467
	<u>1,980,741</u>	<u>1,708,585</u>

The Group has the following un-drawn borrowing facilities at the balance sheet date:

	30 June 2019 (unaudited)	31 December 2018 (audited)
Expiring within one year	<u>1,849,890</u>	<u>5,544,890</u>

15 Provision – maintenance/resurfacing obligations

Balance at 1 January 2019 (audited)	23,010
Addition of provision (unaudited)	104,066
Utilisation of provision (unaudited)	<u>(59,989)</u>
Balance at 30 June 2019 (unaudited)	<u>67,087</u>

16 Deferred income

	30 June 2019 (unaudited)	31 December 2018 (audited)
Government grants	<u>27,497</u>	<u>28,583</u>

Deferred income represents government grants relating to assets and is amortised over 16 to 25 years.

17 Long-term payables

The carrying amounts and fair values of long-term payables (including current portion) are as follows:

	Carrying Amounts		Fair values	
	30 June 2019 (unaudited)	31 December 2018 (audited)	30 June 2019 (unaudited)	31 December 2018 (audited)
Long-term payables to ATHC (a)	558,530	1,019,478	558,530	1,063,505
Long-term payables to XCIC (b)	213,380	300,388	217,899	317,645
Long-term payables – total	771,910	1,319,866	776,429	1,381,150
Less: current portion of long-term payables (Note 13)	<u>(349,745)</u>	<u>(240,078)</u>	<u>(350,292)</u>	<u>(240,782)</u>
	<u>422,165</u>	<u>1,079,788</u>	<u>426,137</u>	<u>1,140,368</u>

- (a) Long-term payables to ATHC represents ATHC's share of total investment in Anhui Ningxuanhang Expressway Investment Company Limited (“安徽寧宣杭高速公路投資有限公司”, “Ningxuanhang”) in excess of ATHC's equity contribution in Ningxuanhang. This amount is non-guaranteed. As at 30 June 2019, the balances represented interest-bearing loans of RMB558,530 thousand.
- (b) Long-term payables to XCIC represents XCIC's share of total investment in Xuan Guang Expressway Company Limited (“宣廣高速公路有限責任公司”, “Xuan Guang”) and Ningxuanhang in excess of XCIC's equity contribution in Xuan Guang and Ningxuanhang. This amount is non-guaranteed. As at 30 June 2019, the balances represented interest-free loans of RMB233,727 thousand and interest-bearing loans of RMB5,400 thousand.

As at 30 June 2019, the undiscounted amount of long-term payables to XCIC and ATHC was RMB239,127 thousand and RMB558,530 thousand respectively (31 December 2018: RMB429,943 thousand and RMB1,398,457 thousand respectively).

The fair values of long-term payables are based on cash flows discounted using 4.90%, the annual interest rate published by the People's Bank of China for long-term bank loans as at 30 June 2019 (31 December 2018: 4.90%).

- (c) The Company, ATHC and XCIC (the “Shareholders”) entered into a debts conversion agreement with Ningxuanhang which took effect after authorized and approved from the Shareholders and Annual General Meeting on 3 April 2019. According to the agreement, the interest-free long-term shareholders' loans from the Shareholders to Ningxuanhang as at 31 December 2017 and other related investments from the Shareholders to Ningxuanhang during the periods beginning after 1 January 2018 were converted to Ningxuanhang's other reserve. As a result, the gains from the debts conversion was recorded in non-controlling interests.

18 Other gains – net

	Unaudited	
	For the six months ended 30 June	
	2019	2018
Interest income	36,418	39,063
Gains from financial assets at FVPL	3,698	—
Amortisation of government grants relating to assets	1,086	1,086
Government grants relating to profits	60	—
Gains/(losses) from disposal of property, plant and equipment	44	(288)
Dividend income	—	200
Losses from disposal on concession intangible assets	(230)	—
Others	272	(8)
	41,348	40,053

19 Revenue

	Unaudited	
	For the six months ended 30 June	
	2019	2018
Toll roads income, rental income and others	1,465,129	1,465,537
Revenue from construction or upgrade work under Service Concessions	498,147	293,371
Interest income from pawn loans to customers	2,372	1,971
	1,965,648	1,760,879

20 Expenses by nature

Expenses included in cost of sales and administrative expenses are analyzed as follows:

	Unaudited	
	For the six months ended 30 June	
	2019	2018
Costs payable to vendors for construction or upgrade work under the Service Concessions	498,147	293,371
Depreciation and amortisation expenses (Note 7)	366,456	360,278
Employee benefit expenses	171,587	190,865
Repair expenses	104,066	77,749
Tax related to revenues (a)	11,803	12,860
Auditor's remuneration		
– Annual audit services	1,050	1,050
Others	49,017	50,126
	<u>1,202,126</u>	<u>986,299</u>

(a) Taxes related to revenue

The Group is subject to the following supplemental turnover taxes:

- (i) Urban Construction and Maintenance Tax – levied at 5% or 7% of VAT payable.
- (ii) Local Education Surcharge – levied at 3% of VAT payable.

21 Net impairment (reversal)/losses on financial assets

	Unaudited	
	For the six months ended 30 June	
	2019	2018
(Reversal of impairment)/impairment for pawn loans to customers (Note 10(a))	(1,156)	93
Impairment for other receivables (Note 10(c))	234	47
	<u>(922)</u>	<u>140</u>

22 Finance costs

	Unaudited	
	For the six months ended 30 June	
	2019	2018
Interest expenses	64,621	68,360
Including: amortisation of long-term payables	12,031	18,196
Less: capitalised interest expenses (Note 7)	(3,532)	(3,565)
	<u>61,089</u>	<u>64,795</u>

23 Taxation

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

	Unaudited	
	For the six months ended 30 June	
	2019	2018
Current taxation – CIT (a)	231,516	230,399
Deferred taxation credited to the consolidated income statement	(14,336)	(12,578)
	<u>217,180</u>	<u>217,821</u>

(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%.

24 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	
	2019	2018
Profit attributable to equity holders of the Company	543,667	551,381
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.3278	0.3324

25 Dividends

The final dividend in respect of 2018 of RMB0.25 per share, amounting to a total dividend of RMB414,653 thousand was approved at the Annual General Meeting in May 2019.

The directors did not recommend the payment of a dividend in respect of the six months ended 30 June 2019 (same period of 2018: nil).

26 Commitments

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

	30 June 2019	31 December 2018
	(unaudited)	(audited)
Contracted but not provided for		
– Concession intangible assets	995,866	1,490,406
– Property, plant and equipment	133,912	102,031
	1,129,778	1,592,437

27 Cash and cash equivalents

	30 June 2019 (unaudited)	31 December 2018 (audited)
Cash at bank and on hand	2,567,366	2,513,475
Less: restricted cash	(1,759)	(60,000)
Cash and cash equivalents at end of the period	<u>2,565,607</u>	<u>2,453,475</u>

As at 30 June 2019 and 31 December 2018, the restricted cash was bank deposit with original maturities over three months.

28 Related party transactions

The Company's parent company is ATHC, a state-owned enterprise established in Anhui Province, the PRC, and is controlled by the PRC government. It owns a significant portion of the expressway assets in Anhui Province.

In accordance with HKAS 24 (Revised), "Related Party Disclosures", government related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include ATHC and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and ATHC as well as their close family members.

(a) Name of related party and relationship

Name	Relationship with the Group
ATHC	Parent company
XCIC	Non-controlling interest of Xuan Guang, Ningxuanhang and Guangci
ATZFM	Significantly influenced by ATHC
ATGFM	Significantly influenced by ATHC
AENO	Subsidiary of ATHC
ATCMC	Subsidiary of ATHC
WTMC	Subsidiary of ATHC

28 Related party transactions (Continued)

(a) Name of related party and relationship (Continued)

Name	Relationship with the Group
Anhui Expressway Advertisement Co., Ltd. ("安徽高速傳媒有限公司", "AEAC")	Associate
Anhui Anlian Expressway Co., Ltd. ("安徽安聯高速公路有限公司", "ALEC")	Subsidiary of ATHC
Anhui Transportation Capital Investment Management Co., Ltd. ("安徽交控資本投資管理有限公司", "ATCIM")	Subsidiary of ATHC
Anhui Yida Toll Road Service Sector Management Co., Ltd. ("安徽省驛達高速公路服務區經營管理有限公司", "YTMC")	Subsidiary of ATHC
Anhui Expressway Petrochemical Co., Ltd. ("安徽省高速石化有限公司", "AEPC")	Subsidiary of ATHC
Anhui Gaolu Construction Co., Ltd. ("安徽省高路建設有限公司", "AGCC")	Subsidiary of ATHC
Anhui Expressway Experiment Research Centre ("安徽省高速公路試驗檢測科研中心", "AERC")	Subsidiary of ATHC
Hefei Bangning Property Management Company ("合肥市邦寧物業管理有限公司", "BNMC")	Subsidiary of ATHC
Anhui Expressway Finance Lease Co., Ltd. ("安徽高速融資租賃有限公司", "AWFC")	Subsidiary of ATHC
Anhui Transport Consulting & Design Institute Co., Ltd. ("安徽省交通規劃設計研究總院股份有限公司", "ATCD")	Subsidiary of ATHC
Anhui Qixing Project Testing Co., Ltd. ("安徽省七星工程測試有限公司", "AQPT")	Subsidiary of ATHC
Anhui Anqing Expressway and Bridge Co., Ltd. ("安徽安慶長江公路大橋有限責任公司", "AAEBC")	Subsidiary of ATHC
Anhui Wangqian Expressway Co., Ltd. ("安徽望潛高速公路有限公司", "AWQEC")	Subsidiary of ATHC
Anhui Yangji Expressway Co., Ltd. ("安徽省揚績高速公路有限公司", "AYEC")	Subsidiary of ATHC
Anhui Liguang Expressway Co., Ltd. ("安徽省溧廣高速公路有限公司", "ALGEC")	Subsidiary of ATHC
Anhui Zhongxing Project Management Co., Ltd. ("安徽省中興工程監理有限公司", "AZPMC")	Subsidiary of ATHC

28 Related party transactions (Continued)

(a) Name of related party and relationship (Continued)

Name	Relationship with the Group
Anhui Huanyu Highway Construction Development Co., Ltd. ("安徽省環宇公路建設開發有限責任公司", "AHHCD")	Subsidiary of ATHC
Anhui Hezong Expressway Co., Ltd. ("安徽省合縱高速公路有限責任公司", "AHEC")	Subsidiary of ATHC
Anhui Xunjie Logistics Materials Trading Co., Ltd. ("安徽迅捷物流有限責任公司物資貿易分公司", "AXLMT")	Subsidiary of ATHC
Anhui Yuehuang Expressway Co., Ltd. ("安徽省岳黃高速公路有限責任公司", "AYHEC")	Subsidiary of ATHC
Anhui Jinggong Construction General Co., Ltd. ("安徽省經工建設集團有限公司", "AJCG")	Subsidiary of ATHC
China Merchants Expressway Network & Technology Holdings Co., Ltd. ("招商局公路網路科技控股股份有限公司", "ENTH", formerly named "China Merchants Hua Jian Highway Investment Co., Ltd." ("招商局華建公路投資有限公司", "HJHI"))	Shareholder of the Company

(b) Related party transactions

(i) Service income from management of toll roads

	Unaudited	
	For the six months ended 30 June	
	2019	2018
ATHC	55,699	65,122
AYEC	5,290	8,557
ALGEC	5,114	5,363
AAEBC	4,606	6,971
AWQEC	2,085	5,374
	<u>72,794</u>	<u>91,387</u>

28 Related party transactions (Continued)

(b) Related party transactions (Continued)

(ii) Rental income

	Unaudited	
	For the six months ended 30 June	
	2019	2018
AEPC	13,018	12,679
YTMC	5,480	5,155
ATHC	3,237	3,244
ALEC	279	279
ATCMC	238	238
AWFC	211	211
ATCIM	165	165
WTMC	106	106
ATZFM	50	50
ATGFM	50	33
BNMC	14	14
AGCC	—	413
AHEC	—	63
AYHEC	—	8
	22,848	22,658

28 Related party transactions (Continued)

(b) Related party transactions (Continued)

(iii) Paid and payable for construction, testing service and property management

	Unaudited	
	For the six months ended 30 June	
	2019	2018
AHHCD	21,686	8,187
AGCC	6,276	20,086
AZPMC	1,835	1,621
AQPT	1,792	1,266
BNMC	1,537	1,481
AJCG	1,238	—
AXLMT	—	12,091
ATCD	—	1,423
AERC	—	502
	<u>34,364</u>	<u>46,657</u>

(iv) Toll roads income received on behalf of the Group

	Unaudited	
	For the six months ended 30 June	
	2019	2018
AENO	<u>1,313,952</u>	<u>1,294,080</u>

(v) Service fee for the collection of toll roads income

	Unaudited	
	For the six months ended 30 June	
	2019	2018
AENO	<u>7,206</u>	<u>6,348</u>

28 Related party transactions (Continued)

(b) Related party transactions (Continued)

(vi) Interest expenses for interest bearing long-term payables

	Unaudited	
	For the six months ended 30 June	
	2019	2018
ATHC	18,619	17,280
XCIC	132	759
	18,751	18,039

(vii) Guarantee received

As at 30 June 2019, long-term bank borrowings of RMB218,786 thousand were guaranteed by XCIC and RMB613,840 thousand were guaranteed by ATHC (Note 14).

(viii) Key management compensation

Key management includes directors (executive and non-executive) and the Company secretary. The compensation paid or payable to key management for employee services is shown below:

	Unaudited	
	For the six months ended 30 June	
	2019	2018
Salaries and other short-term employee benefits	909	945

28 Related party transactions (Continued)

(c) Related party balances

(i) Other receivables (excluding current portion of loans to subsidiaries)

	As at 30 June 2019		As at 31 December 2018	
	Book value (unaudited)	Provision for impairment (unaudited)	Book value (audited)	Provision for impairment (audited)
AENO	60,602	(88)	44,405	(74)
AWQEC	1,105	(2)	—	—
YTMC	375	(1)	213	—
ATCMC	125	—	134	—
AEPC	—	—	104	—
	<u>62,207</u>	<u>(91)</u>	<u>44,856</u>	<u>(74)</u>

(ii) Trade payables

	30 June 2019 (unaudited)	31 December 2018 (audited)
AGCC	13,422	13,663
AHHCD	4,871	9,948
AERC	2,376	4,069
AZPMC	1,944	1,903
AQPT	606	480
ATCD	598	1,157
AEAC	288	298
BNMC	4	4
	<u>24,109</u>	<u>31,522</u>

28 Related party transactions (Continued)

(c) Related party balances (Continued)

(iii) Other payables

	30 June 2019 (unaudited)	31 December 2018 (audited)
AENO	4,054	5,101
ATHC	2,497	1,299
AGCC	1,767	1,441
ATCD	1,394	1,394
YTMC	311	1,211
WTMC	156	156
ALEC	135	135
XCIC	134	—
AWFC	110	110
BNMC	22	22
ATGFM	17	17
AEPC	11	6
AZPMC	—	100
ATCIM	—	86
AEAC	—	2
	<u>10,608</u>	<u>11,080</u>

(iv) Dividends payable

	30 June 2019 (unaudited)	31 December 2018 (audited)
ATHC	131,161	—
ENTH	101,048	—
	<u>232,209</u>	<u>—</u>

28 Related party transactions (Continued)

(c) Related party balances (Continued)

(v) Long-term payables (including current portion) (Note 17)

	30 June 2019 (unaudited)	31 December 2018 (audited)
ATHC	558,530	1,019,478
XCIC	213,380	300,388
	<u>771,910</u>	<u>1,319,866</u>

As at 30 June 2019 and 31 December 2018, amounts due from and due to the related parties as afore mentioned, except for long term payables as disclosed in Note 17, mainly arose from the above transactions and payments made by the Group and related parties on behalf of each other. These amounts are unsecured, interest-free and repayable within 1 year.

29 Events after the balance sheet date

The Company, ATHC, China Merchants New Intelligence Technology Co., Ltd., Shanghai Unionpay Enterprise Investment Co., Ltd., AENO and ATCD entered into an investment agreement in June 2019 to establish Anhui Transportation Information Industry Co., Ltd. (“安徽交控信息產業有限公司”, “ATII”). The Company will invest RMB6,000 thousand in total to ATII. The Company has paid RMB3,000 thousand in August 2019.

SECTION XI DOCUMENTS AVAILABLE FOR INSPECTION

Directory of documents
Available for Inspection

The original copy of the interim report signed by the Chairman;
The accountant's report, signed by the legal representative, director in charge of accounting work, and director in charge of accounting firm and stamped with corporate seal;
The original copies of corporate documents and announcements published in the Shanghai Securities News and China Securities Journal during the Reporting Period;
The Articles of Association;
The interim report disclosed in other securities market.

Chairman: Qiao Chuanfu

The date of the approval of the board: 23 August 2019



Anhui Expressway Company Limited