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安徽皖通高速公路股份有限公司

**ANHUI EXPRESSWAY COMPANY LIMITED**

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

**(Stock Code: 995)**

## **2021 Annual Results Announcement**

The board of directors (the “**Board**”) of Anhui Expressway Company Limited (the “**Company**”) is pleased to present the audited results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2021 (the “**Reporting Period**”) prepared in accordance with Hong Kong Financial Reporting Standards, together with the comparative figures of 2020. They are as follows. The audit committee of the Company has reviewed the annual results for the financial year 2021:

## I. FINANCIAL HIGHLIGHTS

*(All amounts in Renminbi thousand unless otherwise stated)*

### Consolidated income statement

**For the year ended 31 December 2021**

*(All amounts in Renminbi thousand unless otherwise stated)*

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
		<b>(Restated)</b>
<b>Revenue</b>	<b>4,029,476</b>	3,015,554
Cost of sales	<u>(1,722,488)</u>	<u>(1,635,053)</u>
<b>Gross profit</b>	<b>2,306,988</b>	1,380,501
Other income and gains – net	<b>200,162</b>	165,405
Administrative expenses	<b>(137,292)</b>	(110,965)
Net impairment reversal/(losses) on financial assets	<u><b>1,230</b></u>	<u>(1,737)</u>
<b>Operating profit</b>	<b>2,371,088</b>	1,433,204
Finance costs	<b>(254,808)</b>	(250,580)
Share of loss of associates	<u><b>(90)</b></u>	<u>(1,560)</u>
<b>Profit before income tax</b>	<b>2,116,190</b>	1,181,064
Income tax expenses	<u><b>(573,077)</b></u>	<u>(365,809)</u>
<b>Profit for the year</b>	<u><b>1,543,113</b></u>	<u><b>815,255</b></u>
<b>Attributable to:</b>		
Owners of the Company	<b>1,511,965</b>	867,549
Non-controlling interests	<u><b>31,148</b></u>	<u>(52,294)</u>
	<u><b>1,543,113</b></u>	<u><b>815,255</b></u>
<b>Basic and diluted earnings per share</b>		
<i>(expressed in RMB per share)</i>	<u><b>0.9116</b></u>	<u><b>0.5231</b></u>

**Consolidated statement of comprehensive income****For the year ended 31 December 2021***(All amounts in Renminbi thousand unless otherwise stated)*

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
		<b>(Restated)</b>
<b>Profit for the year</b>	<b>1,543,113</b>	<b>815,255</b>
<b>Other comprehensive (loss)/income:</b>		
<i>Items that will not be reclassified</i>		
<i>subsequently to profit or loss</i>		
Change in value of financial assets at FVOCI, net of tax	<u>(2,391)</u>	<u>1,534</u>
<b>Total comprehensive income for the year</b>	<b><u>1,540,722</u></b>	<b><u>816,789</u></b>
<b>Attributable to:</b>		
Owners of the Company	<b>1,509,574</b>	<b>869,083</b>
Non-controlling interests	<u><b>31,148</b></u>	<u><b>(52,294)</b></u>
	<b><u>1,540,722</u></b>	<b><u>816,789</u></b>

**Consolidated balance sheet****As at 31 December 2021***(All amounts in Renminbi thousand unless otherwise stated)*

	<b>As at 31 December 2021</b>	2020 (Restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Concession intangible assets	<b>13,207,681</b>	13,805,195
Right-of-use assets	<b>6,808</b>	7,571
Property, plant and equipment	<b>1,232,704</b>	1,377,427
Investment properties	<b>370,239</b>	400,095
Intangible assets	<b>418</b>	2,580
Investment in associates	<b>136,892</b>	136,982
Deferred income tax assets	<b>107,096</b>	92,736
Financial assets at fair value through profit or loss ("financial assets at FVPL")	<b>304,213</b>	259,326
Financial assets at fair value through other comprehensive income ("financial assets at FVOCI")	<b>115,138</b>	118,326
	<b>15,481,189</b>	16,200,238
<b>Current assets</b>		
Inventories	<b>5,399</b>	7,121
Other current assets	<b>14,699</b>	4,666
Receivables and prepayments	<b>176,629</b>	1,196,418
Financial assets at FVPL	<b>–</b>	1,104,490
Time deposits with original maturity over three months	<b>927,635</b>	321,683
Cash and cash equivalents	<b>3,359,918</b>	1,973,718
	<b>4,484,280</b>	4,608,096
<b>Total assets</b>	<b>19,965,469</b>	20,808,334

**Consolidated balance sheet (Continued)****As at 31 December 2021***(All amounts in Renminbi thousand unless otherwise stated)*

	<b>As at 31 December 2021</b>	2020 (Restated)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Ordinary share capital	<b>1,658,610</b>	1,658,610
Share premium	<b>1,415,593</b>	1,415,593
Other reserves	<b>(728,178)</b>	518,952
Retained earnings	<b>9,078,629</b>	7,948,104
	<b>11,424,654</b>	11,541,259
<b>Non-controlling interests</b>	<b>555,169</b>	637,193
<b>Total equity</b>	<b>11,979,823</b>	12,178,452
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term payables	<b>294,500</b>	4,663,369
Borrowings	<b>4,726,409</b>	1,641,975
Deferred income tax liabilities	<b>41,069</b>	45,340
Deferred income	<b>126,783</b>	72,061
	<b>5,188,761</b>	6,422,745
<b>Current liabilities</b>		
Trade and other payables	<b>2,154,283</b>	1,323,481
Current income tax liabilities	<b>215,824</b>	256,810
Provision	<b>77,844</b>	39,371
Borrowings	<b>348,934</b>	587,475
	<b>2,796,885</b>	2,207,137
<b>Total liabilities</b>	<b>7,985,646</b>	8,629,882
<b>Total equity and liabilities</b>	<b>19,965,469</b>	20,808,334

Notes :

## 1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

In December 2021, the Company acquired 100% equity interest of Anhui Anqing Yangtze River Expressway Bridge Limited Liability Company (“安徽安慶長江公路大橋有限責任公司”, “AQDQ”) from Anhui Transportation Holding Group Co., Ltd. (“安徽省交通控股集團有限公司”, “ATHC”, parent company of the Company, formerly named “Anhui Expressway Holding Co., Ltd.”). The consideration of this business combination under common control was RMB2,200,000 thousand. For this business combination under common control, the financial information of the Company and that of AQDQ has been combined, by using the pooling of interests method, as if the Company had acquired AQDQ from the beginning of the earliest financial period presented. The net assets of the Company and AQDQ are combined using the existing book values from the controlling party’s perspective. No amount is recognised in consideration for goodwill or excess of the Company’s interest in the net fair value of AQDQ’s identifiable assets, liabilities and contingent liabilities over the cost of acquisition at the time of common control combination. The difference between the consolidation and book value of AQDQ at the time of common control combination is taken to the reserves of the Company. Accordingly, the comparative figures of this consolidated financial information have been restated.

### 1.1 Changes in accounting policies and disclosures

#### *(a) New amendments of HKFRSs effective in 2021 adopted by the Group*

The following new amendments of HKFRSs have been adopted by the Group for the first time for its financial year beginning on 1 January 2021:

- Amendments to HKFRS 16 regarding Covid-19-related rent concessions
- Amendments to HKAS 9, HKFRS 39, HKFRS 7, HKFRS 4 and HKFRS 16 regarding Interest Rate Benchmark Reform – phase 2

The amendments listed above did not have any impact on the consolidated financial statements of the Group.

**(b) New standard, amendments and interpretation of HKFRSs issued but are not yet effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group**

A number of new standard, amendments and interpretation of HKFRSs which are relevant to the Group's operations are effective for the financial year beginning after 1 January 2021 and have not been applied in preparing these consolidated 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:

- HKFRS 17 “Insurance Contracts” and amendments to HKFRS 17, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HKAS 16 regarding Property, Plant and Equipment: Proceeds before intended use, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKAS 3 regarding Reference to the Conceptual Framework, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKAS 37 regarding Onerous Contracts – Cost of Fulfilling a Contract, effective for annual accounting periods beginning on or after 1 January 2022
- Annual Improvements to HKFRSs 2018–2020, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKAS 1 regarding classification of liabilities as current or non-current, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HKAS 1 and HKFRS Practice Statement 2 regarding Disclosure of Accounting Policies, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HKAS 8 regarding Definition of Accounting Estimates, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HKAS 12 regarding Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective for annual accounting periods beginning on or after 1 January 2023
- 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 accounting periods beginning on or after 1 January 2016. The effective date has now been deferred/removed
- Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5), effective for annual accounting periods beginning on or after 1 January 2022

- Hong Kong Interpretation 5 (2020) “Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”, effective only when an entity applies the Amendments to HKAS 1

The Group is assessing the full impact of these new standard and amendments. According to the preliminary assessment, none of these is expected to have a significant impact on the consolidated financial statements of the Group.

## 2 REVENUE

	Year ended 31 December	
	2021	2020
Toll income from toll roads operation	3,831,092	2,722,668
Service income from management of toll roads	10,779	119,864
Revenue from construction or upgrade work under Service		
Concessions	108,518	81,737
Rental income	59,090	56,604
– from toll gas stations (a)	32,437	30,928
– from toll road service sectors (b)	11,941	9,076
– from other investment properties	14,712	16,600
Service income from roads emergency assistance	17,783	25,907
Interest income from pawn loans to customers	447	5,981
Others	1,767	2,793
	<b>4,029,476</b>	<b>3,015,554</b>

- (a) Pursuant to a lease agreement with Anhui Expressway Petrochemical Co., Ltd. (“安徽省高速石化有限公司”, “AEPC”), a subsidiary of ATHC, the Company’s gas stations were leased to AEPC with annual rental fee of RMB19,418 thousand. The lease period was expired by 31 December 2021 and was renewed until 31 December 2022.

Pursuant to a lease agreement with AEPC, Ningxuanhang’s gas station was leased to AEPC with annual rental fee of RMB2,414 thousand. The lease period will be expired by 31 December 2023.

Pursuant to a lease agreement with AEPC, AQDQ’s gas stations were leased to AEPC with annual rental fee of RMB1,492 thousand. The lease period was from 1 January 2016 to 30 December 2045.

- (b) Pursuant to a lease agreement with 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”), a subsidiary of ATHC, the Company’s toll road service sectors were leased to YTMC with annual rental fee of RMB9,143 thousand. The lease period was from 1 January 2020 to 30 April 2022.

Pursuant to a lease agreement with YTMC, Guangci’s toll road service sectors were leased to YTMC with annual rental fee of RMB1,800 thousand. The lease period was from 1 August 2009 to 20 July 2029.



### 3 FINANCE COSTS

	Year ended 31 December	
	2021	2020
Interest expenses	254,808	250,580
Including: amortisation of long-term payables	111,650	141,715
	<u>254,808</u>	<u>250,580</u>

### 4 TAXATION

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

	Year ended 31 December	
	2021	2020
Current taxation – CIT (a)	590,910	372,161
Deferred taxation charged to the consolidated income statement	(17,833)	(6,352)
	<u>573,077</u>	<u>365,809</u>

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

The Company, its subsidiaries and associates determine and pay the PRC Corporate Income Tax (“CIT”) in accordance with the CIT Law as approved by the National People’s Congress on 16 March 2007. Under the CIT Law, the CIT rate applicable to the Company, its subsidiaries (except AEHK), and associates is 25%. And the CIT rate applicable to AEHK is 16.5% (the Hong Kong profits tax rate).

#### (b) Withholding tax (“WHT”) for dividend paid to foreign investors

Pursuant to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation, where the Company declares dividend in or after 2008 and beyond out of the cumulative retained earnings as of 31 December 2007 (i.e. 2007 retained earnings), such dividends earned by the foreign shareholders are exempted from WHT; For dividend which arises from the Company’s profit earned after 1 January 2008, WHT is levied on the foreign institute shareholders. Pursuant to the new CIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from 1 January 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. The Company will fulfill the obligation of WHT in 2022 for dividends related to 2021 which will be paid to foreign shareholders.

- (c) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the CIT rate for the Group as follows:

	Year ended 31 December	
	2021	2020
Profit before income tax	2,116,190	1,181,064
Tax calculated at domestic tax rates applicable to profits in the respective countries	529,048	295,266
Expenses not deductible for tax purpose	1,748	809
Income not subject to income tax	(8,735)	(5,297)
Tax adjustment made after tax filing by tax bureau	–	560
Recognition of previously unrecognised deductible temporary differences	(23,652)	–
Deductible temporary differences not recognised as deferred tax assets during the year	6,185	96
Utilisation of previously unrecognised deductible temporary differences	(4,297)	(16,387)
Tax losses and deductible temporary differences not recognised as deferred income tax assets during the year	81,945	99,927
Other	(9,165)	(9,165)
	<u>573,077</u>	<u>365,809</u>
Tax charges	<u>573,077</u>	<u>365,809</u>

## 5 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. The Company has no dilutive potential shares.

	Year ended 31 December	
	2021	2020
Profit attributable to equity holders of the Company	1,511,965	867,549
Weighted average number of ordinary shares in issue ( <i>thousand</i> )	1,658,610	1,658,610
Basic earnings per share ( <i>expressed in RMB per share</i> )	<u>0.9116</u>	<u>0.5231</u>

## 6 DIVIDENDS

The dividends paid during the years ended 31 December 2021 and 2020 were RMB381,480 thousand (RMB0.23 per share) and RMB381,480 thousand (RMB0.23 per share) respectively. A final dividend in respect of 2021 of RMB0.55 per share, amounting to a total dividend of RMB912,236 thousand was proposed at the Board meeting on 28 March 2022. These consolidated financial statements do not reflect this proposed final dividend payable and the amount of which are as below:

	Year ended 31 December	
	2021	2020
Proposed final dividend of RMB 0.55 (2020: RMB0.23) per ordinary share	<b>912,236</b>	381,480

## 7 APPROPRIATION

### (a) Statutory surplus reserve fund

In accordance with the PRC Company Law, the Company and its subsidiaries shall appropriate 10% of their annual statutory net income (after offsetting any prior years' loss) to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of a company's share capital or registered capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' loss or to issue bonus shares/paid-in capital. However, such statutory surplus reserve fund must be maintained at a minimum of 25% of share capital/registered capital after such utilisation.

The balance of statutory surplus reserve has reached 50% of the Company's share capital. As a result, the Company did not appropriate statutory surplus reserve fund in 2021 in accordance with the PRC Company Law.

### (b) Dividends distribution

According to the Articles of Association of the Company, the dividends distribution by the Company to its shareholders is based on the lower of the retained earnings in the Company's statutory financial statements and in the Company's financial statements prepared in accordance with HKFRSs. As at 31 December 2021, the retained earnings in the Company's financial statements prepared in accordance with HKFRSs amounted to RMB9,263,334 thousand, which was higher than the retained earnings reflected in the Company's statutory financial statements.

## 8 COMMITMENTS

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

	As at 31 December	
	2021	2020
Contracted but not provided for		
– Concession intangible assets	70,471	146,589
– Property, plant and equipment	68,716	58,296
	<u>139,187</u>	<u>204,885</u>

## 9 RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2021	2020
Other receivables		
– Toll roads income receivable (a)	84,302	1,097,709
– Interest receivable	30,653	2,365
– Receivables for construction	30,051	30,051
– Pawn loans to customers (b)	28,579	55,380
– Dividends receivable	10,380	–
– Receivables from disposal of property, plant and equipment	–	9,498
– Others	28,045	37,284
	<u>212,010</u>	<u>1,232,287</u>
Less: Provision for impairment of pawn loans (b)	(20,005)	(31,949)
Provision for impairment of others (c)	(15,943)	(5,229)
	<u>176,062</u>	<u>1,195,109</u>
Prepayments		
– Prepaid expenses	567	1,309
	<u>176,629</u>	<u>1,196,418</u>

The ageing analysis of the other receivables were as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	2020
Within 1 year	<b>146,403</b>	436,873
Between 1 and 2 years	<b>1,688</b>	407,374
Between 2 and 3 years	<b>1,737</b>	311,708
Over 3 years	<b>62,182</b>	76,332
	<b>212,010</b>	1,232,287

- (a) As at 31 December 2021, toll roads income receivables mainly represented receivable from AENO of RMB81,795 thousand (31 December 2020: AENO RMB55,300 thousand and ATHC 1,039,992 thousand) for uncollected toll roads income.

**(b) Pawn loans to customers**

At 31 December 2021 and 2020, the analysis of pawn loans to customers is as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	2020
Pawn loans to customers		
– Principal	<b>28,579</b>	55,380
– Interest	–	–
	<b>28,579</b>	55,380
Less: Impairment allowances	<b>(20,005)</b>	(31,949)
	<b>8,574</b>	23,431

Pawn loans to customers are arising from the Group's pawn loans business. The loan periods granted to customers are six months and bore fixed interest rates ranging from 10.92% to 12.00% for the year ended 31 December 2021 (2020: 10.92% to 15.00%) per annum. The Group ceased interest accrual once pawn loans were over due.

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

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
Beginning of the year	<b>(31,949)</b>	(97,690)
Impairment loss reversed	<b>11,944</b>	1,605
Pawn loans written-off as uncollectible	<u>–</u>	<u>64,136</u>
End of the year	<b><u>(20,005)</u></b>	<b><u>(31,949)</u></b>

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

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
Beginning of the year	<b>(5,229)</b>	(3,299)
Impairment loss recognised	<b>(10,714)</b>	(3,342)
Other receivables written-off as uncollectible	<u>–</u>	<u>1,412</u>
End of the year	<b><u>(15,943)</u></b>	<b><u>(5,229)</u></b>

As at 31 December 2021 and 2020, all other receivables balances were denominated in RMB.

As at 31 December 2021 and 2020, the fair values of the other receivables of the Group approximated their carrying amounts.

## II. FINAL DIVIDEND

The Board proposes to declare a final dividend of RMB0.55 per share (taxation included) for the year ended 31 December 2021 to all shareholders.

The final dividend is subject to the approval of shareholders at the 2021 annual general meeting and will be distributed on or before 20 July 2022.

### **III. CLOSURE OF REGISTER OF HOLDERS OF H SHARE**

In order to ascertain the shareholders eligible to attend the 2021 annual general meeting (“AGM”), the register of the holders of H shares of the Company will be closed from 17 May 2022 (Tuesday) to 20 May 2022 (Friday) (both days inclusive), during which period no transfer of H shares of the Company will be registered. In order for the holders of H shares to qualify for attending the AGM, all share certificates with completed transfer forms must be lodged with the Company’s H share registrar, Hong Kong Registrars Limited, at Shop 1712-1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on 16 May 2022 (Monday).

The register of the holders of H shares of the Company will also be closed from 26 May 2022 (Thursday) to 27 May 2022 (Friday) (both days inclusive), during which period no transfer of H shares of the Company will be registered. Dividends for H shares will be paid to the holders of H shares whose names are on the register of member on 27 May 2022 (Friday). If the resolution regarding the Company’s 2021 profit appropriation plan is passed at the AGM, the dividends shall be distributed in Hong Kong Dollar at the average closing price of the exchange rate of RMB against Hong Kong Dollar announced by The People’s Bank of China 5 working days prior to the AGM, and the cheque for the dividends shall be mailed to holders of H shares on or before 20 July 2022 (Wednesday). In order for the holders of H shares to be entitled to receive the dividends for the year, all share certificates with completed transfer forms must be lodged with the Company’s H share registrar, Hong Kong Registrars Limited, at Shop 1712-1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on 25 May 2022 (Wednesday). The details regarding the registration date for holders of A shares and the method and time of distribution of the dividends shall be announced separately.

## IV. BUSINESS REVIEW

(The figures below were computed in accordance with the PRC Accounting Standards unless otherwise stated.)

### (I) Results summary (In accordance with the PRC Accounting Standards)

During the Reporting Period, the Group achieved an operating income of RMB3,920,958 thousand (2020: RMB2,933,817 thousand), representing an increase of 33.65% over the corresponding period of the previous year; total profit of RMB2,119,127 thousand (2020: RMB1,183,416 thousand), representing an increase of 79.07% over the corresponding period of the previous year; net profit attributable to shareholders of the Company of RMB1,514,168 thousand (2020: RMB869,256 thousand), representing an increase of 74.19% over the corresponding period of the previous year; basic earnings per share of RMB0.9129 (2020: RMB0.5241), representing an increase of 74.19% over the corresponding period of the previous year.

*(Unit: yuan Currency: RMB)*

Principal businesses in terms of industries						
In terms of industries	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year)
Toll highway business	3,866,014,792.18	1,550,301,102.65	59.90	40.33	9.63	an increase of 11.23 percentage point
Pawn business	447,340.16	0.00	N/A	-92.52	N/A	N/A



Principal businesses in terms of products						
In terms of products	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year)
Hening Expressway	1,182,249,499.88	460,844,257.70	61.01	40.72	16.36	an increase of 8.16 percentage point
Gaojie Expressway	877,926,016.86	196,711,913.42	77.59	48.20	19.52	an increase of 5.38 percentage point
Lianhuo Expressway	254,641,020.79	149,978,963.60	41.10	24.55	24.50	an increase of 0.02 percentage point
Anhui Section						
Ninghuai Expressway	113,445,851.21	50,537,205.71	55.45	26.93	38.04	a decrease of 3.59 percentage point
Tianchang Section						
New Tianchang Section of	61,219,757.80	42,000,162.24	31.39	-12.69	0.03	a decrease of 8.73 percentage point
National Trunk 205						
Xuanguang Expressway	656,915,212.31	142,666,110.05	78.28	45.18	-5.30	an increase of 11.58 percentage point
Guangci Expressway	137,627,673.79	18,951,488.66	86.23	46.62	-9.04	an increase of 8.43 percentage point
Ningxuanhang Expressway	110,886,360.21	261,044,022.61	-135.42	11.40	3.13	an increase of 18.90 percentage point
Anqing Yangtze River	340,994,137.62	59,528,575.15	82.54	47.51	-29.40	an increase of 10.32 percentage point
Expressway Bridge						
Yuewu Expressway Anhui Section	130,109,261.71	168,038,403.51	-29.15	59.89	15.47	an increase of 74.41 percentage point
Pawn business	447,340.16	0.00	N/A	-92.52	N/A	N/A

Principal businesses in terms of regions						
In terms of regions	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year)
Anhui Province	3,866,462,132.34	1,550,301,102.65	59.90	40.04	9.63	an increase of 11.12 percentage point

## **(II) Operations of toll highways**

During the Reporting Period, the Group achieved a toll income of RMB3,831,092 thousand in total (2020 : RMB2,722,668 thousand), representing an increase of 40.71% over the corresponding period of the previous year.

Starting from 12 July 2016, truck drivers holding an Anhui transportation card to travel via the expressways in the province would be entitled to 15% discount in toll, which attracted some truck drivers to choose to travel via expressway; In October 2018, Anhui Provincial Department of Transportation issued the “Notice on Adjustment of Preferential Period for Truck Toll”, extending the end date for such preferential policies from 11 July 2019 to the end of 2020.

On 31 December 2020, with the approval of the provincial government, the Anhui Provincial Transport Department, Anhui Provincial Development and Reform Commission and Anhui Provincial Finance Department issued the “Notice on Relevant Matters of Toll Rates of Toll Roads in Anhui Province” (Wan Jiao Lu [2020] No. 162)\* (《關於我省收費公路車輛通行費有關事項的通知》(皖交路[2020]162號)), which became effective from 1 January 2021. The term for the preferential policy whereby trucks with Anhui transportation cards could enjoy 15% discount on toll is temporarily extended for another three years (from 1 January 2021 to 31 December 2023).

During the Reporting Period, with various policies and measures of exemption being implemented continuously, the amounts of exemption totaled RMB633 million in addition to the toll reduction caused by the epidemic, of which:

The amount of exemption in Green Channel was approximately RMB182 million with over 357 thousand vehicles being exempted;

The amount of exemption on holidays was RMB192 million with over 4,473.7 thousand vehicles being exempted;

The amount of ETC discounts for the year was approximately RMB246 million. Among them, the amount of preferential reduction and exemption of Anhui transportation card for trucks was RMB149 million, accounting for 60.57% of the total amount of preferential reduction and exemption of ETC;

Other amounts of exemption amounted to approximately RMB13 million.

Furthermore, the operating performance of toll highways are also affected by other factors, including the changes in competing or collaborative neighboring road networks and renovation and expansion of connected or parallel roads, and the extent of such impact will depend on each single road project.

Details of the operation of toll highways in 2021 were as follows:

Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2021	2020	Change (%)	2021	2020	Change (%)
Hening Expressway	100%	36,141	32,100	12.59	1,199,593	849,170	41.27
New Tianchang Section of National Trunk 205	100%	6,415	6,989	-8.21	64,281	73,624	-12.69
Gaojie Expressway	100%	23,999	20,438	17.42	892,614	599,183	48.97
Xuanguang Expressway	55.47%	30,190	27,767	8.73	676,623	466,047	45.18
Lianhuo Expressway Anhui Section	100%	17,854	18,169	-1.74	260,012	208,378	24.78
Ninghuai Expressway Tianchang Section	100%	40,823	41,415	-1.43	114,458	89,766	27.51
Guangci Expressway	55.47%	38,350	32,766	17.04	141,757	96,686	46.62
Ningxuanhang Expressway	51%	4,537	4,913	-7.66	114,213	102,521	11.40
Anqing Yangtze River Expressway Bridge	100%	27,584	23,168	19.06	351,224	238,098	47.51
Yuewu Expressway Anhui Section	100%	7,698	5,860	31.37	132,475	82,278	61.01
Total		/			3,947,250	2,805,751	40.68

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per kilometer per day (RMB)		
		2021	2020	2021	2020	Change (%)
Hening Expressway	100%	70:30	71:29	24,527	22,080	11.08
New Tianchang Section of National Trunk 205	100%	36:64	30:70	5,870	8,551	-31.35
Gaojie Expressway	100%	54:46	53:47	22,232	18,979	17.14
Xuanguang Expressway	55.47%	68:32	67:33	22,069	19,331	14.16
Lianhuo Expressway Anhui Section	100%	67:33	66:34	13,192	13,445	-1.88
Ninghuai Expressway Tianchang Section	100%	80:20	81:19	22,399	22,341	0.26%
Guangci Expressway	55.47%	69:31	68:32	27,741	24,063	15.28
Ningxuanhang Expressway	51%	75:25	71:29	2,674	3,053	-12.40
Anqing Yangtze River Expressway Bridge	100%	62:38	64:36	160,376	138,752	15.58
Yuewu Expressway Anhui Section	100%	64:36	66:34	7,890	6,254	26.16

*Notes:*

1. The above traffic volume does not include the data of small passenger cars in non-ETC lanes on major holidays, except for the New Tianchang Section of National Trunk 205 and the Tianchang section of the Ninghuai Expressway, of which the traffic volume in 2020 does not include the data of small passenger cars in non-ETC lanes during the free period of them in 2020 and all the data of small passenger cars that are exempt from toll for 79 days from 0:00 on 17 February 2020 to 24:00 on 5 May 2020.
2. The toll income data above are tax included. The traffic data mentioned above are provided by AENO and Tianchang management office, respectively.

### ***Hening Expressway***

During the Reporting Period, under the continual effect of the completion of the "Four-lane to Eight-lane" expansion project of Hening Expressway, some vehicles going to Nanjing and surrounding cities selected to travel via Hening Expressway again, which continuously benefited the Hening Expressway; As a result of the indirect impact of the expansion and reconstruction works in part of sections of the Ningwu Expressway in September 2021, some vehicles diverted to the Hening Expressway to travel to Nanjing and other areas in northern Jiangsu, which had a beneficial effect on the effectiveness of the Hening Expressway.

### ***New Tianchang Section of National Trunk 205***

During the Reporting Period, the change in truck traffic route had a significant impact on the revenue of National Trunk 205. The height-restricted gantry of County Road X101 running alongside the National Trunk 205 was removed on 19 December 2020, and the Provincial Highway 204 running alongside the National Trunk 205 has been fully opened on 26 December 2020. In September 2021, Road No. 99 has been fully opened, and the section intersects with the National Trunk 205 and the County Road X101 at the southern end of the National Trunk 205, and trucks would bypass the National Trunk 205 toll station via Road No. 99. As a result of the above factors, the toll revenue of the section decreased by 12.69% year-on-year during the Reporting Period.

### ***Tianchang Section of Ninghuai Expressway***

During the Reporting Period, the outbreak of COVID-19 pandemic in Nanjing and Yangzhou from late July to early September 2021, as well as the outbreaks in various parts of China since November, had a certain impact on the traffic volume and revenue of the section.

### ***Anhui Section of Lianhuo Expressway***

During the Reporting Period, the logistics and transportation market was on a downward trend due to the downturn in freight business caused by the multiple outbreaks of the COVID-19 pandemic, the government's energy-saving and emission reduction policies and higher freight rates, which affected the traffic volume of long-haul trucks. Due to the presence of a number of confirmed cases of COVID-19 in nearby provinces (Jiangsu, Henan, etc.), traffic control was implemented in various cities. Most toll stations in Jiangsu were closed to traffic, all toll stations in Shangqiu, Henan were closed, and local government control was strong to restrict people from leaving or entering the province, resulting in a reduction in travel vehicles, which had a greater impact on traffic volume; The bad weather in the second half of the year, and the flooding in Henan Province in August and September had a certain impact on traffic volume.

### ***Gaojie Expressway***

Gaojie Expressway is a component of G50 Huyu Expressway in the National Expressway Network, and an important passageways in the eastern-western direction in Anhui Province. Since the second half of 2021, with the steady development of the domestic economy, the rapid release of freight logistics needs, meanwhile under the impact of the repeated COVID-19 pandemic and local control policies, the public was more inclined to travel by car, resulting in a significant increase in passenger car traffic; Affected by the completion of the Fangxing Avenue to Mayan section of the He'an Expressway "Four-lanes to Eight-lanes" project, the revenue of the section maintained a continuous growth trend.

### ***Xuanguang Expressway and Guangci Expressway***

Xuanguang Expressway and Guangci Expressway are the components of G50 Huyu Expressway in the National Expressway Network, which attributed to the important passageways in the eastern-western direction in Anhui Province. The increase of traffic flows of Xuanguang Expressway and Guangci Expressway is attributable to the choice of expressway to pass through the border by some vehicles as the reconstruction and expansion project of the County Road X018 has yet to be completed.

### ***Ningxuanhang Expressway***

Both the construction work carried out on G329 and S208, which connected to the Ningqian section, between 18 August and late October 2021, and the implementation of the ban on trucks with yellow plates on Qianzhen-Fuyu Road of National Trunk G329, which connected to the Ningqian section, since 20 September 2021, had a certain impact on the traffic volume. Provincial road S269 parallel to the Xuanli section also had continuing diversion effect on the traffic volume of the Xuanli section to some extent.

### ***Anqing Yangtze River Expressway Bridge***

Anqing Bridge is a component of G50 Huyu Expressway in the National Expressway Network. Since 2021, with the steady development of the national economy and the rapid release of freight logistics needs, the traffic volume has been growing steadily.

### ***Yuewu Expressway Anhui Section***

Since 2021, with the steady development of the domestic economy and the rapid release of freight logistics needs, Wuhan, as the hardest hit area of the COVID-19 pandemic, suffered a setback in economic development in 2020, however, Wuhan has been in the recovery period of enterprise production since 2021, freight logistics has been gradually active. As the main channel to Wuhan, Yuewu Expressway has a significant year-on-year increase in freight logistics on this section with the toll revenue in the second half of the year being increased by 19.97% year-on-year.

### **(III) General achievements of the pawn business**

In June 2012, the Company and Hefei Huatai Group Corporation Limited\* (合肥華泰集團股份有限公司) (“Huatai Group”) jointly set up Hefei Wantong Pawn Company Limited\* (合肥皖通典當有限公司) (“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 in the total sum of RMB52.5 million of Wantong Pawn in proportion to their respective capital contribution, and the current registered capital of the company is 157.50 million.

During the Reporting Period, Wantong Pawn issued 3 pawn loans with a total amount of RMB1.55 million. Since March, Wantong Pawn ceased to handle new pawn business, and shifted its focus of business from project development and expansion to gradual recovery. During the year, a total of 15 pawn loans with a total amount of RMB11.43 million were redeemed. As at the end of August, the existing business had been fully recovered.

Due to the adverse industry business environment and intensified market competition and other factors, the risks of the Company's finance-like projects have gradually emerged. The ninth meeting of the ninth session of the Board of Directors was held on June 21, 2021, at which the resolution in relation to the liquidation and dissolution of Hefei Wantong Pawn Company Limited was considered and approved, by agreeing to the liquidation and dissolution of Wan Tong Pawnshop Company Limited and authorizing the management of the Company to handle all matters related to the liquidation and dissolution.

In the second half of 2021, Wantong Pawn set up a liquidation team to promote the liquidation.

#### (IV) Analysis of main shares holding companies and joint stock companies

*Unit: RMB'000*

Name of company	Equity capital the Group possesses	Registered Capital	31 December 2021		2021		Main business
			Total assets	Net assets	Revenue	Net profit	
Xuanguang Company	55.47%	111,760	932,775	798,183	659,128	361,926	The construction, management and operation of Xuanguang Expressway
Ningxuanhang Company	51%	300,000	4,279,990	124,379	120,217	-353,741	Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service
Guangci Company	55.47%	56,800	297,952	281,633	139,342	90,008	The construction, management and operation of Guangci Expressway

Name of company	Equity capital the Group possesses	Registered Capital	31 December 2021		2021		Main business
			Total assets	Net assets	Revenue	Net profit	
Anqing Bridge Company	100%	150,000	3,221,047	1,242,292	471,698	123,329	The construction, management and operation of Anqing Yangtze River Expressway Bridge and Yuewu Expressway
Expressway Media	38%	50,000	470,127	341,165	132,415	45,748	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	3,042,944	2,627,042	169,271	87,533	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	2,579,861	1,533,974	185,390	314,035	Internet financial services, network information services, pawn business, etc.
Wantong Pawn	71.43%	157,500	89,979	88,042	447	11,323	Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service
Wantong MicroCredit	10%	150,000	121,463	118,971	7,953	2,749	Distributing petty loans, small size enterprises management consulting and financial advisory
AEHK	100%	1,817	1,767	1,641	0	-80	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



Name of company	Equity capital the Group possesses	Registered Capital	31 December 2021		2021		Main business
			Total assets	Net assets	Revenue	Net profit	
Anhui Transportation China Merchants Industrial Fund	6.64%	3,000,000	2,006,185	1,976,792	439,823	409,245	Investment in energy conservation and environmental protection in transportation services
Anhui Transportation Jinshi Merger and Acquisition Fund	6.64%	3,000,000	2,354,286	2,106,577	561,701	291,481	Equity investment, asset management, enterprise management consulting
Anhui Transportation China Merchants Investment Management Co., Ltd.	2.5%	30,000	55,112	52,086	24,738	10,040	Daily management and investment consultation of Anhui Transportation China Merchants Industrial Fund
Anhui Transportation Jinshi Fund Management Co., Ltd.	6.64%	1,500,000	497,017	497,017	556	-2,983	Daily management and investment consultation of Anhui Transportation Jinshi Merger and Acquisition Fund
Anhui Transportation Information Industry Company	10%	60,000	157,038	72,499	105,263	8,834	Construction, operation and service of traffic charging system; Computer software development; Information system integration services, etc.

*Note: Save for companies consolidated into the Group, financial data of all other companies are from their unaudited 2021 annual reports.*

#### **(V) Information on principal customers and suppliers**

Because the Group's main customers of the toll business were the users of the tollways and usually there were no big purchases related to the daily operation, thus there were no principal customers or suppliers to be further disclosed.

## (VI) Investment Analysis

### *Overall analysis of external equity investments of the Company*

In 2021, the Company actively responded to the development trend of the expressway industry, seized major strategic opportunities such as the “integration of Yangtze River Delta”, continued to improve and expand its main business of expressway and made steady progress in external investment with good momentum. The successful completion of the Anqing Bridge acquisition project and the successful landing of the Xuanguang Expansion PPP project have expanded the scale of the Company’s assets, and extended the Company’s toll life, thus promoting the Company’s overall competitiveness and profitability, which was of great strategic significance.

#### *(1) Material equity investments*

The Company convened the 12th meeting of the ninth session of the Board and the 2021 second extraordinary general meeting on 13 October 2021 and 20 December 2021, respectively, at which the resolution in relation to the payment of cash by the Company for the acquisition of 100% equity interest in Anhui Anqing Yangtze River Expressway Bridge Limited Liability Company\* (安徽安慶長江大橋有限責任公司) (“**Anqing Bridge Company**”) and the related debts was considered and approved. In accordance with the provisions of the Transaction Agreement, the Company has completed the payment of 50% of the equity transfer and 100% of the debt transfer within five business days after the effective date of the Agreement, and has appointed directors to Anqing Bridge Company to form control over the Bridge Company. According to the relevant provisions of the Accounting Standards for Business Enterprises, the Company included it in the scope of consolidation. On 28 December 2021, the Company completed the change of business registration of Anqing Bridge Company. After the change of business registration, the Company holds 100% equity interest in Anqing Bridge Company and Anqing Bridge Company has become a wholly-owned subsidiary of the Company.

On 2 December 2021, the Company received the Notice of Bid-winning issued by Xuancheng Transportation Bureau, the tender, confirming that the consortium formed by Anhui Transportation Holding Group, the controlling shareholder of the Company, and Xuanguang Company, was the successful bidder of the “PPP Project for the Reconstruction and Expansion of Guangde to Xuancheng Section of G50 Shanghai-Chongqing Expressway”. In order to ensure the smooth progress of the project, the Company and Xuancheng Transportation Investment, its related party, intended to increase the investment in Xuanguang Company in proportion to their shareholdings. The Company shall increase the investment by RMB1,513.78 million and Xuancheng Transportation Investment shall increase the investment by RMB1,215.22 million. The resolution was considered and approved at the 15th meeting of the ninth session of the Board and the 2022 first extraordinary general meeting of the Company.

(2) *Material non-equity investments*

During the Reporting Period, there were no material non-equity investments by the Group.

(3) *Financial assets measured at fair value*

*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
Trading financial assets- structured deposits	1,104,490,547.95	3,000,000,000.00	4,135,536,078.54	31,045,530.59	0.00
Equity instruments – shares of unlisted companies					
– Xin'an Financial	75,308,679.31	0.00	0.00	-3,365,639.70	71,943,039.61
– Xin'an Capital	25,222,208.79	0.00	0.00	-611,678.85	24,610,529.94
– Wantong MicroCredit	15,000,000.00	0.00	0.00	0.00	15,000,000.00
– China Merchants Fund Management Company	1,056,374.35	0.00	0.00	245,782.58	1,302,156.93
– Jinshi Fund Management Company	1,738,756.29	0.00	0.00	543,544.19	2,282,300.48
Other non-current financial assets – fund investments					
– China Merchants Fund	124,093,137.45	0.00	0.00	7,198,778.37	131,291,915.82
– Jinshi Merger and Acquisition Fund	135,232,902.21	0.00	0.00	4,677,558.80	139,910,461.01
– Jinshi Equity Investment Fund	0.00	33,208,333.33		-198,143.18	33,010,190.15
Total	<u>1,482,142,606.35</u>	<u>3,033,208,333.33</u>	<u>4,135,536,078.54</u>	<u>39,535,732.80</u>	<u>419,350,593.94</u>

In 2021, the company confirmed the dividend of 6.2914 million yuan of Xin 'an Finance, 10.3802 million yuan of Xin 'an Capital, 17.9325 million yuan of China Merchants Fund and 14.6117 million yuan of Jinshi MERGER and Acquisition Fund. Except for the declared non-payment of Xin 'an Capital, all the dividends of other companies have been received.

(4) *Material disposal of assets and equity interest*

During the Reporting Period, there was no material disposal of assets and equity interest by the Group.

## V. MATERIAL LITIGATION AND ARBITRATION

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

## VI. GUARANTEE

The Company convened the 18th meeting of the 5th session of the Board on 18 August, 2010, at which the Resolution on the Provision of Guarantee for Ningxuanhang Company was considered and approved, pursuant to which the Company agreed to

provide a guarantee in an aggregate amount of RMB500 million for Ningxuanhang Company, a controlling subsidiary of the Company. As of 12 April 2021, Ningxuanhang Company has repaid the bank loans described above, and the guarantee liability of the corresponding amount has been released accordingly. As of the date of this announcement, the balance of guarantee provided by the Company for its subsidiaries is nil.

## VII. ENTRUSTED INVESTMENT

During the Reporting Period, there was no overall entrusted investment of the Company.

## VIII. ENTRUSTED LOANS

### 1. General entrusted loans

*Unit: '0,000 Currency: RMB*

Type	Sources of funds	Amount incurred	Undue balance	Overdue unrecovered amount
Bank	Self-owned funds	-77,832.23	43,584.00	0.00

#### *Other information*

In order to meet the capital transactions compliance requirements among enterprise legal persons, the portion in the difference between the project capital and the capital investment into Ningxuanhang Company which should be borne by the Company are injected by the Company out of its internal fund by way of entrusted loans according to the annual investment plan. As of the end of the Reporting Period, the Company has invested RMB1.214 billion by way of entrusted loans, and Ningxuanhang has repaid RMB0.778 billion in 2021. As of 31 December, 2021, the outstanding balance was RMB0.436 billion.

## 2. Single Entrusted Loans

Unit: '0,000 Currency: RMB

Trustee	Type of entrusted loans	Amount of entrusted loans	Beginning date of entrusted loans	Termination date of entrusted wealth management	Source of funds	Investment of funds	Method to determine return	Annualized rate of return	Expected return (if any)	Real income or loss	Real recovery	Through a legal procedure or not	Provision for impairment (if any)
Everbright Bank Hefei Daoxianglou Branch	Bank	3,825	14 June 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	168.68	168.68	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	1,428	24 August 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	62.97	62.97	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	3,213	18 September 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	141.69	141.69	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	1,989	17 November 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	87.71	87.71	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	3,009	20 December 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	132.70	132.70	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	368	9 February 2017	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	16.23	16.23	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	6,069	13 April 2017	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	267.64	267.64	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	1,683	9 May 2017	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	74.22	74.22	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	6,477	31 August 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	317.37	317.37	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	4,029	15 September 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	197.42	197.42	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	3,927	11 October 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	192.42	192.42	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	4,437	9 November 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	217.41	217.41	Undue	Yes	
Everbright Bank Hefei Daoxianglou Branch	Bank	3,130	19 December 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	153.37	153.37	Undue	Yes	

## IX. PURCHASE, SALE AND REPURCHASE OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company, its subsidiaries or joint ventures has purchased, sold or repurchased any listed securities of the Company.

## X. CORPORATE GOVERNANCE CODE

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, in accordance with the requirements of the Opinions on Further Improving the Quality of Listed Companies issued by the State Council, the Announcement on Launching the Special Actions for Governance of Listed Companies issued by the China Securities Regulatory Commission, the Notice on Effectively Implementing the Special Work for Governance of Listed Companies issued by the Anhui Securities Regulatory Bureau of the China Securities Regulatory Commission and other documents, and in accordance with the requirements of the Company Law, the Securities Law and other relevant laws and regulations and the Articles of Association, combined with the list of special self-inspection on governance, the Company sorted out the relevant items for inspection for the period from 1 January, 2018 to 31 December, 2020 one by one and formed the Special Self-inspection Report on Corporate Governance, which was considered and approved at the seventh meeting of the ninth session of the Board. Upon self-inspection, the Company maintained effective control and governance in all major aspects of corporate governance, and was not aware of any material non-compliance with laws and regulations or infringement of the interests of the listed company, nor any non-compliance with laws and regulations that would affect the level of corporate governance.

During the Reporting Period, there was no difference between the actual governance conditions of the Company and the requirements of the Code of Corporate Governance for Listed Companies issued by the China Securities Regulatory Commission and the relevant laws and regulations, all the Code Provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Corporate Governance Code”) were fully adopted.

The Board confirms that, during the Reporting Period, save and except that both the duties of the remuneration committee and the nomination committee were performed by the Company’s human resources and remuneration committee (as the Company considers the long established arrangement of human resources and remuneration committee has so far been effective and suits the needs of the Company better, and all of the members of the human resources and remuneration committee are non-executive director or independent non-executive directors, which can ensure the protection of the interests of shareholders of the Company), the Company has always complied with the Corporate Governance 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.

## **XI. AUDIT COMMITTEE**

As per its terms of reference, the audit committee of the Company is mainly responsible for monitoring the establishment and functioning of the Company’s internal audit system, evaluating financial information and its disclosure, reviewing the internal control system and the way in which it runs, reviewing major connected transactions, facilitating the communication between the Company’s internal and external auditors, and supervising and monitoring internal and external audit.

As at 31 December 2021, the audit committee of the Company was comprised of Mr. Liu Hao (chairman), Mr. Du Jian and Mr. Zhang Jianping, one of them being a non-executive director and two of them being independent non-executive directors.

The Audit Committee held four meetings in 2021. The attendance of the Audit Committee meetings is as follows:

Date of Meeting	Content of Meeting	Important Comments and Suggestions	Attendance
25 March 2021	<ol style="list-style-type: none"> <li>1. Heard the Report of PricewaterhouseCoopers Zhong Tian LLP on Submitting to the Audit Committee of the Company for 2020.</li> <li>2. Considered the Audited Financial Report of the Company for 2020 and the Audited Financial Report of the Company for 2020, the Profits Distribution Plan of the Company for 2020, the Resolution on the Estimated Ordinary Related Party Transactions for 2021, the Internal Control Assessment Report of the Company for 2020, the Internal Control Assessment Work Plan of the Company for 2021, the Internal Audit Work Summary of the Company for 2020, the Internal Audit Work Plan of the Company for 2021, the Internal Audit Report of the Company for 2020, the Post-investment Assessment Summary of the Company for 2020, the Post-investment Assessment Work Plan of the Company for 2021, the Work Report of the Internal Control System of the Company for 2020, the Statement on the Appointment of External Auditors for 2021, the Report on the Performance of the Audit Committee for 2020, the Proposal on the Audit Fees for 2021 and the Audit Report on the Internal Control of the Company for 2020.</li> </ol>	<ol style="list-style-type: none"> <li>1. Heard the Report of PricewaterhouseCoopers Zhong Tian LLP on Submitting to the Audit Committee of the Company for 2020, considered and approved the financial reports and other related matters submitted by the firm, and approved the audit work carried out by it;</li> <li>2. Considered the Profits Distribution Plan of the Company for 2020 and recommended the Board not to appropriate statutory reserve fund this year;</li> <li>3. Considered and approved the Internal Control Assessment Work Plan of the Company for 2021, the Internal Audit Work Summary of the Company for 2020, the 2021 Work Plan for Internal Audit of the Company, the Internal Audit Report of the Company for 2020, the Post-investment Assessment Work Summary of the Company for 2020, the Post-investment Assessment Work Plan of the Company for 2021 and the Work Report on Internal Control System of the Company for 2020;</li> <li>4. Considered and approved the Audited Financial Report of the Company for 2020 and the Audited Financial Report of the Company for 2020, the Resolution on the Estimated Ordinary Related Party Transactions for 2021, the Internal Control Assessment Report of the Company for 2020, the 2020 Internal Control Assessment Report of the Company, the Statement on the Appointment of External Auditors for 2021, the Report on the Performance of the Audit Committee for 2020, the Proposal on the Audit Fees for 2021 and the Audit Report on the Internal Control of the Company for 2020, and agreed to submit the above resolutions to the Board for consideration.</li> </ol>	All members attended the meeting.



Date of Meeting	Content of Meeting	Important Comments and Suggestions	Attendance
26 April 2021	Considered the Unaudited Financial Statements for the First Quarter of 2021 prepared in accordance with Domestic Accounting Standards of the Company.	Considered and approved the Unaudited Financial Statements for the First Quarter of 2021 prepared in accordance with Domestic Accounting Standards of the Company, and agreed to submit the resolution to the Board for consideration.	All members attended the meeting.
26 August 2021	1. Heard the Report of PricewaterhouseCoopers Zhong Tian LLP on the Communications of the Audit Committee of Anhui Expressway Company for the Second Quarter of 2021. 2. Considered the Unaudited Interim Financial Report of the Company for 2021 prepared in accordance with Domestic Accounting Standards and the Unaudited Interim Financial Report of the Company for 2021 prepared in accordance with Hong Kong Accounting Standards.	1. Heard the Report of PricewaterhouseCoopers Zhong Tian LLP on the Communications of the Audit Committee of Anhui Expressway Company for the Second Quarter of 2021, and unanimously agreed to carry out audit work in accordance with this plan; 2. Considered and approved the Unaudited Interim Financial Report of the Company for 2021 prepared in accordance with Domestic Accounting Standards and the Unaudited Interim Financial Report of the Company for 2021 prepared in accordance with Hong Kong Accounting Standards, and agreed to submit the above resolution to the Board for consideration.	All members attended the meeting.
27 October 2021	Considered the Unaudited Financial Report for the Third Quarter of 2021 of the Company prepared in accordance with Domestic Accounting Standards	Considered and approved the Unaudited Financial Report for the Third Quarter of 2021 of the Company prepared in accordance with Domestic Accounting Standards, and agreed to submit this financial report to the Board for consideration.	All members attended the meeting.

*Note:* For details of the work of the Audit Committee, please refer to the Report on the Performance of the Audit Committee for 2021.

## **XII. MAJOR EVENTS DURING AND AFTER THE REPORTING PERIOD**

### **Adjustment to Calculation Method and Standard of Toll Payment**

According to the Anhui Development and Reform Commission and the Finance Department of Anhui Province jointly issued “Notice on the matters related to tolls for vehicles on toll roads in our province” (Wan Jiao Lu [2020] No. 162), Anhui’s toll standard will be implemented for one year on a trial basis until the end of 2020. With the consent of the provincial government, the new standard will be formally implemented on January 1, 2021; The period of 15% discount for freight vehicles holding Anhui Transport Card is tentatively extended for 3 years, namely from January 1, 2021 to December 31, 2023. For details, please refer to the “Announcement on Standard of Toll Charges”\* 《關於通行費收費標準的公告》 (Lin 2020-033) published by the Company.

## **Preferential Policy of 5% Discount for All ETC Users**

According to the requirements of the Notice on Implementing Preferential Policy for Tolls of ETC Vehicles on Toll Roads issued by the Transport Department of Anhui Province and the Anhui Development and Reform Commission, with effect from 1 July 2019, vehicles using electronic payment cards of other provinces for toll payment on toll roads in Anhui Province will be entitled to 5% discount on toll payment under the preferential policy.

## **Proposed Liquidation and Dissolution of Wantong Pawn**

Due to the adverse industry operating environment, intensified market competition and other factors, the risks of the Company's financial projects have gradually become prominent. In order to further optimize the industrial structure of the Company, strengthen risk management and control, and safeguard the legitimate rights and interests of the Company and shareholders, the Board approved the liquidation and dissolution of Wantong Pawn at the ninth meeting of the ninth Board of Directors held on June 21, 2021, and authorized the management of the Company to handle all matters related to the liquidation and dissolution. For details, please refer to the Company's announcement headed "Announcement of Resolution of the Ninth (Extraordinary) Meeting of the Ninth Board of Directors"\* (《第九屆董事會第九次會議(臨時)決議公告》) (Lin 2021-019)

## **Payment of toll for Wan R and Wan H licenses small passenger cars Passing Through Anqing Yangtze River Highway Bridge**

On 24 January 2022, the People's Government of Chizhou City, the People's Government of Anqing City (hereinafter referred to as the "Two Municipal Governments"), Anhui Transportation Holding Group and Anqing Bridge Company signed the Cooperation Agreement on the Reduction and Exemption of Toll by Anqing Yangtze River Highway Bridge for Local Small passenger cars through Financial Subsidies. By means of financial subsidies, the Two Municipal Governments will provide financial subsidies for Wan R and Wan H licenses small passenger cars with 9 seats and below under ETC package commuting between Anqing Bridge Toll Station and Dadukou Toll Station. The subsidy is granted on the basis of RMB21 per vehicle in accordance with the relevant policies of Anhui Province on expressway toll. Vehicles that meet the subsidy conditions will be toll-free when passing through Anqing Yangtze River Highway Bridge effective for a tentative term of three years commencing from 00:00 on 25 January 2022. For details, please refer to the Company's announcement headed "Announcement on the Questions relating to Payment of Tolls for Wan R and Wan H Licences Small Passenger Cars Passing Through Anqing Yangtze River Highway Bridge"\* (《關於皖R、皖H牌照小型客車行駛安慶長江公路大橋通行費繳納有關問題的公告》) (Lin 2022-004).

## **Change of accounting firm**

According to relevant regulations of State-owned Assets Supervision and Administration Commission of Anhui Province, PricewaterhouseCoopers Zhongtian LLP, the auditor previously employed by the Company, has exceeded the period of employment. Since 2022, PricewaterhouseCoopers is no longer acting as external auditor for the Company's audit services. The 19th meeting of the 9th Board of Directors was held on March 28, 2022 to review and approve the Resolution on Changing the Accounting Firm\* (《關於變更會計師事務所的議案》). The Board proposes to appoint Ernst & Young Huaming LLP (Special General Partnership) as the Company's financial auditor and internal control auditor for 2022 and agrees to submit the proposal to the Company's 2021 annual general meeting for consideration.

Save as disclosed in this announcement, there were no important events affecting the Group that have occurred after the end of the Reporting Period and up to the date of this announcement.

## **XIII. PROSPECTS AND OUTLOOK**

### **1. Broad room for industry development and increasingly apparent policy direction**

As stated in the Report of the 19th CPC National Congress, China's economy has been transitioning from a phase of rapid growth to a stage of high-quality development. As the promotion and implementation of a series of policies and measures of "ensuring growth, making structural adjustment, promoting reform, improving people's well-being and forestalling risks", the macro economy in China will gradually stabilize, and the economic growth will be more steady, more sustainable and of higher quality. As the speed of economic growth is a key determining factor for growth in transportation demands, there are still plenty of room and opportunities for the future development of the highway industry. In terms of social efficiency, as transportation remains an important anchor for national economic growth, there will be no material change in the national policies in relation to construction of transportation infrastructure. In terms of investment efficiency, it is expected that investments in road infrastructure will remain a trend of strong growth, further manifesting its driving effect for economic growth. In terms of road network structure, and in light of the strategies of "Rise of Central China" and "China Western Development", the room for investment and construction in the provincial road networks in central and west regions of China remains relatively large.

## **2. Transformation development is imminent as investment return is declining**

The toll road industry continued to face a series of challenges. Firstly, the industry was affected by the slowdown in economic growth, the toll revenue growth was limited; secondly, land acquisition and demolition costs, labor costs and other costs continued to rise, and the toll road construction costs were increasing (the construction costs for domestic expressways being about RMB100 million per km at present), while the standards in relation to safety monitoring facilities, environmental protection, road conditions, etc. continued to increase, leading to a continuous rise in operation and maintenance costs; thirdly, most of the quality roads have been in operation for a long time, and the road maintenance cost was high, while the cultivation period of the newly-built section was long, and the road network effect was not satisfactory, the depreciation amortization and interest costs affected the performance of the enterprise; fourthly, the amount of exemption of various types of policies continued to rise, while the management costs for implementation of green channel policy and major holiday payment free policy were also increasing; fifthly, the growing popularity of railways, highspeed rails, air transport and other means of transport and the changes in road network structure continued to have diversion effect on the traffic of the road sections.

At present, under the traditional mode of investment and financing, the return on investment of the toll road industry, especially the new toll road project, has been declining, the commercial value of the investment is not high. Regarding the acquisition of developed road assets, the road sections with better performance tend to be greatly appreciated in valuation, competition for quality road assets has directly led to soaring transaction prices, resulting in substantially reduced investment yields. From the perspective of the industry as a whole, affected by factors such as expiring concession and declining marginal return on investment, etc, development on diversification and transformation has become a strategic choice for industry development, and listed companies in the industry had embarked on diversified expansion.

## **3. Well established controlling shareholders and huge space for reform of stateowned enterprise**

From the industry's perspective, most controlling shareholders of listed highway companies are large provincial enterprises, having advantage in terms of asset size, capital strength, level of revenue and core competitiveness. Most shareholders and holding listed companies have the feature of "large groups, small companies".

The Report of the 19th CPC National Congress emphasized on the continuing and deepened reform of state-owned enterprises, promoting the preservation and appreciation of state-owned assets, and supporting the state-owned capital to be stronger, better and larger. Currently, the central government attaches great importance to the reform and development of state-owned enterprises, and has repeatedly made important instructions stressing on the practical significance of the state-owned enterprises being stronger, better, and larger. It has explicitly pointed out that in order for state-owned enterprises to be stronger, be better, be larger, deep reforms, with enhancement of vitality and improvements in management efficiency as the focus, would have to be carried out, so as to continuously increase the core competitiveness, dominance and influence of state-owned enterprises. The Anhui provincial government has also requested the state-owned enterprises in the province to strive towards the major direction of developing a mixed ownership system by pushing forward the overall listings, mergers and restructuring as the major forms, so as to further deepen the reform of state-owned enterprises, actively introduce strategic investors, improve corporate governance structures, and constantly enhance the vitality of enterprise development. In recent years, China has significantly accelerated its pace of capital market reform and innovation. A multi-level capital market system is initially formed with an expanding depth and breadth of the service entity economy. The reform of state-owned enterprises is in a period of better policies and market opportunities. In this context, many local state-owned enterprises have specified in their reform programs that listed highway companies and their controlling shareholders will implement plans for subsequent equity incentives, asset securitization, restructuring and upgrading, and so on.

#### **4. Strengthened level of informatization and deepened integration between new technology and transportation industry**

In recent years, the level of informatization of China's highways kept strengthening. The deep integration of information technology, artificial intelligence, new materials, new energy and other technologies with the transportation industry has raised the standard for the transformation and development of transportation industry. The focus and breakthrough point for the development of informatization for highway for next step lie in intelligentization orientation, accelerated integration of transportation infrastructure network, transportation service network and information network, the broadening of the

scope of resource sharing, improvement of user-friendly service experience and synergy effect, enhanced governance interaction and collaboration, to continuously promote the implementation of empowerment, capacity expansion and drivers creation, so as to realize the shift from traditional factors-driven development to innovation-driven development.

By order of the Board  
安徽皖通高速公路股份有限公司  
**Anhui Expressway Company Limited**  
**Xiang Xiaolong**  
*Chairman*

Hefei, Anhui, the PRC  
28 March 2022

*As at the date of this announcement, the board of directors of the Company comprises: Xiang Xiaolong (Chairman), Yang Xiaoguang, Tao Wensheng and Chenjiping as executive directors, Yang Xudong and Du Jian as non-executive directors, and Liu Hao, Zhang Jianping and Fang Fang as independent non-executive directors.*

*This announcement was originally prepared in Chinese. In the event of discrepancies between the Chinese and English version, the Chinese version shall prevail.*

*\* translation for identification purpose only*