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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)

2022 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 2022 (the “**Reporting Period**”) prepared in accordance with Hong Kong Financial Reporting Standards, together with the comparative figures of 2021. They are as follows. The audit committee of the Company has reviewed the annual results for the financial year 2022:

I. FINANCIAL HIGHLIGHTS

(All amounts in Renminbi thousand unless otherwise stated)

Consolidated income statement

For the year ended 31 December 2022

(All amounts in Renminbi thousand unless otherwise stated)

		Year ended 31 December	
	Note	2022	2021
Revenue	2	5,206,366	4,029,476
Cost of sales		<u>(2,984,195)</u>	<u>(1,722,488)</u>
Gross profit		2,222,171	2,306,988
Other income and gains – net		134,869	200,162
Administrative expenses		(162,308)	(137,292)
Net impairment (losses)/reversal of impairment losses on financial assets		<u>(126)</u>	<u>1,230</u>
Operating profit		2,194,606	2,371,088
Finance costs	3	(226,521)	(254,808)
Share of loss of associates		<u>9,733</u>	<u>(90)</u>
Profit before income tax	4	1,977,818	2,116,190
Income tax expenses	5	<u>(562,194)</u>	<u>(573,077)</u>
Profit for the year		<u>1,415,624</u>	<u>1,543,113</u>
Attributable to:			
Owners of the Company		1,445,457	1,511,965
Non-controlling interests		<u>(29,833)</u>	<u>31,148</u>
		<u>1,415,624</u>	<u>1,543,113</u>
Basic and diluted earnings per share <i>(expressed in RMB per share)</i>	6	<u>0.8715</u>	<u>0.9116</u>

Consolidated statement of comprehensive income**For the year ended 31 December 2022***(All amounts in Renminbi thousand unless otherwise stated)*

	<i>Note</i>	Year ended 31 December 2022	2021
Profit for the year		1,415,624	1,543,113
Other comprehensive (loss)/income:			
<i>Items that will not be reclassified</i> <i>subsequently to profit or loss</i>			
Change in value of financial assets at fair value through other comprehensive income (“FVOCI”), net of tax		<u>278</u>	<u>(2,391)</u>
Total comprehensive income for the year		<u>1,415,902</u>	<u>1,540,722</u>
Attributable to:			
Owners of the Company		1,445,735	1,509,574
Non-controlling interests		<u>(29,833)</u>	<u>31,148</u>
		<u>1,415,902</u>	<u>1,540,722</u>

Consolidated balance sheet**As at 31 December 2022***(All amounts in Renminbi thousand unless otherwise stated)*

	<i>Note</i>	As at 31 December 2022	2021
ASSETS			
Non-current assets			
Concession intangible assets		13,497,875	13,207,681
Right-of-use assets		6,045	6,808
Property, plant and equipment		1,216,473	1,232,704
Investment properties		352,289	370,239
Intangible assets		5,679	418
Investment in associates		146,625	136,892
Deferred income tax assets		79,512	107,096
Financial assets at fair value through profit or loss (“ FVPL ”)		711,599	304,213
Financial assets at fair value through other comprehensive income		115,509	115,138
		16,131,606	15,481,189
Current assets			
Inventories		4,706	5,399
Other current assets		–	14,699
Receivables and prepayments	10	537,733	176,629
Time deposits with original maturity over three months		1,767,673	927,635
Cash and cash equivalents		2,903,848	3,359,918
		5,213,960	4,484,280
Total assets		21,345,566	19,965,469

Consolidated balance sheet (Continued)**As at 31 December 2022***(All amounts in Renminbi thousand unless otherwise stated)*

	<i>Note</i>	As at 31 December 2022	2021
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary share capital		1,658,610	1,658,610
Share premium		1,415,593	1,415,593
Other reserves		(727,940)	(728,178)
Retained earnings		9,611,890	9,078,629
		11,958,153	11,424,654
Non-controlling interests		1,579,019	555,169
Total equity		13,537,172	11,979,823
LIABILITIES			
Non-current liabilities			
Long-term payables		77,560	294,500
Borrowings		6,201,986	4,726,409
Deferred income tax liabilities		36,798	41,069
Deferred income		113,853	126,783
		6,430,197	5,188,761
Current liabilities			
Trade and other payables	<i>11</i>	835,269	2,154,283
Current income tax liabilities		30,160	215,824
Provision		71,005	77,844
Borrowings		441,763	348,934
		1,378,197	2,796,885
Total liabilities		7,808,394	7,985,646
Total equity and liabilities		21,345,566	19,965,469

Notes :

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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 3.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income (“**OCI**”) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.1 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018–2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:
- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December	
	2022	2021
Toll income from toll roads operation	3,676,379	3,831,092
Service income from management of toll roads	11,675	10,779
Revenue from construction or upgrade work under		
Service Concessions	1,417,554	108,518
Rental income	60,407	59,090
– from toll gas stations (a)	32,392	32,437
– from toll road service sectors (b)	10,125	11,941
– from other investment properties	17,890	14,712
Service income from road emergency assistance	38,332	17,783
Interest income from pawn loans to customers	–	447
Others	2,019	1,767
	<u>5,206,366</u>	<u>4,029,476</u>

- (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 Anhui Transportation Holding Group Co., Ltd. (“安徽省交通控股集團有限公司”, “**ATHC**”), the Company’s gas stations were leased to AEPC at an annual rental fee of RMB24,425 thousand. The lease period was expired on 31 December 2022 and the lease was renewed until 31 December 2025 at an annual rental fee of RMB27,355 thousand.

Pursuant to a lease agreement entered by AEPC and Anhui Ningxuanhang Expressway Investment Company Limited* (“安徽省寧宣杭高速公路投資有限公司”, “**Ningxuanhang Company**”), Ningxuanhang Company’s gas station was leased to AEPC at an annual rental fee of RMB2,414 thousand. The lease period will expired on 31 December 2023.

Pursuant to a lease agreement entered by AEPC and Anhui Anqing Yangtze River Expressway Bridge Limited Liability Company (“安徽省安慶長江公路大橋有限責任公司”, “**Anqing Bridge Company**”), Anqing Bridge Company’s gas stations were leased to AEPC at an annual rental fee of RMB1,492 thousand. The lease period is 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 at an annual rental fee of RMB6,715 thousand. The lease period expired on 30 April 2022 and the lease was renewed until 30 April 2025.
- (c) Pursuant to a lease agreement entered by YTMC and Xuancheng Guangci Expressway Co., Ltd. (“宣城市廣祠高速公路有限責任公司”, “**Guangci Company**”), Guangci Company’s toll road service sectors were leased to YTMC at an annual rental fee of RMB1,714 thousand. The lease period is from 1 August 2009 to 20 July 2029.

3. FINANCE COSTS

	Year ended 31 December	
	2022	2021
Interest expenses of borrowings	214,432	143,159
Interest expenses of long-term payables	18,506	111,649
Less: Capitalised interest expenses	6,417	–
	<u>226,521</u>	<u>254,808</u>

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2022	2021
Costs for outsourced construction or upgrade work under the Service Concessions	1,417,554	108,518
Repair and maintenance expenses	193,705	253,896
Taxes and surcharges	30,172	30,536
Auditor's remuneration	1,980	3,300
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries and allowances, social security and benefits	371,759	351,087
Defined contribution pension schemes	58,522	50,187
	<u>430,281</u>	<u>401,274</u>
Depreciation in respect of:		
– property, plant and equipment	165,537	169,424
– investment properties	17,950	20,716
Amortisation in respect of:		
– concession intangible assets	749,586	738,294
– right-of-use assets	763	763
– intangible assets	11,521	4,577
Net (losses)/gains from disposal of property, plant and equipment	(148)	2,834
Net losses from disposal of investment properties	–	1,704
Net (losses)/gains from disposal of concession intangible assets	(8,286)	4,173
Net impairment losses/(reversal) of impairment losses on financial assets	126	(1,230)
Foreign exchange differences, net	(2,051)	259
Finance costs	226,521	254,808
Interest income	(80,317)	(84,695)
Dividend income from financial assets at fair value through profit or loss	(19,925)	(32,544)
Dividend income from equity investments at fair value through other comprehensive income	(429)	(16,671)
Fair value gains from financial assets at fair value through profit or loss	(614)	(42,724)
	<u>(614)</u>	<u>(42,724)</u>

5. INCOME TAX

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

	Year ended 31 December	
	2022	2021
Current taxation – CIT (a)	538,974	590,910
Deferred taxation charged to the consolidated income statement	23,220	(17,833)
	<u>562,194</u>	<u>573,077</u>

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

The Company and its subsidiaries 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”)) is 25%. The CIT rate applicable to AEHK is 16.5%.

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

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Company will fulfill the obligation of WHT in 2023 for dividends related to 2022 which will be paid to foreign shareholders.

- (c) A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2022	2021
Profit before tax	1,977,818	2,116,190
Tax at the statutory tax rate at 25%	494,455	529,048
Effect of different tax rate of a subsidiary operating	(6)	–
Expenses not deductible for tax purpose	1,522	1,748
Income not subject to tax	(4,542)	(8,735)
Recognition of previously unrecognised deductible temporary differences	–	(23,652)
Deductible temporary differences not recognised as deferred tax assets during the year	309	6,185
Utilisation of previously unrecognised deductible temporary differences	(13,146)	(4,297)
Tax losses and deductible temporary differences not recognised as deferred income tax assets during the year	91,603	81,945
Others	(8,001)	(9,165)
Tax charge at the Group's effective tax rate	562,194	573,077

6. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,658,610,000 (2021: 1,658,610,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

	Year ended 31 December	
	2022	2021
Profit attributable to equity holders of the Company	1,445,457	1,511,965
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.8715	0.9116

7. DIVIDENDS

The dividends paid during the years ended 31 December 2022 and 2021 were RMB912,236 thousand (RMB0.55 per share) and RMB381,480 thousand (RMB0.23 per share) respectively. A final dividend in respect of 2022 of RMB0.55 per share, amounting to a total dividend of RMB912,236 thousand was proposed at the board meeting on 30 March 2023. These consolidated financial statements do not reflect this proposed final dividend payable and the amount of which are as below:

	Year ended 31 December	
	2022	2021
Proposed final dividend of RMB0.55 (2021: RMB0.55) per ordinary share	912,236	912,236

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. 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 2022 and 2021 in accordance with the PRC Company Law.

(b) Dividends distribution

According to the Articles of Association of the Company, the dividends distributed by the Company to its shareholders are based on the lower of the retained earnings in the Company's statutory financial statements and those in the Company's financial statements prepared in accordance with HKFRSs. As at 31 December 2022, the retained earnings in the Company's financial statements prepared in accordance with HKFRSs amounted to RMB9,874,910 thousand, which was higher than the retained earnings reflected in the Company's statutory financial statements.

9. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 31 December	
	2022	2021
Contracted, but not provided for:		
Concession intangible assets	250,962	70,471
Property, plant and equipment	8,532	68,716
	<u>259,494</u>	<u>139,187</u>

10. RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2022	2021
Receivables:		
Toll road income receivable (a)	59,930	84,302
Interest receivable	59,979	30,653
Receivables for construction	62,928	30,051
Pawn loans to customers	19,643	28,579
Toll road income compensation receivable	25,958	–
Dividends receivable	–	10,380
Subsidy receivable	300,000	–
Others	37,800	28,045
	<u>566,238</u>	<u>212,010</u>
Less: Provision for impairment of pawn loans (b)	13,750	20,005
Provision for impairment of others (c)	15,685	15,943
	<u>536,803</u>	<u>176,062</u>
Prepayments:		
Prepaid expenses	930	567
	<u>537,733</u>	<u>176,629</u>

The ageing analysis of the receivables is as follows:

	As at 31 December	
	2022	2021
Within 1 year	511,920	146,403
Between 1 and 2 years	2,078	1,688
Between 2 and 3 years	1,207	1,737
Over 3 years	51,033	62,182
	<hr/>	<hr/>
	566,238	212,010
	<hr/>	<hr/>

(a) As at 31 December 2022, toll road income receivables mainly represented receivables from AENO of RMB59,930 thousand (31 December 2021: from AENO of RMB81,795 thousand) for uncollected toll road income.

(b) Reconciliation of provision account for loss on pawn loans is as follows:

	As at 31 December	
	2022	2021
Beginning of the year	(20,005)	(31,949)
Impairment loss reversed	755	11,944
Receivables written off as uncollectible	5,500	–
	<hr/>	<hr/>
End of the year	(13,750)	(20,005)
	<hr/>	<hr/>

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

	As at 31 December	
	2022	2021
Beginning of the year	(15,943)	(5,229)
Impairment loss recognised	(881)	(10,714)
Receivables written-off as uncollectible	1,139	–
	<hr/>	<hr/>
End of the year	(15,685)	(15,943)
	<hr/>	<hr/>

As at 31 December 2022 and 2021, all other receivables balances were denominated in RMB.

As at 31 December 2022 and 2021, the fair values of the other receivables of the Group approximated their carrying amounts.

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
Payable for the acquisition of AQDQ	–	1,105,000
Trade payables – payables on acquisition of concession intangible assets	614,185	775,612
Current portion of long-term payables	19,500	66,330
Deposits for construction projects	31,149	63,698
Advance rent receipts	41,435	37,245
Staff salaries and welfare	28,478	28,731
Interest payable	34,773	25,514
Other taxation payables	12,854	21,056
Service fee payable for collection of toll roads income	7,598	7,376
Others	45,297	23,721
	835,269	2,154,283

As at 31 December 2022, trade and other payables of RMB241,847 thousand (2021: RMB430,371 thousand) were aged over one year. These payables were mainly payables on acquisition of concession intangible assets which will be settled after the completion of construction, and the current portion of long-term payables.

As at 31 December 2022 and 2021, the fair values of trade and other payables, except for staff salaries and welfare, other taxation payables and advance from customers, 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 2022 to all shareholders.

The final dividend is subject to the approval of shareholders at the 2022 annual general meeting and will be distributed on or before 19 July 2023.

III. 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 RMB5,206,366 thousand (2021: RMB3,920,958 thousand), representing an increase of 32.78% over the corresponding period of the previous year; total profit of RMB1,976,932 thousand (2021: RMB2,119,127 thousand), representing a decrease of 6.71% over the corresponding period of the previous year; net profit attributable to shareholders of the Company of RMB1,445,017 thousand (2021: RMB1,514,168 thousand), representing a decrease of 4.57% over the corresponding period of the previous year; basic earnings per share of RMB0.8712 (2021: RMB0.9129), representing a decrease of 4.57% over the corresponding period of the previous year.

(Unit: yuan Currency: RMB)

In terms of 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	3,719,922,926.67	1,512,778,563.28	59.33	-3.78	-2.42	a decrease of 0.57 percentage point
Revenue/cost during construction period	1,417,554,294.72	1,417,554,294.72	0	N/A	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	1,179,195,915.58	464,254,035.50	60.63	-0.26	0.74	a decrease of 0.38 percentage point
Gaojie Expressway	910,203,163.41	189,768,937.15	79.15	3.68	-3.53	an increase of 1.56 percentage point
Lianhuo Expressway Anhui Section	248,813,982.90	127,189,131.55	48.88	-2.29	-15.20	an increase of 7.78 percentage point
Ninghuai Expressway Tianchang Section	111,971,309.59	48,290,897.86	56.87	-1.30	-4.44	an increase of 1.42 percentage point
New Tianchang Section of National Trunk 205	68,173,921.30	38,174,935.93	44.00	11.36	-9.11	an increase of 12.61 percentage point
Xuanguang Expressway	528,478,868.66	140,831,519.88	73.35	-19.55	-1.29	a decrease of 4.93 percentage point
Guangci Expressway	115,557,269.28	21,338,094.05	81.53	-16.04	12.59	a decrease of 4.70 percentage point
Ningxuanhang Expressway	99,553,146.87	274,853,457.97	-176.09	-10.22	5.29	a decrease of 40.67 percentage point
Anqing Yangtze River Expressway Bridge	326,997,686.66	63,742,294.50	80.51	-4.10	7.08	a decrease of 2.03 percentage point
Yuwu Expressway Anhui Section	130,977,662.42	144,335,258.88	-10.20	0.67	-14.11	an increase of 18.95 percentage point
Revenue/cost during construction period	1,417,554,294.72	1,417,554,294.72	0.00	N/A	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	5,137,477,221.39	2,930,332,858.00	42.96	32.87	89.02	a decrease of 16.94 percentage point

(II) Operations of toll highways

During the Reporting Period, affected by uncontrollable factors and the 10% reduction of truck toll in the fourth quarter, the Group achieved a toll income of RMB3,676,379 thousand in total (2021 : RMB3,831,092 thousand), representing a decrease of 4.04% 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 RMB639 million, of which:

The amount of exemption in Green Channel was approximately RMB153 million with over 195 thousand vehicles being exempted;

The amount of exemption on holidays was RMB127 million with over 2,960.7 thousand vehicles being exempted;

The amount of ETC discounts for the year was approximately RMB273 million. Among them, the amount of preferential reduction and exemption of Anhui transportation card for trucks was RMB174 million, accounting for 63.74% of the total amount of preferential reduction and exemption of ETC;

Other amounts of exemption amounted to approximately RMB86 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 2022 were as follows:

Items	Interests	Converted average daily traffic volumes			Toll income (RMB'000)		
		for entire journey (vehicle)					
		2022	2021	Change (%)	2022	2021	Change (%)
Hening Expressway	100%	32,653	36,141	-9.65	1,197,057	1,199,593	-0.21
New Tianchang Section of National Trunk 205	100%	5,771	6,415	-10.04	71,583	64,281	11.36
Gaojie Expressway	100%	24,964	23,999	4.02	926,406	892,614	3.79
Xuanguang Expressway	55.47%	23,929	30,190	-20.79	544,333	676,623	-19.55
Lianhuo Expressway							
Anhui Section	100%	15,731	17,854	-11.89	254,062	260,012	-2.29
Ninghuai Expressway							
Tianchang Section	100%	35,183	40,823	-13.82	113,021	114,458	-1.26
Guangci Expressway	55.47%	30,878	38,350	-19.48	117,258	141,757	-17.28
Ningxuanhang Expressway	51%	4,068	4,537	-10.34	94,124	114,213	-17.59
Anqing Yangtze River Expressway Bridge	100%	28,534	27,584	3.44	336,807	351,224	-4.10
Yuewu Expressway Anhui Section	100%	7,942	7,698	3.17	133,370	132,475	0.68
Total		/	/	/	3,788,021	3,947,250	-4.03

Items	Ratio of passenger vehicles to goods vehicles			Toll income per kilometer per day(RMB)		Change (%)
	Interests	2022	2021	2022	2021	
Hening Expressway	100%	67:33	70:30	24,475	24,527	-0.21
New Tianchang Section of National Trunk 205	100%	28:72	36:64	6,537	5,870	11.36
Gaojie Expressway	100%	55:45	54:46	23,074	22,232	3.79
Xuanguang Expressway	55.47%	66:34	68:32	17,754	22,069	-19.55
Lianhuo Expressway Anhui Section	100%	59:41	67:33	12,890	13,192	-2.29
Ninghuai Expressway Tianchang Section	100%	76:24	80:20	22,118	22,399	-1.26
Guangci Expressway	55.47%	65:35	69:31	22,947	27,741	-17.28
Ningxuanhang Expressway	51%	73:27	75:25	2,204	2,674	-17.59
Anqing Yangtze River Expressway Bridge	100%	63:37	62:38	153,793	160,376	4.10
Yuewu Expressway Anhui Section	100%	62:38	64:36	7,943	7,890	0.68

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.
2. The toll income data above are tax included, of which the data of Anqing Yangtze River Expressway Bridge during the Reporting Period include the portion of government financial subsidies received.
3. The traffic data mentioned above are provided by Anhui Expressway Network Operations Company Limited.

During the Reporting Period, due to uncontrollable factors and various relief policies, except for Gaojie Expressway, New Tianchang Section of National Trunk 205, and Anhui Section of Yuewu Expressway, the toll revenue of other road sections of the Company decreased as compared to last year, the details are as follows:

Hening Expressway

During the Reporting Period, due to the construction of Jinzhai Road municipal crossing, the Jinzhai Road toll station was closed for construction from May 2022 until the end of 2022, which had an impact on the decline in the benefits of Hening Expressway. After the entire line of Chuhe River Bridge was opened to traffic at the end of June 2022, it brought certain benefits to the growth of traffic flow.

New Tianchang Section of National Trunk 205

During the Reporting Period, due to the revenue growth of National Trunk 205 in the second half of the year, the annual revenue showed a growth trend. At the end of June 2022, the County Road X101 (the kilometer sign is now X129) parallel to National Trunk 205 was closed for construction. After the completion of the construction, the local town government reopened the height limit gantry at the end of August to prohibit the passage of large trucks and buses. Such vehicles returned to National Trunk 205, resulting in a significant increase in single vehicle revenue. In the second half of the year, revenue increased by 48% year-on-year, which is the main reason for the annual revenue growth.

Tianchang Section of Ninghuai Expressway

During the Reporting Period, the proportion of trucks in Tianchang Section of Ninghuai Expressway increased compared to 2021, resulting in a slight decrease in revenue in 2022 compared to 2021. In addition, the closure for construction of Tianchang toll station for 20 days in November and the opening of Chutian Expressway in December have had a certain impact on the revenue of Ninghuai Expressway.

Anhui Section of Lianhuo Expressway

During the Reporting Period, after the opening of National Highway 310 and National Highway 311 in 2020 and 2021, they were parallel to Lianhuo Road, which had a significant impact on the traffic flow in Lianhuo. In addition, Provincial Highway 101 (Huaibei Xuzhou section) was constructed and transformed into Xuhuai Express Passage. By July 2022, it was ready for traffic with good road conditions, which had a diversion impact.

Gaojie Expressway

As a component of the national road network G50 Shanghai-Chongqing Expressway, Gaojie Expressway is an important east-west transit passage in our province. During the 2022 Spring Festival, the number of migrant workers returning home from Jiangsu, Zhejiang, and Shanghai increased significantly, resulting in a sustained increase in passenger traffic, which led to the improvement of the overall benefits of this section. Since May 2022, the maintenance of the Qianshan Taihu Lake section of National Highway 105 has started, which has led to the change of vehicles passing through the national highway to high-speed traffic, with a small increase in the flow of motor vehicles.

Xuanguang and Guangci Expressways

Xuanguang Expressway and Guangci Expressway are part of the national highway network G50 Shanghai-Chongqing Expressway. Due to factors such as the completion of the reconstruction and maintenance of part of the pavement of County Highway 018 (formerly National Highway 318), the reconstruction and expansion of upstream Wuhe Expressway, and the maintenance of important bridges, they have promoted the multi-path traffic selection of vehicles, resulting in a decrease in the traffic volume of Xuanguang Expressway and Guangci Expressway.

Ningxuanhang Expressway

Affected by the implementation of yellow label truck prohibition measures on National Highway 329, which is connected to the Ningqian Section of the Ningxuanhang Expressway, it has a negative impact on the traffic flow and efficiency of the Ningxuanhang Expressway. Affected by the opening of the entire Anhui Jiangsu section of the Ningxuanhang Expressway on September 10th, the traffic volume and benefits of the Lixuan section have steadily increased.

Anqing Yangtze River Highway Bridge

During the Reporting Period, due to the impact of the reconstruction and expansion of the Ma'an Junction to Tongcheng South Section of the He'an Expressway, some vehicles heading towards Anqing chose to use the national highway. In addition, the phased preferential policies for trucks implemented in the fourth quarter had a significant impact on the bridge section where truck toll income accounted for a relatively high proportion.

Anhui Section of Yuewu Expressway

Yuewu Expressway, as a component of the national road network G4221 Shanghai-Wuhan Expressway, is an important east-west transit channel in our province. During the 2022 Spring Festival, the return of migrant workers led to a steady increase in passenger traffic, and freight logistics also showed a certain growth trend along with the economic recovery of cities along the line.

(III) 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 2022		2022		Main business
			Total assets	Net assets	Revenue	Net profit	
Xuanguang Company	55.47%	111,760	3,102,640	2,354,528	1,949,164	266,082	Expressway enterprises; The business scope covers expressway construction, management, and operation. Currently, it mainly constructs, manages, and operates Xuanguang Expressway
Ningxuanhang Company	51%	300,000	4,170,714	222,362	100,788	-368,788	Expressway enterprises; The business scope covers expressway construction, management, and operation. Currently, it mainly constructs, manages, and operates Ningxuanhang Expressway(Anhui Section)
Guangci Company	55.47%	56,800	277,579	263,345	115,557	71,261	Construction, Management and Operation of Guangci Expressway

Name of company	Equity capital the Group possesses	Registered Capital	31 December 2022		2022		Main business
			Total assets	Net assets	Revenue	Net profit	
Anqing Bridge Company	100%	150,000	3,107,271	1,374,951	458,678	131,484	Expressway enterprises; The business scope covers expressway construction, management, and operation. Currently, it mainly constructs, manages, and operates Anqing Yangtze River Expressway Bridge and Yuewu Expressway
Expressway Media	38%	50,000	496,541	364,229	146,672	43,709	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	–	–	–	–	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	2,754,438	1,172,674	167,000	-181,671	Internet financial services, network information services, pawn business, etc
Wantong MicroCredit	10%	150,000	123,126	122,161	5,936	3,189	Distributing petty loans, small size enterprises management consulting and financial advisory
AEHK	100%	1,817	1,813	1,717	0	76	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 2022		2022		Main business
			Total assets	Net assets	Revenue	Net profit	
Anhui Transportation China Merchants Industrial Fund	6.64%	3,000,000	1,593,598	1,563,133	1,805	-13,659	Investment in energy conservation and environmental protection in transportation services
Anhui Transportation Jinshi Merger and Acquisition Fund	6.64%	3,000,000	2,189,468	1,941,434	89,018	95,492	Equity investment, asset management, enterprise management consulting
Anhui Transportation China Merchants Investment Management Co., Ltd.	2.5%	30,000	46,648	44,225	12,265	8,930	Daily management and investment consultation of Anhui Transportation China Merchants Industrial Fund
Anhui Transportation Jinshi Fund Management Co., Ltd.	2.5%	30,000	120,160	113,987	8,898	6,480	Daily management and investment consultation of Anhui Transportation Jinshi Merger and Acquisition Fund
Anhui Transportation Jinshi Equity Investment Fund	6.64%	1,500,000	1,060,347	1,060,347	3,528	-464	Equity investment, asset management, enterprise management consulting
Anhui Transportation Information Industry Company	10%	60,000	222,404	81,587	158,681	10,643	Construction, operation and service of traffic charging system; Computer software development; Information system integration services, etc.

Note: The specific data of Xin'an Finance are detailed in its subsequent disclosed annual report; and the data of Xin'an Capital have not been audited.

(IV) 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.

(V) Investment Analysis

Overall analysis of external equity investments of the Company

In 2022, the Company complied with the development trend of the highway industry, seize major strategic opportunities such as “Yangtze River Delta integration”, continued to optimize and expand the main highway business, and steadily made progress in foreign investment. The Xuanguang Expressway expansion PPP project was successfully implemented, and the Company's asset scale further improved; The Company actively participated in subscribing to the REITs project of Anhui Transportation Holding Group's Yanjiang Expressway, further enhancing the overall competitiveness and profitability of the Company; Ningxuanhang Company has completed the conversion of debt into capital reserve, improving its financing capacity, reducing credit risk, and facilitating the implementation of its overall development strategy.

(I) Material equity investments

Unit: yuan Currency: RMB

Name of invested company	Main business	Whether the target is mainly investment business	Investment mode	Amount of investment	Shareholding ratio	Whether to consolidate the table	Report account (if applicable)	Source of funds	Partner (if applicable)	Investment period (if any)	Progress as of the balance sheet date	Estimated income (if any)	Current profit and loss impact	Whether lawsuit is involved	Disclosure date (if any)	Disclosure index (if any)
Xuanguang Company	Expressway enterprises; The business scope covers expressway construction, management, and operation. Currently, it mainly constructs, manages, and operates Xuanguang Expressway	yes	capital increase	599,158,940.00	55.47%	yes	Long-term equity investment	Self-owned funds	Xuancheng traffic investment	long-term	The capital increase has been completed			no		
Ningxuanhang Company	Expressway enterprises; The business scope covers expressway construction, management, and operation. Currently, it mainly constructs, manages, and operates Ningxuanhang Expressway (Anhui Section)	yes	other	238,052,700.00	51%	yes	Long-term equity investment	Self-owned funds			The capital increase has been completed			no		
total	/	/	/	837,211,640.00	/	/	/	/	/	/	/			/	/	/

(2) *Significant non equity investments*

- a. During the Reporting Period, the Company completed an investment amount of RMB1,417.55 million in the PPP project of Xuanguang Expressway reconstruction and expansion.
- b. The Company held the 24th Meeting of the Ninth Board of Directors and the 2nd Extraordinary General Meeting of Shareholders in 2022 on September 21, 2022 and October 19, 2022, respectively, and reviewed and approved the Resolution in relation to the Subscription of REITs of Anhui Transportation Holding Yanjiang Expressway by the Company and Related Party Transaction** (《關於參與認購安徽交控沿江高速公募REITs暨關聯交易的議案》), and agreed that the Company will subscribe to the CICC Anhui Transportation Expressway Closed Infrastructure Securities Investment Fund (hereinafter referred to as “**ATHC Yanjiang Expressway Public REITs**”) for an amount not exceeding RMB500 million. The Company signed the Strategic Investor Placing Agreement of CICC Anhui Transportation Holding Expressway Closed-end Infrastructure Securities Investment Fund with CICC Fund Management Co., Ltd., the fund manager, to subscribe for the fund shares of the infrastructure fund at a proportion of 3.89% of the total issued shares.

On November 12, 2022, CICC Fund Management Co., Ltd. issued the “Notice on the Effective Date of the Fund Contract for the Closed Infrastructure Securities Investment Fund of CICC Anhui Traffic Control Expressway”. According to the notice, it was confirmed that eventually the Company had successfully subscribed the ATHC Yanjiang Expressway Public REITs, with a subscription amount of RMB423,232 thousand.

(3) *Financial assets measured at fair value*

Item	Opening balance	Profit and loss from changes in fair value in the current period	Cumulative changes in fair value recognized in equity	Current purchase amount	Current sale/ redemption amount	Ending balance
Trading financial assets- structured deposits	0.00	6,496,094.52		850,000,000.00	856,496,094.52	0.00
Equity instruments – shares of unlisted companies						
– Xin'an Financial	71,943,039.61	0.00	-68,384,774.96	0.00	0.00	57,443,039.61
– Xin'an Capital	24,610,529.94	0.00	-35,061,655.49	0.00	0.00	39,110,529.94
– Wantong MicroCredit	15,000,000.00	0.00	0.00	0.00	0.00	15,000,000.00
– China Merchants Fund Management Company	1,302,156.93	0.00	730,617.50	0.00	0.00	1,105,617.50
– Jinshi Fund Management Company	2,282,300.48	0.00	2,474,685.87	0.00	0.00	2,849,685.87
Other non-current financial assets – fund investments						
– China Merchants Fund	131,291,915.82	-14,188,539.26	0.00	0.00	13,283,333.67	103,820,042.89
– Jinshi Merger and Acquisition Fund	139,910,461.01	18,920,731.36	0.00	0.00	29,887,650.00	128,943,542.37
– Jinshi Equity Investment Fund	33,010,190.15	4,206,175.88	0.00	33,208,333.33	0.00	70,424,699.36
CICC Anhui Traffic Control Expressway Closed Infrastructure Securities Investment Fund	0.00	-14,820,900.00	0.00	423,232,000.00	0.00	408,411,100.00
Total	419,350,593.94	613,562.50	-100,241,127.08	1,306,440,333.33	899,667,078.19	827,108,257.54

In 2022, the Company confirmed and received equity dividends of RMB279,042,500, including RMB200,764,000 from Xuanguang Expressway Co., Ltd.* (宣廣高速公路有限責任公司), RMB49,927,200 from Guangci Company, RMB7,845,100 from Anhui Expressway Media Co., Ltd.* (安徽高速傳媒有限公司), RMB13,283,300 from Anhui Transportation China Merchants Industrial Fund, RMB6,641,700 from Anhui Transportation Jinshi Fund, RMB425,000 from Anhui Transportation China Merchants Investment Management Co., Ltd., and RMB159,800 from Anhui Transportation Information Industry Company.

(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.

IV. MATERIAL LITIGATION AND ARBITRATION

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

V. GUARANTEE

During the Reporting Period, the Company has not provided any guarantee.

VI. ENTRUSTED INVESTMENT

1. Overall situation of entrusted wealth management

Unit: yuan Currency: RMB

Type	Source of funds	Amount incurred	Undue balance	Overdue uncollected amount
Bank	Self-owned funds	850,000,000	0	0

2. Single entrusted wealth management

Unit: yuan Currency: RMB

Trustee	Type	Amount	Beginning date	Termination date	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	Whether there will be entrusted financial planning in the future	Provision for impairment (if any)
Everbright Bank	Structured deposits	350,000,000	22 September 2022	23 December 2022	Self-owned funds	contract	3.1%	2,712,500	2,712,500	recovered	Yes	Yes		0.00
Industrial and Commercial Bank	Structured deposits	500,000,000	28 September 2022	29 December 2022	Self-owned funds	contract	1.05-3.2%	1,323,300-4,038,900	3,783,594.52	recovered	Yes	Yes		0.00

VII. 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	0.00	43,584.00	0.00

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	Planned entrusted loans in the future (if any)	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	No	
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	No	
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	No	
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	No	
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	No	
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	No	
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	No	
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	No	
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	No	
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	No	
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	No	
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	No	
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	No	

VIII. 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.

IX. CORPORATE GOVERNANCE CODE

Since its establishment, the Company has strictly complied with the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Guidelines for the Articles of Association of Listed Companies and other laws, regulations and normative documents, continuously standardized its operation and continuously improved its corporate governance level. During the Reporting Period, according to the work deployment of the regulatory authorities and the latest regulations and systems, the Company continued to improve the relevant systems and operational processes of the Company.

During the Reporting Period, in order to further improve the corporate governance structure and enhance the level of corporate governance, according to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for the Articles of Association of Listed Companies (Revised in 2022), and the Listing Rules of Shanghai Stock Exchange (Revised in January 2022). Based on the actual situation, the Company revised 12 systems. At the same time, in order to promote the standardized authorization of the Board of Directors and the management to exercise their powers and perform their duties in accordance with the law, the Company formulated the Administrative Measures for the Authorization of the Board of Directors and the Administrative Measures for the Management to Report to the Board, further improving the operation level of the board of directors.

During the Reporting Period, the actual corporate governance of the Company was not different from the requirements of the Code of Corporate Governance for Listed Companies issued by the CSRC and the relevant laws and regulations.

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 set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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.

X. 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 risk management and 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 2022, 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 five meetings in 2022. The attendance of the Audit Committee meetings is as follows:

Date of Meeting	Content of Meeting	Important Comments and Suggestions by the Committee	Other performance of duties
March 25, 2022	<ol style="list-style-type: none">1. To review the financial report of the Company for the year 2021 (prepared in accordance with domestic accounting standards);2. To review the financial report of the Company for the year 2021 (prepared in accordance with the Hong Kong Accounting Standards);3. To review the profit distribution plan of the Company for the year 2021;4. To consider the proposal on the expected daily related transactions in 2022;5. To review the internal control assessment report of the Company for the year 2021;6. To review the Company's internal control assessment work plan for the year 2022;7. To review the summary of the internal audit work of the Company for the year 2021;	<ol style="list-style-type: none">1. The "2021 Annual Financial Report of the Company", "2021 Annual Financial Report of the Company", "2021 Annual Profit Distribution Plan of the Company", "Proposal on Anticipating Daily Connected Transactions in 2022", "2021 Annual Internal Control Evaluation Report of the Company", and "2021 Annual Internal Control System Work Report" "2022 Major Risk Assessment Report", "2022 Proposal on Changing Accounting Firms", "2021 Audit Committee Performance Report", and "2021 Company Internal Control Audit Report" were reviewed and approved; agreed to submit the above proposals to the Board of Directors for deliberation;2. The Company's "2022 Internal Control Evaluation Work Plan", "2021 Internal Audit Work Summary", "2022 Internal Audit Work Plan", "2021 Internal Audit Report", "2021 Post Investment Evaluation Work Summary", "2022 Post Investment Evaluation Work Plan", "PricewaterhouseCoopers Report on the Company's 2021 Audit Committee", and "Three New Internal Audit Work Systems Added in 2021" were reviewed and approved.	

Date of Meeting	Content of Meeting	Important Comments and Suggestions by the Committee	Other performance of duties
	<p>8. To review the internal audit work plan of the Company for the year 2022;</p> <p>9. To review the internal audit report of the Company for the year 2021;</p> <p>10. To review the summary of the Company's post-investment evaluation work in 2021;</p> <p>11. To review the Company's post-investment evaluation work plan for 2022;</p> <p>12. To review the work report on the internal control system of the Company for the year 2021;</p> <p>13. To review the 2022 material risk assessment report of the Company;</p> <p>14. To discuss the proposal on the change of accounting firms in 2022;</p> <p>15. To discuss the report on the performance of the Audit Committee for 2021;</p> <p>16. To review the report of PricewaterhouseCoopers on the Audit Committee of the Company for 2021;</p> <p>17. To review the internal control audit report of the Company for 2021;</p> <p>18. To review the three new internal audit systems added in 2021.</p>		
April 28, 2022	To review the financial statements of the Company for the first quarter of 2022 prepared in accordance with PRC accounting standards.	Considered and approved the Accounting Statements for the First Quarter of 2022 Prepared in accordance with the Domestic Accounting Standards, and agreed to submit this proposal to the Board of Directors for consideration.	

Date of Meeting	Content of Meeting	Important Comments and Suggestions by the Committee	Other performance of duties
August 26, 2022	<ol style="list-style-type: none"> To review the financial report of the Company for the interim period of 2022 prepared in accordance with the PRC accounting standards; To review the financial report of the Company for the 2022 interim period prepared in accordance with the Hong Kong Accounting Standards; To discuss the audit communication of Ernst & Young Hua Ming LLP on Wantong in the second quarter of 2022. 	<ol style="list-style-type: none"> Having listened to the Audit Communication Matters of Ernst & Young Hua Ming Certified Public Accountants (Special General Partnership) on Wantong Company in the Second Quarter of 2022, and agreed to carry out the audit work according to this plan; Considered and approved the “2022 Interim Financial Report Prepared in Accordance with PRC Accounting Standards” and the “2022 Interim Financial Report Prepared in Accordance with Hong Kong Accounting Standards”, and agreed to submit the above resolutions to the Board for consideration. 	
October 27, 2022	To review the financial report of the Company for the third quarter of 2022 prepared in accordance with PRC accounting standards.	Considered and approved the Financial Report for the Third Quarter of 2022 Prepared in accordance with the Domestic Accounting Standards, and agreed to submit this proposal to the Board of Directors for consideration.	
December 29, 2022	To review the post-investment evaluation plan for the investment projects of the Company in 2023.	The Post-investment Evaluation Plan for Investment Projects in 2023 of the Company was reviewed and approved. Agreed to submit this proposal to the board of directors for consideration.	

Note: For details of the work of the Audit Committee, please refer to the Report on the Performance of Duties of the Audit Committee for 2022.

XI. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

Adjustment of toll charging methods and standards

According to the “Notice on Matters Related to Toll Road Vehicle Toll Fees in Anhui Province” jointly issued by the Department of Transportation of Anhui Province, the Development and Reform Commission of Anhui Province, and the Department of Finance of Anhui Province (WJL [2020] No. 162), the vehicle toll fee standard for toll roads in Anhui Province has been put into trial operation for one year and expires at the end of 2020. With the approval of the provincial government, the new standard will be officially implemented from January 1, 2021. The period for freight vehicles with Anhui traffic cards to enjoy a 15% discount is tentatively extended for three years, from January 1, 2021 to December 31, 2023. For details, please refer to the Company’s announcement “Announcement on Toll Charging Standards” * (《關於通行費收費標準的公告》) (Lin 2020-033).

Uniform 5% discount for ETC users

According to the requirements of the “Notice on Implementing Preferential Policies for ETC Vehicle Toll Fees on Toll Roads” issued by the Anhui Provincial Department of Transportation and the Anhui Provincial Development and Reform Commission, from July 1, 2019, a preferential policy of 5% off the vehicle toll fees will be implemented for vehicles that use electronic payment cards from other provinces to pay the toll fees on toll roads in Anhui Province.

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 the relevant regulations of the State-owned Assets Supervision and Administration Commission of Anhui Province, the original auditor appointed by the Company i.e. PricewaterhouseCoopers Zhongtian Certified Public Accountants (special general partnership) has exceeded the employment period. Since 2022, PricewaterhouseCoopers ceased to serve as the external auditor for the Company’s audit services. The 19th meeting of the 9th Board of Directors held on March 28, 2022, and the 2021 General Meeting of Shareholders held on May 20, 2022, respectively, reviewed and approved the Proposal on Changing the Accounting Firm and the Proposal on Employing the Company’s Auditors for 2022 and Authorizing the Board of Directors to Determine Their Remuneration, Ernst&Young Huaming Certified Public Accountants (Special General Partnership) was appointed as the financial auditor and internal control auditor of the Company in 2022. For details, please refer to the Company’s announcement dated 28 March 2022 and headed “Proposed Change of Auditors”.

Approved official toll operation period for Liqiao-Xuancheng section of Ningxuanhang Expressway

Liqiao-Xuancheng Expressway (hereinafter referred to as “**Lixuan Expressway**”), the third-stage project of Ningxuanhang Expressway invested and built by the Company Limited, had been open for operation since 30 December 2017. According to the “Official Reply on the Toll Operation Period of Liqiao-Xuancheng Section of Ningxuanhang Expressway” (Wan Zheng Mi [2022] No. 96)* (《關於寧宣杭高速公路狸橋至宣城段收費經營期限的批覆》)(皖政秘[2022]96號)) issued by the People’s Government of Anhui Province, the toll operation period of Lixuan Expressway is 30 years from 30 December 2017 to 29 December 2047. For details, please refer to the Company’s announcement dated 30 September 2022 and headed “Official Reply on the Toll Operation Period of Liqiao-Xuancheng Section of Ningxuanhang Expressway”.

Periodic reduction of toll road truck tolls

According to the decisions and arrangements made at the executive meeting of the State Council, and requirements under relevant documents from the Ministry of Transport and the Department of Transportation of Anhui Province, on the basis of continuing to implement the existing various toll reduction policies, the national toll roads uniformly reduced truck tolls by another 10% from 0:00 on October 1, 2022 to 24:00 on December 31, 2022.

Wantong Pawn Liquidation and Dissolution

On June 21, 2021, the Company held the 9th meeting of the 9th Board of Directors, deliberated and passed the Resolution on the Liquidation and Dissolution of Hefei Wantong Pawn Company, agreed to the liquidation and dissolution of Hefei Wantong Pawn Company Limited* (合肥皖通典當有限公司) (“**Wantong Pawn**”), and authorized the management of the Company to handle all relevant matters related to the liquidation and dissolution of Wantong Pawn. On December 6, 2022, the Company received the “Notice of Approval for Cancellation of Registration”* (《准予註銷登記通知書》) ((He) Deng Ji Qi Xiao Zi [2022] No. 123810) issued by Hefei Municipal Market Supervision and Administration Bureau, approving the cancellation of registration of Wantong Pawn. For details, please refer to the Company’s announcement “Announcement on Completion of Liquidation and Cancellation of Registration of Holding Subsidiaries”* (《關於控股子公司完成清算註銷登記的公告》) (Lin 2022-042).

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.

XII. PROSPECTS AND OUTLOOK

1. The development space of the industry is broad, and the policy orientation is increasingly obvious.

The report of the 20th National Congress of the Communist Party of China points out that “high-quality development is the primary task of building a socialist modern country in an all-round way”, which highlights China’s pursuit of “gold content” in economic development. In recent years, geopolitical conflicts have intensified, global economic growth has been weak, and the risk of recession has increased. Faced with the complex and severe domestic and international situation and the impact of multiple unexpected factors, China has achieved stable economic operation, steadily improved the quality of development, and maintained social stability. Economic growth is the key factor determining the growth of traffic demand, and the space and opportunities for the future development of the highway industry are still broad: From the perspective of social benefits, transportation is still an important support for the development of the national economy, and there will be no major changes in the national policy on the construction of transportation infrastructure. From the perspective of investment efficiency, it is expected that the investment in highway infrastructure will continue to maintain a relatively ideal growth trend in the future, and the pulling effect on economic growth will be further revealed. From the perspective of road network structure, with the integration of the Yangtze River Delta and the strategy of building a strong transportation country, there is still a large space for investment and construction of road network in Anhui Province.

2. The return on investment is gradually decreasing, and innovation and development are imminent.

Toll road industry will still face a series of challenges, first, affected by the slowdown in economic growth, the growth space of toll revenue is limited; Secondly, the cost of land acquisition, demolition and labor is rising, and the construction cost of toll roads is increasing (at present, the average cost of domestic expressways is about RMB100 million per kilometer). At the same time, the standards of safety monitoring facilities, environmental protection and road conditions are constantly improving, which leads to the rising cost of operation and maintenance. Thirdly, most of the road sections have been open to traffic for a long time and the cost of road maintenance has increased, while the new road sections have a long cultivation period and poor road network effect, which affects the Company’s performance due to depreciation and amortization and interest expensing. Fourthly, the amount of various policy exemptions continues to rise, while the management costs for the implementation of the Green Pass policy and the free policy for major

holidays are increasing. Fifthly, the changes of transportation modes such as “expressway to railway” and “expressway to shipping” and the adjustment of road network structure have a persistent impact on the diversion of vehicles on road sections.

Under the traditional investment and financing mode, the return on investment of toll road industry, especially new toll road projects, is declining. In the acquisition of mature road property, the road property resources with good performance are scarce, and the evaluation value-added is large, the premium rate is high, and the return on investment is low.

3. The controlling shareholder has strong strength and huge space for the reform of state-owned enterprises.

Most of the controlling shareholders of expressway listed companies are large provincial enterprises, which have advantages in terms of asset size, capital strength, profitability and core competitiveness. Most shareholders and controlling listed companies have the characteristics of “large groups, small companies”.

The report of the 20th National Congress of the Communist Party of China emphasizes that we should deepen the reform of state-owned enterprises, speed up the optimization of the layout and structural adjustment of state-owned economy, promote state-owned capital and state-owned enterprises to become stronger, better and bigger, enhance the core competitiveness of enterprises, improve the modern enterprise system with Chinese characteristics, promote entrepreneurship and speed up the construction of world-class enterprises. In recent years, the pace of capital market reform and innovation in China has accelerated significantly, the multi-level capital market system has initially taken shape, the depth and breadth of serving the real economy have been expanding, and the reform of state-owned enterprises is in a better period of policy and market opportunities. In this context, most local state-owned enterprises have made it clear that highway listed companies and their controlling shareholders will carry out a series of development measures such as equity incentives, asset securitization, transformation and upgrading. The provincial government of Anhui Provincial Party Committee requires provincial enterprises to further deepen the reform of state-owned enterprises, actively introduce strategic investors, improve the corporate governance structure, and constantly enhance the vitality of enterprise development in the form of promoting overall listing, merger and reorganization. The above measures provide policy guarantee for further deepening reform and innovative development of highway listed enterprises.

4. The degree of informatization is strengthened, and new technologies are deeply integrated with the transportation industry.

In recent years, the degree of expressway informatization in China has been continuously strengthened. The deep integration of information technology, artificial intelligence, new materials, new energy and other technologies with the transportation industry has put forward higher requirements for the transformation and development of transportation. The key and breakthrough points for the next development of expressway informatization lie in adhering to wisdom guidance, accelerating the integration of transportation infrastructure network, transportation service network and information network, expanding the scope of resource sharing, improving the experience of humanized service and the efficiency of organizational collaboration, enhancing the interaction and collaboration of governance, and constantly promoting the implementation of enabling capacity expansion and momentum increase, so as to realize the transformation from traditional factor-driven 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
30 March 2023

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.

* for identification purpose only