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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)

2023 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 2023 (the “**Reporting Period**”) prepared in accordance with Hong Kong Financial Reporting Standards, together with the comparative figures of 2022. They are as follows. The audit committee of the Company has reviewed the annual results for the financial year 2023:

I. FINANCIAL HIGHLIGHTS

(All amounts in Renminbi thousand unless otherwise stated)

Consolidated income statement

For the year ended 31 December 2023

(All amounts in Renminbi thousand unless otherwise stated)

		Year ended 31 December	
	Note	2023	2022
Revenue	2	6,631,337	5,206,366
Cost of sales		<u>(4,037,700)</u>	<u>(2,984,195)</u>
Gross profit		2,593,637	2,222,171
Other income and gains – net		59,191	134,869
Administrative expenses		(183,578)	(162,308)
Net impairment losses on financial assets		<u>(393)</u>	<u>(126)</u>
Operating profit		2,468,857	2,194,606
Finance costs	3	(213,627)	(226,521)
Share of gain of associates		<u>8,596</u>	<u>9,733</u>
Profit before income tax	4	2,263,826	1,977,818
Income tax expense	5	<u>(587,659)</u>	<u>(562,194)</u>
Profit for the year		<u>1,676,167</u>	<u>1,415,624</u>
Attributable to:			
Owners of the Company		1,657,726	1,445,457
Non-controlling interests		<u>18,441</u>	<u>(29,833)</u>
		<u>1,676,167</u>	<u>1,415,624</u>
Basic and diluted earnings per share			
<i>(expressed in RMB per share)</i>	6	<u>0.9995</u>	<u>0.8715</u>

Consolidated statement of comprehensive income**For the year ended 31 December 2023***(All amounts in Renminbi thousand unless otherwise stated)*

	Year ended 31 December	
	2023	2022
Profit for the year	1,676,167	1,415,624
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>(15,594)</u>	<u>278</u>
Total comprehensive income for the year	<u>1,660,573</u>	<u>1,415,902</u>
Attributable to:		
Owners of the Company	1,642,132	1,445,735
Non-controlling interests	<u>18,441</u>	<u>(29,833)</u>
	<u>1,660,573</u>	<u>1,415,902</u>

Consolidated balance sheet**As at 31 December 2023***(All amounts in Renminbi thousand unless otherwise stated)*

		As at 31 December	
	<i>Note</i>	2023	2022
ASSETS			
Non-current assets			
Concession intangible assets		15,024,602	13,497,875
Right-of-use assets		56,633	6,045
Property, plant and equipment		1,208,764	1,216,473
Investment properties		296,972	352,289
Intangible assets		634	5,679
Investment in associates		155,221	146,625
Deferred tax assets		83,021	79,512
Financial assets at fair value through profit or loss (“ FVPL ”)		678,660	711,599
Financial assets at fair value through other comprehensive income		4,850	115,509
		17,509,357	16,131,606
Current assets			
Inventories		4,458	4,706
Receivables and prepayments	<i>10</i>	457,629	537,733
Time deposits with original maturity over three months		2,842,728	1,767,673
Cash and cash equivalents		962,380	2,903,848
		4,267,195	5,213,960
Total assets		21,776,552	21,345,566

Consolidated balance sheet (Continued)**As at 31 December 2023***(All amounts in Renminbi thousand unless otherwise stated)*

	As at 31 December	
	2023	2022
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	(649,724)	(727,940)
Retained earnings	10,263,570	9,611,890
	<u>12,688,049</u>	<u>11,958,153</u>
Non-controlling interests	<u>1,457,242</u>	<u>1,579,019</u>
Total equity	<u>14,145,291</u>	<u>13,537,172</u>

Consolidated balance sheet (Continued)**As at 31 December 2023***(All amounts in Renminbi thousand unless otherwise stated)*

	<i>Note</i>	As at 31 December 2023	2022
LIABILITIES			
Non-current liabilities			
Long-term payables		77,560	77,560
Borrowings		5,959,721	6,201,986
Deferred tax liabilities		32,528	36,798
Deferred income		100,922	113,853
		6,170,731	6,430,197
Current liabilities			
Trade and other payables	<i>11</i>	842,815	835,269
Current income tax liabilities		38,423	30,160
Provision		61,606	71,005
Borrowings		517,686	441,763
		1,460,530	1,378,197
Total liabilities		7,631,261	7,808,394
Total equity and liabilities		21,776,552	21,345,566

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**”) 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.

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 2023. 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 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 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendment prospectively from 1 January 2022. As there was no leases and decommissioning obligations during the year, the amendment did not have any impact on the financial position or performance of the Group.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2. REVENUE

An analysis of revenue is as follows:

	2023	2022
	RMB'000	RMB'000
Toll income from toll roads operation	4,041,761	3,676,379
Service income from management of toll roads	14,992	11,675
Revenue from construction or upgrade work under Service Concessions	2,475,491	1,417,554
Rental income	72,924	60,407
– from toll gas stations (a)	38,870	32,392
– from toll road service sectors (b)	12,963	10,125
– from other investment properties	21,091	17,890
Service income from road emergency assistance	25,977	38,332
Others	192	2,019
	6,631,337	5,206,366

- (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, “**Anhui Transportation Holding Group**”), the Company’s gas stations were leased to AEPC at an annual rental fee of RMB27,355 thousand. The lease period is from 1 January 2023 to 31 December 2025.

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 stations were leased to AEPC at an annual rental fee of RMB2,278 thousand. The lease period ended on 31 December 2023 and the lease was renewed until 31 December 2027 at an annual rental fee of RMB4,555 thousand.

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 Anhui Transportation Holding Group 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 Anhui Transportation Holding Group, the Company’s toll road service sectors were leased to YTMC at an annual rental fee of RMB9,092 thousand. The lease period lasts until 30 April 2025.

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

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	RMB'000
Interest expenses of borrowings	230,254	214,432
Interest expenses of long-term payables	8,680	18,506
Less: Capitalised interest expenses	25,307	6,417
	213,627	226,521

4. PROFIT BEFORE TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Costs for outsourced construction or upgrade work under the Service Concessions	2,475,491	1,417,554
Repair and maintenance expenses	201,103	193,705
Taxes and surcharges	26,284	30,172
Auditor's remuneration	3,380	1,980
Employee benefit expense including directors' and chief executive's remuneration:		
Wages, salaries and allowances, social security and benefits	386,675	371,759
Defined contribution pension schemes	60,025	58,522
	<u>446,700</u>	<u>430,281</u>
Depreciation in respect of:		
– property, plant and equipment	149,481	165,537
– investment properties	16,191	17,950
Amortisation in respect of:		
– concession intangible assets	751,414	749,586
– right-of-use assets	2,080	763
– intangible assets	5,337	11,521
Net losses/(gains) from disposal of property, plant and equipment	6,431	(148)
Net losses/(gains) from disposal of concession intangible assets	240	(8,286)
Net impairment losses of impairment losses on financial assets	393	126
Foreign exchange differences, net	919	(2,051)
Finance costs	213,627	226,521
Interest income	(109,170)	(80,317)
Dividend income from financial assets at FVPL	(42,347)	(19,925)
Dividend income from equity investments at FVOCI	–	(429)
Fair value gains from financial assets at FVPL	108,755	(614)

5. INCOME TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current taxation – CIT (a)	621,523	538,974
Deferred taxation charged to the consolidated income statement	<u>(33,864)</u>	<u>23,220</u>
	<u>587,659</u>	<u>562,194</u>

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

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 CIT Law, a 10% WHT 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 WHT 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 Group has fulfilled the obligation of WHT in 2023 for dividends related to 2022 which was 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit before tax	<u>2,263,826</u>	<u>1,977,818</u>
Tax at the statutory tax rate at 25%	565,956	494,455
Effect of different tax rate of a subsidiary Operating Expenses not deductible for tax purpose	(3)	(6)
Income not subject to tax	(14,606)	(4,542)
Deductible temporary differences not recognised as deferred tax assets during the year	–	309
Utilisation of previously unrecognised deductible temporary differences	(1,041)	(13,146)
Tax losses not recognised as deferred tax assets during the year	47,090	91,603
Others	<u>(11,383)</u>	<u>(8,001)</u>
Tax charge at the Group's effective tax rate	<u>587,659</u>	<u>562,194</u>

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 (2022: 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 2023 and 2022.

	2023	2022
Profit attributable to equity holders of the Company <i>(RMB'000)</i>	1,657,726	1,445,457
Weighted average number of ordinary shares in issue <i>(thousand)</i>	1,658,610	1,658,610
Basic and diluted earnings per share <i>(expressed in RMB per share)</i>	<u>0.9995</u>	<u>0.8715</u>

7. DIVIDENDS

The dividends paid during the years ended 31 December 2023 and 2022 were RMB912,236 thousand (RMB0.55 per share) and RMB912,236 thousand (RMB0.55 per share) respectively. A final dividend in respect of 2023 of RMB0.601 per share, amounting to a total dividend of RMB996,825 thousand was proposed at the board meeting on 28 March 2024. These consolidated financial statements do not reflect this proposed final dividend payable and the amount of which are as below:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend of RMB0.55 (2022: RMB0.55) per ordinary share approved and paid during the year	<u>912,236</u>	<u>912,236</u>

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 2023 and 2022 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 profit available for distribution to the Shareholders recorded by the Company in the Company's statutory financial statements and those in the Company's financial statements prepared in accordance with HKFRSs. As at 31 December 2023, the profit available for distribution to the Shareholders in the Company's financial statements prepared in accordance with HKFRSs amounted to RMB 1,614,144 thousand, which was lower than the profit available for distribution to the Shareholders reflected in the Company's statutory financial statements.

9. COMMITMENTS

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Contracted, but not provided for:		
– Concession intangible assets	4,291,806	250,962
– Property, plant and equipment	45,766	8,532
	<u>4,337,572</u>	<u>259,494</u>

10. RECEIVABLES AND PREPAYMENTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Receivables:		
– Toll road income receivables (a)	56,784	59,930
– Interest receivable	142,426	59,979
– Receivables for construction	30,052	62,928
– Pawn loans to customers	19,643	19,643
– Toll road income compensation receivable	39,208	25,958
– Subsidy receivable	–	300,000
– Input tax deduction	185,023	4,753
– Others	11,613	33,047
	<u>484,749</u>	<u>566,238</u>
Less: Provision for impairment of pawn loans (b)	13,750	13,750
Provision for impairment of others (c)	16,040	15,685
	<u>454,959</u>	<u>536,803</u>
Prepayments:		
– Prepaid expenses	2,670	930
	<u>457,629</u>	<u>537,733</u>

The ageing analysis of the receivables is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	426,618	511,920
Between 1 and 2 years	5,783	2,078
Between 2 and 3 years	1,479	1,207
Over 3 years	50,869	51,033
	<u>484,749</u>	<u>566,238</u>

(a) As at 31 December 2023, toll road income receivables mainly represented receivables from Anhui Expressway Network Operations Company Limited of RMB56,648 thousand (31 December 2022: from Anhui Expressway Network Operations Company Limited of RMB59,930 thousand) for uncollected toll road income.

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the year	(13,750)	(20,005)
Impairment loss reversed	–	755
Receivables written off as uncollectible	–	5,500
	<u>(13,750)</u>	<u>(13,750)</u>

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the year	(15,685)	(15,943)
Impairment loss recognised	(393)	(881)
Receivables written-off as uncollectible	38	1,139
	<u>(16,040)</u>	<u>(15,685)</u>

The Group recognises lifetime expected credit losses (“ECLs”) for receivables and measures the lifetime ECLs on a specific basis according to management’s assessment of the recoverability of the individual receivables, are as follows:

	2023			Reason for impairment	2022	
	Book value <i>RMB'000</i>	Provision for impairment <i>RMB'000</i>	Provision ratio		Book value <i>RMB'000</i>	Provision for impairment <i>RMB'000</i>
Receivables for construction	30,051	(15,026)	50%	Continuous uncollected receivables	30,051	(15,026)
Pawn loans to customers	19,643	(13,750)	70%	Continuous uncollected receivables	19,643	(13,750)
	<u>49,694</u>	<u>(28,776)</u>			<u>49,694</u>	<u>(28,776)</u>

Set out below is the information about the credit risk exposure on the Group’s receivables using a provision matrix:

As at 31 December 2023

	12-month ECLs		Lifetime ECLs		Total <i>RMB'000</i>
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>		
Beginning of the year	659	–	28,776		29,435
Impairment loss recognised	405	–	–		405
Impairment loss reversed	(11)	–	–		(11)
Receivables written-off as uncollectible	(38)	–	–		(38)
End of the year	<u>1,015</u>	<u>–</u>	<u>28,776</u>		<u>29,791</u>

11. TRADE AND OTHER PAYABLES

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables – payables on acquisition of concession intangible assets	627,853	614,185
Current portion of long-term payables	–	19,500
Deposits for construction projects	42,549	31,149
Advance rent receipts	39,064	41,435
Staff salaries and welfare	28,181	28,478
Interest payable	34,280	34,773
Other taxation payables	18,268	12,854
Service fee payable for collection of toll roads income	9,082	7,598
Others	43,538	45,297
	<u>842,815</u>	<u>835,269</u>

As at 31 December 2023, trade and other payables of RMB211,927 thousand (2022: RMB241,847 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.

As at 31 December 2023 and 2022, 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 RMB0.601 per share (taxation included) for the year ended 31 December 2023 to all shareholders.

The final dividend is subject to the approval of shareholders at the 2023 annual general meeting of the Company and will be distributed on or before 12 July 2024.

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 RMB6,631,337 thousand (2022: RMB5,206,366 thousand), representing an increase of 27.37% as compared with the previous year; total profit of RMB2,266,764 thousand (2022: RMB1,976,932 thousand), representing an increase of 14.66% as compared with the previous year; net profit attributable to shareholders of the Company of RMB1,659,929 thousand (2022: RMB1,445,017 thousand), representing an increase of 14.87% as compared with the previous year; basic earnings per share of RMB1.0008 (2022: RMB0.8712), representing an increase of 14.87% as compared with the previous year.

(Unit: yuan Currency: RMB)

In terms of industries	Revenue	Cost of sales	Gross profit rate (%)	Principal businesses in terms of industries		
				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	4,093,594,051.33	1,507,343,282.14	63.18	10.05	-0.36	an increase of 3.85 percentage point
Revenue/cost during construction period	2,475,490,856.09	2,475,490,856.09	0.00	74.63	74.63	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	1,403,967,096.73	446,238,571.78	68.22	19.06	-3.88	an increase of 7.59 percentage point
Gaojie Expressway	915,144,542.73	182,412,541.68	80.07	0.54	-3.88	an increase of 0.92 percentage point
Lianhuo Expressway	278,147,473.28	145,707,831.05	47.61	11.79	14.56	a decrease of 1.27 percentage point
Ninghuai Expressway Tianchang Section	125,085,365.61	36,301,218.84	70.98	11.71	-24.83	an increase of 14.11 percentage point
New Tianchang Section of National Trunk 205	83,314,732.80	37,424,384.41	55.08	22.21	-1.97	an increase of 11.08 percentage point
Xuanguang Expressway	413,035,138.32	141,580,016.59	65.72	-21.84	0.53	a decrease of 7.63 percentage point
Guangci Expressway	98,869,023.14	19,007,388.65	80.78	-14.44	-10.92	a decrease of 0.76 percentage point
Ningxuanhang Expressway	288,704,765.44	285,610,310.58	1.07	190.00	3.91	an increase of 177.16 percentage point
Anqing Yangtze River Expressway Bridge	340,686,294.13	69,784,139.45	79.52	4.19	9.48	a decrease of 0.99 percentage point
Yuewu Expressway	146,639,619.15	143,276,879.11	2.29	11.96	-0.73	an increase of 12.49 percentage point
Revenue/cost during construction period	2,475,490,856.09	2,475,490,856.09	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	6,569,084,907.42	3,982,834,138.23	39.37	27.87	35.92	a decrease of 3.59 percentage point

(II) Operations of toll highways

During the Reporting Period, the Group achieved a toll income of RMB4,041,761 thousand in total (2022: RMB3,676,379 thousand), representing an increase of 9.94% as compared with the previous year.

During the Reporting Period, with various policies and measures of exemption being implemented continuously, the total amount of exempted tolls was RMB693 million, of which: The amount of exemption for Green Channel was approximately RMB138 million with over 203 thousand vehicles being exempted; The amount of exemption on holidays was RMB250 million with around 5,820.6 thousand vehicles being exempted; The amount of ETC discounts for the year was approximately RMB287 million. Among them, the amount of preferential reduction and exemption of Anhui transportation card for trucks was RMB174 million, accounting for 61% of the total amount of preferential reduction and exemption of ETC; Other amounts of exemption amounted to approximately RMB18 million.

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

Details of the operation of toll highways in 2023 were as follows:

Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2023	2022	Change (%)	2023	2022	Change (%)
Hening Expressway	100%	45,890	32,653	40.54	1,426,608	1,197,057	19.18
New Tianchang Section of National Trunk 205	100%	7,010	5,771	21.47	87,480	71,583	22.21
Gaojie Expressway	100%	27,721	24,964	11.05	929,713	926,406	0.36
Xuanguang Expressway	55.47%	20,995	23,929	-12.26	425,426	544,333	-21.84
Lianhuo Expressway Anhui Section	100%	22,029	15,731	40.03	283,968	254,062	11.77
Ninghuai Expressway Tianchang Section	100%	45,442	35,183	29.16	126,184	113,021	11.65
Guangci Expressway	55.47%	2,8569	30,878	-7.48	100,069	117,258	-14.66
Ningxuanhang Expressway	51%	10,417	4,068	156.08	284,821	94,124	202.60
Anqing Yangtze River Expressway Bridge	100%	31,577	28,534	10.67	350,907	336,807	4.19
Yuewu Expressway Anhui Section	100%	9,455	7,942	19.05	149,502	133,370	12.09
Total		/	/	/	4,164,678	3,788,021	9.94

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per kilometer per day (RMB)		Change (%)
		2023	2022	2023	2022	
Hening Expressway	100%	74:26	67:33	29,168	24,475	19.18
New Tianchang Section of National Trunk 205	100%	29:71	28:72	7,965	6,537	22.21
Gaojie Expressway	100%	61:39	55:45	23,156	23,074	0.36
Xuanguang Expressway	55.47%	73:27	66:34	13,825	17,754	-21.84
Lianhuo Expressway						
Anhui Section	100%	74:26	59:41	14,407	12,890	11.77
Ninghuai Expressway						
Tianchang Section	100%	84:16	76:24	24,676	22,118	11.65
Guangci Expressway	55.47%	73:27	65:35	18,870	22,947	-14.66
Ningxuanhang Expressway	51%	76:24	73:27	6,670	2,204	202.60
Anqing Yangtze River Expressway Bridge	100%	68:32	63:37	160,232	153,793	4.19
Yuewu Expressway						
Anhui Section	100%	66:34	62:38	8,904	7,943	12.09

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.
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 of RMB39,207 thousand.
3. The traffic data mentioned above are provided by Anhui Expressway Network Operations Company Limited.

Hening Expressway

During the Reporting Period, the annual toll increased by 19.18% year-on-year. The reconstruction and expansion works of Heliuye Expressway connected to it was completed in late 2022, and the traffic conditions of the Anhui section of G40 Hushan Expressway was improved, which had a positive impact on the increase of tolls on Hening Expressway. In addition, due to the reconstruction and expansion works on the parallel Chuzhou-Bengbu section of the G36 Ningluo Expressway, some vehicles chose to pass through Hening Expressway.

New Tianchang Section of National Trunk 205

During the Reporting Period, the annual toll increased 22.21 percent year-on-year. At the end of August 2022, height limit frames were set up on the parallel County Road X 101, and trucks chose to travel through National Trunk 205, and the traffic of trucks increased significantly.

Gaojie Expressway

During the Reporting Period, the annual toll increased by 0.36 percent year-on-year. The maintenance works on Taihu-Qianshan Section of National Trunk G105 and Qianshan Outer Ring Section of National Trunk G318 were completed at the end of October and the end of December 2023 respectively (truck detoured during the construction period), resulting in reflux of truck traffic. With the opening of Wuyue Expressway on 28 October 2023, the entire Yuewu East Extension line has opened to traffic, with certain diversion effect on traffic entering Anhui Province from Hubei Province.

Xuanguang Expressway and Guangci Expressway

During the Reporting Period, the annual toll fees for Xuanguang Expressway and Guangci Expressway decreased by 21.84% and 14.66% respectively year-on-year. The reconstruction and expansion work on Xuanguang Expressway and the better travel condition of the parallel National Trunk G318 after upgrading and renovation diverted traffic from these sections.

Anhui Section of Lianhuo Expressway

During the Reporting Period, the annual toll increased by 11.77% year-on-year. As one of the main channels connecting the east and west, the Anhui section of Lianhuo Expressway saw a significant year-on-year increase in traffic volume and toll revenue.

Tianchang Section of Ninghuai Expressway

During the Reporting Period, the annual toll increased by 11.65% year-on-year. This section is a part of the G25 Changshen Expressway of the National Expressway Network. After the Chutian Expressway opened and connected to it at the end of 2022, the road network was further improved, which is conducive to traffic growth.

Ningxuanhang Expressway

During the Reporting Period, the annual toll increased by 202.60% year-on-year. The Jiangsu section of the Ningxuanhang Expressway was opened and put into operation in September 2022, and the Zhejiang section of the Ningxuanhang Expressway was opened and put into operation in December of the same year. After the entire section was connected, inter provincial regional transportation became more convenient, and the traffic volume increased significantly.

Anqing Yangtze River Highway Bridge

During the Reporting Period, the annual toll increased by 4.19% year-on-year (including government purchase service fees). The Chizhou Yangtze River Bridge on the G0321 Deshang Expressway has a diversion effect on the section; The expansion and renovation of the upstream Xuanguang Expressway and Ningwu Expressway also had a certain impact on this section.

Anhui Section of Yuewu Expressway

During the Reporting Period, the annual toll increased by 12.09% year-on-year. The expansion and reconstruction of the upstream Xuanguang Expressway and Ningwu Expressway had a certain impact on this section. With the opening of the Wuyue Expressway on 28 October 2023, the Yuewu East Extension Line has been fully connected. Vehicles travelling between Jiangsu, Zhejiang, and Hubei have chosen to travel through the Yuewu section, resulting in a year-on-year increase of 82.39% in toll fees in November and December 2023.

(II) Analysis of main shares holding companies and joint stock companies

Unit: RMB'0,000

Name of company	Equity capital the Group possesses	Registered Capital	31 December 2023		2023		Main business
			Total assets	Net assets	Revenue	Net profit	
Xuanguang Company	55.47%	11,176	412,086	280,732	289,249	17,976	Expressway enterprises; The business scope covers expressway construction, management, and operation. Currently, it mainly constructs, manages, and operates Xuanguang Expressway
Ningxuanhang Company	51%	30,000	391,656	4,130	29,132	-18,106	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%	5,680	25,966	25,297	9,887	6,088	Construction, management and operation of Guangci Expressway

Name of company	Equity capital the Group possesses	Registered Capital	31 December 2023		2023		Main business
			Total assets	Net assets	Revenue	Net profit	
AEHK	100.00%	181.7	185	176	0	4	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
Anqing Bridge Company	100%	15,000	294,289	152,915	48,795	15,419	Expressway enterprises; The business scope covers expressway construction, management, and operation. Currently, it mainly constructs, manages, and operates Anqing Yangtze River Expressway Bridge and Yewu Expressway
Expressway Media	38%	5,000	51,456	38,733	15,598	4,228	Design, making, publication of and agency for domestic advertisements Anhui Transportation China Merchants
Anhui Transportation China Merchants Industrial Fund	6.64%	300,000	191,467	188,018	8,751	6,704	Investment in energy conservation and environmental protection in transportation services
Anhui Transportation China Merchants Investment Management Co., Ltd.	2.50%	3,000	5,952	5,710	1,678	1,287	Daily management and investment consultation of Anhui Transportation China Merchants Industrial Fund
Anhui Transportation Jinshi Merger and Acquisition Fund	6.64%	300,000	197,486	157,737	25,907	15,039	Equity investment, asset management, enterprise management consulting

Name of company	Equity capital the Group possesses	Registered Capital	31 December 2023		2023		Main business
			Total assets	Net assets	Revenue	Net profit	
Anhui Transportation Jinshi Fund Management Co., Ltd.	2.50%	3,000	14,302	13,689	3,204	2,290	Daily management and investment consultation of Anhui Transportation Jinshi Merger and Acquisition Fund
Anhui Transportation Jinshi Equity Investment Fund	6.64%	150,000	154,903	151,747	6,295	3,118	Equity investment, asset management, enterprise management consulting
Anhui Conch Jinshi Innovation Fund	10%	500,000	50,025	50,025	125	-64	Equity investment, asset management, enterprise management consulting
Anhui Transportation Information Industry Company	10%	6,000	22,242	8,036	17,618	9.1	Construction, operation and service of traffic charging system; Computer software development; Information system integration services, etc.

(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 2023, 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 reconstruction and expansion PPP project was continuously carried out, and the Company’s asset scale further improved; The Company actively participated in the establishment of Anhui Transportation Holding Jinshi Emerging Industry Equity Investment Fund and Anhui Conch Jinshi Innovation and Development Investment Fund, further enhancing the overall investment level and profitability of the Company. development strategy.

(1) Material equity investments

Unit: yuan Currency: RMB

Name of invested company	Main business	Whether the target is mainly investment		Investment 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)
		business	mode													
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	529,110,000.00	55.47%	yes	Long-term equity investment	Self-owned funds	Xuancheng traffic investment	long-term	The capital increase has been completed			no		
total	/	/	/	<u>529,110,000.00</u>	//	/	/	/	/	/	/	/	/	/	/	/

(2) *Significant non equity investments*

- a. The PPP project for the renovation and expansion of the Xuanguang Expressway started construction in February 2022. During the Reporting Period, the completed investment amount was RMB2.475 billion, with a cumulative actual investment amount of RMB3.893 billion.
- b. In September 2023, the Company jointly signed the partnership agreement for Anhui Conch Jinshi Innovation and Development Investment Fund Partnership Enterprise (Limited Partnership) with Anhui Conch Cement Co., Ltd, Jinshi Investment Company Limited* (金石投資有限公司) (“**Jinshi Investment**”), and other partners to invest RMB500 million in equity to establish Conch Jinshi Innovation Fund. During the Reporting Period, the Company has paid an investment of RMB50 million to the Anhui Conch Jinshi Innovation Fund.
- c. In November 2023, Company jointly signed the partnership agreement for Anhui Transportation Holding Jinshi Emerging Industry Equity Investment Fund Partnership Enterprise (Limited Partnership) with Anhui Transportation Capital, Anhui Transportation Holding Capital Fund Management Co., Ltd* (安徽交控資本基金管理有限公司) (“**Transportation Holding Fund Management Company**”), Jinshi Investment and Jinshi Runze (Zibo) Investment Advisory Partnership (Limited Partnership* (金石潤澤(淄博)投資諮詢合夥企業(有限合夥)) (“**Jinshi Runze**”). Investing RMB 200 million in equity with its own funds to establish an emerging industry fund. Please refer to the Company’s announcement dated 2 November 2023 and headed “CONNECTED TRANSACTION – ESTABLISHMENT OF FUND PARTNERSHIP” for details. During the Reporting Period, the Company has paid an investment of RMB10 million to the Jinshi Emerging Industry Fund.

(3) *Financial assets measured at fair value*

Unit: yuan Currency: RMB

Item	Opening balance	Profit and loss from changes in fair value in the current period	Cumulative changes in fair value recognized in equity	Impairment accrued in the current period	Current purchase amount	Current sale/redemption amount	Other changes	Ending balance
Trading financial assets-structured deposits	0.00	788,194.44	0.00	0.00	100,000,000.00	100,788,194.44	0.00	0.00
Other equity instruments								
-Xin'an Financial	57,443,039.61	0.00	-59,067,814.57	0.00	0.00	66,760,000.00	0.00	0.00
-Xin'an Capital	39,110,529.94	0.00	-63,272,185.43	0.00	0.00	10,900,000.00	0.00	0.00
-Wantong MicroCredit	15,000,000.00	0.00	-2,792,800.00	0.00	0.00	12,207,200.00	0.00	0.00
-China Merchants Fund Management Company	1,105,617.50	0.00	1,052,382.26	0.00	0.00	0.00	0.00	1,427,382.26
-Jinshi Fund Management Company	2,849,685.87	0.00	3,047,322.44	0.00	0.00	0.00	0.00	3,422,322.44
Other non-current financial assets								
-China Merchants Fund	103,820,042.89	4,450,871.42	0.00	0.00	19,925,000.00	3,320,833.33	0.00	124,875,080.98
-Jinshi Merger and Acquisition Fund	128,943,542.37	9,028,768.72	0.00	0.00	0.00	33,208,333.00	0.00	104,763,978.09
-Jinshi Equity Investment Fund	70,424,699.36	-2,847,835.62	0.00	0.00	33,208,333.34	0.00	0.00	100,785,197.08
-Hailuo Jinshi Innovation Development Fund	0.00	25,786.60	0.00	0.00	50,000,000.00	0.00	0.00	50,025,786.60
Jinshi emerging Industry Fund	0.00	0.00	0.00	0.00	10,000,000.00	0.00	0.00	10,000,000.00
CICC Anhui Traffic Control Expressway Closed Infrastructure Securities Investment Fund	408,411,100.00	-120,201,000.00	0.00	0.00	0.00	0.00	0.00	288,210,100.00
Total	827,108,257.54	-108,755,214.44	-121,033,095.30	0.00	213,133,333.34	227,184,560.77	0.00	683,509,847.45

In 2023, the Company confirmed and received equity dividends of RMB236,950,900, including RMB147,595,600 from Xuanguang Expressway Co., Ltd.* (宣廣高速公路有限責任公司), RMB39,528,300 from Guangci Company, RMB7,288,900 from Anhui Expressway Media Co., Ltd.* (安徽高速傳媒有限公司), RMB191,600 from Anhui Transportation Information Industry Company, RMB42,346,500 from CICC Anhui Transportation Holding Expressway Closed-end Infrastructure Securities Investment Fund.

(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 Reporting Period.

V. GUARANTEE

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

VI. ENTRUSTED INVESTMENT

1. General entrusted wealth management

Applicable Not applicable

2. Single entrusted wealth management

Applicable Not applicable

VII. ENTRUSTED LOANS

1. General entrusted loans

Unit: '0,000 Currency: RMB

Type	Source 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	

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	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, in accordance with the requirements of laws, regulations, and normative documents such as the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises* (《境內企業境外發行證券和上市管理試行辦法》), the Measures for the Administration of Independent Directors of Listed Companies* (《上市公司獨立董事管理辦法》), and the Listing Rules of the Shanghai Stock Exchange (Revised in August 2023) (《上海證券交易所股票上市規則(2023年8月修訂)》), based on the actual situation, the Company proposed to revise its articles of association (“**Articles of Association**”) and its attachments, namely the Rules of Procedures of General Meeting, the Rules of Procedures of the Board of Directors, and the Rules of Procedures of the Supervisory Committee, revised the terms of reference of the three professional committees of the Board of Directors, and formulated the Independent Director Work System. The proposed amendments to the Articles of Association and its attachments, as well as the Independent Director Work System, have been reviewed and approved by the board of directors and supervisory committee meetings. They will officially come into effect after being reviewed and approved at a general meeting of shareholders; During the Reporting Period, based on the evaluation of authorized matters by the Board of Directors in 2023 and in combination with the “Three Major and One Large” decision-making matters list, the Company also revised the list of matters delegated to the General Manager under the “Board of Directors Authorization Management Measures”* (《董事會授權管理辦法》).

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 Part 2 of Appendix C1 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 2023, 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 2023. The particulars 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
30 March 2023	<ol style="list-style-type: none"> 1. To review the financial report of the Company for the year 2022 (prepared in accordance with domestic accounting standards); 2. To review the financial report of the Company for the year 2022 (prepared in accordance with the Hong Kong Accounting Standards); 3. To review the profit distribution plan of the Company for the year 2022; 4. To consider the proposal on the expected daily related transactions in 2023; 5. To review the internal control assessment report of the Company for the year 2022; 6. To review the Company's internal control assessment work plan for the year 2023; 7. To review the summary of the internal audit work of the Company for the year 2022; 	<ol style="list-style-type: none"> 1. The “2022 Annual Financial Report of the Company prepared in accordance with domestic accounting standards”, “2022 Annual Financial Report of the Company prepared in accordance with Hong Kong Accounting Standards”, “2022 Annual Profit Distribution Plan of the Company”, “Proposal on Expected Daily Connected Transactions in 2023”, “2022 Annual Internal Control Assessment Report of the Company” “2022 Annual Internal Control System Work Report” “2023 Material Risk Assessment Report”, “2022 Audit Committee Performance Report”, “2022 Internal Control Audit Report of the Company” “2022 Summary of the Company’s Post-investment Evaluation work” “Summary of the Internal Audit Work of the Company for the year 2022” “2023 Internal Audit Work plan of the Company” “Proposal on the Re-appointment of the Company’s Auditors for 2023” “2023 Audit Expense Budget” were reviewed and approved; the committee agreed to submit the above proposals to the Board of Directors for deliberation; 	

Date of Meeting	Content of Meeting	Important Comments and Suggestions by the Committee	Other performance of duties
	8. To review the internal audit work plan of the Company for the year 2023;	2. Consideration and approval of the “Internal Control Assessment Work Plan for 2023”, “Internal Audit Report for 2022”, “Communication Report of Ernst & Young Hua Ming on the Audit of the Company’s Financial Statements for 2022 to the Audit Committee”, “Revision of Five Internal Audit Work Systems for 2022” and “Review of the Three-in-One Risk Control Compliance Manual of the Company”.	
	9. To review the internal audit report of the Company for the year 2022;		
	10. To review the summary of the Company’s post-investment evaluation work in 2022;		
	11. To review the work report on the internal control system of the Company for the year 2022;		
	12. To review the 2023 material risk assessment report of the Company;		
	13. To review the proposal on the re-appointment of the Company’s Auditors for 2023;		
	14. To review the report on the performance of the Audit Committee for 2022;		
	15. To review the report of Ernst&Young Huaming on regarding the audit of the company’s 2022 financial statements to the Audit Committee;		
	16. To review the budget for 2023 audit expense;		
	17. To review the internal control audit report of the Company for 2022;		
	18. To review the five new internal audit systems revised in 2022;		
	19. To review the three-in-one manual of internal risk control compliance of the Company.		

Date of Meeting	Content of Meeting	Important Comments and Suggestions by the Committee	Other performance of duties
26 April 2023	<ol style="list-style-type: none"> 1. To review the financial statements of the Company for the first quarter of 2023 prepared in accordance with PRC accounting standards; 2. To review the company's 2022 annual internal control evaluation report defect rectification plan. 	<ol style="list-style-type: none"> 1. Considered and approved the financial statements of the Company for the first quarter of 2023 prepared in accordance with PRC accounting standards, and agreed to submit this proposal to the Board of Directors for consideration. 2. Considered and approved the Company's 2022 annual internal control evaluation report defect rectification plan. 	
29 August 2023	<ol style="list-style-type: none"> 1. To review the financial report of the Company for the interim period of 2023 prepared in accordance with the PRC accounting standards; 2. To review the financial report of the Company for the 2023 interim period prepared in accordance with the Hong Kong Accounting Standards; 3. To discuss the audit communication of Ernst & Young Hua Ming LLP on Anhui Expressway in the second quarter of 2023. 	<ol style="list-style-type: none"> 1. Listened to the Audit Communication Matters of Ernst & Young Hua Ming Certified Public Accountants (Special General Partnership) on Anhui Expressway in the Second Quarter of 2023, and agreed to carry out the audit work according to this plan; 2. Considered and approved the "2023 Interim Financial Report Prepared in Accordance with PRC Accounting Standards" and the "2023 Interim Financial Report Prepared in Accordance with Hong Kong Accounting Standards", and agreed to submit the above proposals to the Board for consideration. 	

Date of Meeting	Content of Meeting	Important Comments and Suggestions by the Committee	Other performance of duties
30 October 2023	<ol style="list-style-type: none"> To review the financial report of the Company for the third quarter of 2023 prepared in accordance with PRC accounting standards; To discuss the audit communication of Ernst & Young Hua Ming LLP on Anhui Expressway in the third quarter of 2023. 	<ol style="list-style-type: none"> Considered and approved the financial report of the Company for the third quarter of 2023 prepared in accordance with PRC accounting standards, and agreed to submit the proposal to the Board of Directors for consideration. Listened to the Audit Communication Matters of Ernst & Young Hua Ming Certified Public Accountants (Special General Partnership) on Anhui Expressway in the Third Quarter of 2023, and agreed to carry out the audit work according to this plan. 	
27 December 2023	<ol style="list-style-type: none"> To review the post-investment evaluation plan for the investment projects of the Company in 2024; To review the Company's 2023 revised internal audit and internal control system regulations. 	<ol style="list-style-type: none"> Considered and approved the post-investment evaluation plan for the investment projects of the Company in 2024, and agreed to submit the proposal to the Board of Directors for consideration. Considered and approved the Company's 2023 revised internal audit and internal control system regulations. 	

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 2023.

XI. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

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).

Postponement of the election of the new session of the board of directors and the supervisory committee

The term of office of the ninth session of the board of directors and supervisory committee (“**Supervisory Committee**”) of the Company has expired on August 16, 2023. As the election of the new session of the Board and the Supervisory Committee is still in proactive preparation, in order to ensure the continuity of relevant work of the Company, the election of the new session of the Board and the Supervisory Committee was postponed, and the terms of special committees of the Board and senior management of the Company were also be extended correspondingly. Before the completion of the election of the new session of the Board and the Supervisory Committee, all the members of the ninth session of the Board, the Supervisory Committee, special committees of the Board and the aforementioned senior management of the Company would continue to perform their respective obligations and duties required for directors, supervisors and senior management in accordance with laws, regulations, regulatory documents and the articles of association of the Company, as well as other applicable requirements. The postponement of the election of the new session of the Board and the Supervisory Committee will not affect the normal operation of the Company. The Company will proactively proceed with relevant work, complete the election of the new session of the Board and the Supervisory Committee as soon as possible, and fulfill its obligations of information disclosure in a timely manner. For details, please refer to the Company’s announcement dated 12 July 2023 and headed “ANNOUNCEMENT ON THE POSTPONEMENT OF THE ELECTION OF THE NEW SESSION OF THE BOARD OF DIRECTORS AND THE SUPERVISORY COMMITTEE”.

Investment and equity participation in the establishment of Anhui Conch Jinshi Innovation and Development Investment Fund

The Company proposed to jointly establish an innovation fund with Jinshi Investment (as the general partner, executive partner, and fund manager of the Innovation Fund) and other partners, with a total target size of RMB5 billion and all investors contributing in cash. On 23 August 2023, the Company held the 34th meeting of the 9th session of the board of directors and approved the Company's participation in the establishment of Anhui Conch Jinshi Innovation and Development Investment Fund Partnership Enterprise (Limited Partnership)* (安徽海螺金石創新發展投資基金合夥企業有限合夥)) (tentative name, subject to registration) as a limited partner. The Company's subscription amount was RMB500 million, representing 10% of the total subscribed capital of the fund. On September 8, 2023, the Company signed the partnership agreement for Anhui Conch Jinshi Innovation Development Investment Fund Partnership Enterprise (Limited Partnership) with Jinshi Investment and other partners. On November 6, 2023, the Company received a notice that Anhui Conch Jinshi Innovation Development Investment Fund Partnership Enterprise (Limited Partnership) had completed the filing procedures with the Asset Management Association of China in accordance with the requirements of the Securities Investment Fund Law of the People's Republic of China and the Interim Measures for the Supervision and Administration of Privately Offered Investment Funds, and obtained the Securities Company Private Investment Fund Filing Certificate. For details, please refer to the Company announcements headed "Announcement on the Proposed Investment and Participation in the Establishment of Anhui Conch Jinshi Innovation and Development Investment Fund"* (《關於擬投資參股設立安徽海螺金石創新發展投資基金的公告》) (Lin 2023-033), "Progress Announcement on Investment and Participation in the Establishment of Anhui Conch Jinshi Innovation and Development Investment Fund"* (《關於投資參股設立安徽海螺金石創新發展投資基金的進展公告》) (Lin 2023-036), and "Announcement on the Completion of Private Investment Fund Registration for Anhui Conch Jinshi Innovation and Development Investment Fund"* (《關於安徽海螺金石創新發展投資基金完成私募投資基金備案登記的公告》) (Lin 2023-052).

Transfer of share capital in financial companies held by the Company to subsidiary of controlling shareholder

The Company proposed to transfer 10% of the issued share capital in Hefei Wantong MicroCredit Company Limited* (合肥市皖通小額貸款有限公司) (“**Wantong Micro Credit**”), 6.6225% of the issued shares in Anhui Xin’an Financial Group Company Limited* (安徽新安金融集團股份有限公司) (“**Xin’an Financial**”), and 6.6225% of the issued share capital in Anhui Xin’an Capital Operation Management Company Limited* (安徽新安資本運營管理有限公司) (“**Xin’an Capital**”) to Anhui Transportation Capital Investment Management Co., Ltd.* (安徽交控資本投資管理有限公司) (“**Transportation Holding Capital**”), a wholly-owned subsidiary of Anhui Transportation Holding Group, through a non-public agreement transfer, in order to achieve the divestment of the Company’s financial business. On 20 September 2023, the Company held the 36th meeting of the 9th session of the Board of Directors and approved the proposal on the transfer of share capital in financial companies held by the Company. Based on the evaluation results as at the benchmark date of December 31, 2022, the consideration for the 10% of share capital in Wantong MicroCredit held by the Company was RMB12,207.2 thousand, the consideration for the 6.6225% of shares in Xin’an Financial was RMB66,760 thousand, and the consideration for the 6.6225% of share capital in Xin’an Capital was RMB10,900 thousand. For details, please refer to the Company’s announcement dated 20 September 2023 and headed “CONNECTED TRANSACTIONS – DISPOSAL OF EQUITY INTERESTS IN THREE COMPANIES”. In December 2023, industrial and commercial registration of the transfers of share capital in Wantong MicroCredit and Xin’an Capital were completed, and the transfer of shares in Xin’an Financial was also completed, concluding the completion of transfer of the 3 companies.

Investment and equity participation in the establishment of Anhui Transportation Holding Jinshi Emerging Industry Equity Investment Fund

The Company proposed to jointly establish an emerging industry fund with Transportation Holding Capital, Jinshi Investment, and other partners, with a total target size of RMB5 billion and all investors contributing in cash. On October 30, 2023, the Company held the 39th meeting of the 9th session of the Board of Directors and approved the Company’s participation in the establishment of Anhui Transportation Holding Jinshi Emerging Industry Equity Investment Fund Partnership (Limited Partnership)* (安徽交控金石新興產業投資基金合夥企業(有限合夥)) (tentative name, subject to registration) as a limited partner. The Company’s subscription amount was RMB200 million, representing 10% of the total subscribed capital of the fund. On November 2, 2023, the Company signed the partnership agreement for Anhui Transportation Holding Jinshi Emerging Industry Equity Investment Fund Partnership (Limited Partnership) with Transportation Holding Capital, Transportation Holding Fund Management Company, Jinshi Investment and Jinshi Runze. After the fund was established, Jinshi Investment served as the fund manager. For details, please refer to the Company’s announcement dated 2 November 2023 and headed “CONNECTED TRANSACTION – ESTABLISHMENT OF FUND PARTNERSHIP”.

Shares issuance and cash payment for purchasing assets and raising matching funds

The Company proposed to purchase 100% of the share capital of Anhui Liuwu Expressway Co., Ltd.* (安徽省六武高速公路有限公司) (the “**Target Company**”) held by Anhui Transportation Holding Group through the issuance of A-shares and cash payment (the “**Transaction**”), with a consideration of RMB3,666,003,900 for the target assets. The Company also proposed to issue shares through inquiry to no more than 35 eligible specific investors to raise matching funds. On November 9, 2023, the Company held the first extraordinary general meeting of shareholders for 2023, the first A-share class general meeting for 2023, and the first H-share class general meeting for 2023. According to the poll of the attending shareholders eligible to vote, the 22nd proposal was not passed at the first extraordinary general meeting of shareholders in 2023; the first general meeting of H-share shareholders in 2023 failed to pass the first to sixth proposals (including sub proposals). Based on the above proposal not being passed, the Transaction was not approved by the shareholders’ meeting. For details, please refer to the Company’s announcement dated 9 November 2023 and headed “(1) MAJOR AND CONNECTED TRANSACTION – PROPOSED ACQUISITION (2) PROPOSED NON-PUBLIC ISSUANCE OF A SHARES TO RAISE ANCILLARY FUNDS AND (3) APPLICATION FOR WHITEWASH WAIVER (A) POLL RESULTS ANNOUNCEMENT OF THE EGM AND THE CLASS MEETINGS AND (B) LAPSE OF THE PROPOSED ACQUISITION AND PROPOSED NON-PUBLIC ISSUANCE OF A SHARES”.

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 “high quality” 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. With the economic development of China, 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 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 Channel 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 model, the return on investment of toll road industry, especially new toll road projects, is declining. In terms of acquisition of mature road property, 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 Anhui provincial government and 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 the lead of intelligent expressways, 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
28 March 2024

As at the date of this announcement, the board of directors of the Company comprises: Xiang Xiaolong (Chairman) and Chen Jiping 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