安 徽 皖 通 高 速 公 路 股 份 有 限 公 司

ANHUI EXPRESSWAY COMPANY LIMITED

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

(Stock Code: 995)

2008 Annual Results Announcement

The board of directors (the "Board") of Anhui Expressway Company Limited (the "Company") together with its subsidiaries (the "Group") is pleased to present the audited results of the Group for the final year ended 31 December 2008 prepared in accordance with Hong Kong Accounting Standards, together with the comparative figures of 2007. They are as follows, the audit committee of the Company has reviewed the annual results of this announcement:

I. **Financial highlights**

Consolidated income statement
for the year ended 31 December 2008
(All amounts in Renminbi thousands unless otherwise stated)

	Note	Year ended 31 December 2008	2007 *(Restated)*
Revenues	2	2,963,462	2,480,808
Cost of sales		(1,844,232)	(1,268,240)
Gross profit		1,119,230	1,212,568
Other (losses) / gains -net		42,415	(443)
Administrative expenses		(129,371)	(95,572)
Operating profit		1,032,274	1,116,553
Finance costs	3	(65,584)	(1,834)
Share of profit of associates		2,952	1,104
Profit before income tax		969,642	1,115,823
Income tax expense	4	(250,986)	(484,419)
Profit for the year		718,656	631,404
Attributable to:			
Equity holders of the Company		670,700	543,243
Minority interest		47,956	88,161
		718,656	631,404
Basic and diluted earnings per share (expressed in RMB per share)	6	0.4044	0.3275
Dividends	5	381,480	331,722

Consolidated balance sheet
as at 31 December 2008
(All amounts in Renminbi thousands unless otherwise stated)

	As at 31 December	
	2008	**2007**
		(Restated)
ASSETS		
Non-current assets		
Concession intangible assets	7,369,554	6,293,799
Land use rights	12,482	13,128
Property, plant and equipment	729,353	771,644
Investment property	29,781	22,841
Intangible assets	2,847	3,485
Investments in associates	23,928	7,409
Available-for-sale financial assets	18,000	18,000
	8,185,945	7,130,306
Current assets		
Inventories	1,857	2,983
Trade and other receivables	20,371	15,391
Cash and cash equivalents	531,235	407,178
	553,463	425,552
Total assets	8,739,408	7,555,858
EQUITY		
Capital and reverses attributable to the Company's equity holders		
Ordinary share capital	1,658,610	1,658,610
Share premium	1,415,593	1,415,593
Other reserves	74,064	3,385
Retained earnings		
-Proposed final dividend	381,480	331,722
-Others	1,601,681	1,383,140
	5,131,428	4,792,450
Minority interest in equity	220,221	220,882
Total equity	5,351,649	5,013,332

	As at 31 December 2008	2007 *(Restated)*
LIABILITIES		
Non-current liabilities		
Long-term payables	249,568	235,070
Deferred income tax liabilities	68,547	66,303
Deferred income	46,000	48,000
	364,115	349,373
Current liabilities		
Trade and other payables	664,229	574,867
Current income tax liabilities	118,449	208,061
Provision	15,966	20,225
Borrowings	2,225,000	1,390,000
	3,023,644	2,193,153
Total liabilities	3,387,759	2,542,526
Total equity and liabilities	8,739,408	7,555,858
Net current liabilities	(2,470,181)	(1,767,601)
Total assets less current liabilities	5,715,764	5,362,705

Consolidated statement of changes in equity
For the year ended 31 December 2008
(All amounts in Renminbi thousands unless otherwise stated)

	Attributable to equity holders of the Company					
	Ordinary share capital	Share premium	Other reserves	Retained earnings	Minority Interest	Total
Balance at 1 January 2007 (As previously reported)	1,658,610	1,447,459	(41,689)	2,331,971	65,110	5,461,461
Effect of changes in accounting policies	—	—	—	(698,546)	78,932	(619,614)
Balance at 1 January 2007 2007 (Restated)	1,658,610	1,447,459	(41,689)	1,633,425	144,042	4,841,847
Profit for the year	—	—	—	543,243	88,161	631,404
Profit appropriation	—	—	47,153	(47,153)	—	—
2006 final dividends	—	—	—	(414,653)	—	(414,653)
2006 dividends to minority shareholder by subsidiary	—	—	—	—	(11,321)	(11,321)
Restatement of deferred tax liability as a result of change in income tax rate	—	(31,866)	—	—	—	(31,866)
Others	—	—	(2,079)	—	—	(2,079)
Balance at 31 December 2007 (Restated)	1,658,610	1,415,593	3,385	1,714,862	220,882	5,013,332
Profit for the year	—	—	—	670,700	47,956	718,656
Profit appropriation	—	—	71,042	(71,042)	—	—
2007 final dividends	—	—	—	(331,722)	—	(331,722)
2007 dividends to minority shareholder by subsidiary	—	—	—	—	(78,617)	(78,617)
Minority shareholder's contribution to subsidiaries	—	—	—	—	30,000	30,000
Others	—	—	(363)	363	—	—
Balance at 31 December 2008	1,658,610	1,415,593	74,064	1,983,161	220,221	5,351,649

Consolidated cash flow statement
for the year ended 31 December 2008
(All amounts in Renminbi thousands unless otherwise stated)

	Year ended 31 December	
	2008	**2007**
		(Restated)
Cash flows from operating activities		
Cash generated from operations	222,434	786,638
Interest paid	(119,376)	(70,372)
Income tax paid	(338,354)	(318,039)
Net cash (used in)/ generated from operating activities	(235,296)	398,227
Cash flows from investing activities		
Purchase of property, plant and equipment	(84,619)	(104,620)
Cash paid to acquire the equity interests in associated company	(17,556)	—
Proceeds from sales of investments in an associate	—	4,633
Proceeds from sales of property, plant and equipment	284	278
Interest received	5,090	3,564
Dividend received	900	900
Net cash used in investing activities	(95,901)	(95,245)
Cash flows from financing activities		
Proceeds from borrowings	3,085,000	2,746,000
Repayments of borrowings	(2,250,000)	(2,617,000)
Cash generating from minority shareholder's contribution to subsidiaries	30,000	—
Dividends paid to minority interests	(78,617)	(11,321)
Dividends paid to the Company's shareholders	(331,722	(414,653)
Net cash (used in) / generated from financing activities	454,661	(296,974)
Net increase in cash and cash equivalents	123,464	6,008
Cash and cash equivalents at beginning of the year	407,178	400,453
Exchange gains on cash and cash equivalents	593	717
Cash and cash equivalents at end of the year	531,235	407,178

Notes:

1. **Basis of preparation**

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets at fair value.

The preparation of financial statements in conformity with HKFRS 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 5.

(a) ***Standards, amendments and interpretations effective in 2008***

- The Hong Kong Accounting Standards ('HKAS') 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met . The related amendment to HKFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have significant impact on the Group's financial statements, as the Group has not reclassified any financial assets.

- Hong Kong International Financial Reporting Interpretation Committee ('HK(IFRIC)') - Int 12, 'Service Concession Arrangements'. Adoption of the interpretation resulted in changes in accounting policies on accounting for the service concession arrangements of the Group. The details and impact on the financial statements are described in Note 4 below;

(b) ***Interpretations effective in 2008 but not relevant to the Group's operations***

- HK(IFRIC) - Int 11, 'HKFRS 2 — Group and treasury share transactions, 'provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. As none of the Group's entities have share-based transactions, HK(IFRIC) - Int 11 is not relevant to the Group's operations; and

- HK(IFRIC) - Int 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also

(b) ***Interpretations effective in 2008 but not relevant to the Group's operations (Continued)***

explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. As the Group does not have significant defined benefit and is not subject to any minimum funding requirements, HK(IFRIC) - Int 14 is not relevant to the Group's operations.

(c) ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group***

- HKFRS 8, 'Operating segments' (effective from the accounting year from 1 January 2009). HKFRS 8 replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 prospectively from 1 January 2009;

- HKAS 1 (Revised), 'Presentation of financial statements' (effective from the accounting year from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the consolidated income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply HKAS 1 (Revised) from 1 January 2009. It is likely that the Group will choose to present two statements (the consolidated income statement and statement of comprehensive income);

- HKAS 23 (Revised), 'Borrowing costs' (effective from the accounting year from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) prospectively from 1 January 2009. This amendment does not have significant impact on the Group's financial statements, as the Group has capitalised borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset;

(c) ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)***

- HKAS 27 (Revised), 'Consolidated and separate financial statements' (effective from the accounting year from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010;

- HKAS 32 (Amendment), 'Financial instruments: Presentation', and HKAS 1 (Amendment), 'Presentation of financial statements' 'Puttable financial instruments and obligations arising on liquidation' (effective from the accounting year from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The Group will apply the HKAS 32 (Amendment) and HKAS 1(Amendment) from 1 January 2009, but it is not expected to have significant impact on the Group's financial statements;

- HKFRS 1 (Amendment), 'First time adoption of HKFRS' and HKAS 27 'Consolidated and separate financial statements' (effective from the accounting year from 1 July 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from HKAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Company will apply HKAS 27 (Amendment) prospectively from 1 January 2010 in its separate financial statements. This amendment is not relevant to the Group;

- HKFRS 3 (Revised), 'Business combinations' (effective from the accounting year from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010;

(c) ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)***

- HKICPA's improvements to HKFRS published in October 2008

  ➢ HKAS 1 (Amendment), 'Presentation of financial statements' (effective from the accounting year from 1 January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with HKAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The Group will apply the HKAS 1 (Amendment) from 1 January 2009. It is not expected to have significant impact on the Group's financial statements;

  ➢ HKAS 19 (Amendment), 'Employee benefits' (effective from the accounting year from 1 January 2009)

    The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

    The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

    The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

    HKAS 37, 'Provisions, contingent liabilities and contingent assets' requires contingent liabilities to be disclosed, not recognised. HKAS 19 has been amended to be consistent.

    The Group will apply the HKAS 19 (Amendment) from 1 January 2009;

  ➢ HKAS 23 (Amendment), 'Borrowing costs' (effective from the accounting year from 1 January 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in HKAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between HKAS 39 and HKAS 23. The Group will apply the HKAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 January 2009;

(c) ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)***

➢ HKAS 28 (Amendment), 'Investments in associates' (and consequential amendments to HKAS 32, 'Financial Instruments: Presentation' and HKFRS 7, 'Financial instruments: Disclosures') (effective from the accounting year from 1 January 2009). An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply the HKAS 28 (Amendment) to impairment tests related to investment in associates and any related impairment losses from 1 January 2009;

➢ HKAS 36 (Amendment), 'Impairment of assets' (effective from the accounting year from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the HKAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009;

➢ HKAS 38 (Amendment), 'Intangible assets' (effective from the accounting year from 1 January 2009). A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply the HKAS 38 (Amendment) from 1 January 2009. It is not expected to have significant impact on the Group's financial statements;

➢ HKAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from the accounting year from 1 January 2009)

This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.

The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The

(c) ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)***

amendment removes this requirement so that HKAS 39 is consistent with HKFRS 8, 'Operating segments' which requires disclosure for segments to be based on information reported to the chief operating decision maker.

When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

The Group will apply the HKAS 39 (Amendment) from 1 January 2009. It is not expected to have significant impact on the Group's consolidated income statement, as the Group does not have hedging activities;

➢ HKFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to HKFRS 1, 'First-time adoption') (effective from the accounting year from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to HKFRS 1 states that these amendments are applied prospectively from the date of transition to HKFRSs. The Group will apply the HKFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010; and

➢ There are a number of minor amendments to HKFRS 7, 'Financial instruments: Disclosures', HKAS 8, 'Accounting policies, changes in accounting estimates and errors', HKAS 10, 'Events after the balance sheet date', HKAS 18, 'Revenue' and HKAS 34, 'Interim financial reporting' which are not addressed above. These amendments are unlikely to have significant impact on the Group's financial statements and have therefore not been analysed in detail.

(d) ***Standards, amendments and interpretations to existing standards that are not yet effective and not relevant to the Group's operations***

- HKFRS 2 (Amendment), 'Share-based payment' (effective from the accounting year from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. HKFRS 2 (Amendment) is not relevant to the Group's operation because none of the Group's entities have share-based payment;

(d) ***Standards, amendments and interpretations to existing standards that are not yet effective and not relevant to the Group's operations (Continued)***

- HK(IFRIC) - Int 13, 'Customer loyalty programmes' (effective from the accounting year from 1 July 2008). HK(IRFIC) - Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC) - Int 13 is not relevant to the Group's operations because none of the Group's entities operate any loyalty programmes;

- HK(IFRIC) - Int 15, 'Agreements for construction of real estates' (effective from the accounting year from 1 January 2009). HK(IFRIC) - Int 15 clarifies whether HKAS 18, 'Revenue' or HKAS 11, 'Construction contracts' should be applied to particular transactions. It is likely to result in HKAS 18 being applied to a wider range of transactions. HK(IFRIC) - Int 15 is not relevant to the Group's operations because none of the Group's entities operate any construction of real estates;

- HK(IFRIC) - Int 16 , 'Hedges of a net investment in a foreign operation' (effective from the accounting year from 1 October 2008). HK(IFRIC) - Int 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of HKAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. HK(IFRIC) — Int 16 is not relevant to the Group's operations as no investment is held in currency other than the Company's functional currency.

- HKAS 39 (amendment) 'Financial Instruments: Recognition and Measurement' — 'Eligible hedged items', HK(IFRIC) - Int 17 - 'Distributions of non-cash assets to owners' and HK(IFRIC) - Int 18 - 'Transfer of assets from customers' are effective from 1 July 2009. They are not relevant to the Group's operations.

- HKICPA's improvements to HKFRS published in October 2008

  ➢ HKAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to HKAS 7, 'Statement of cash flows') (effective from the accounting year from 1 January 2009). Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to HKAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have an impact on the Group's operations because none of the Group entities' ordinary activities comprise renting and subsequently selling assets;

(d) ***Standards, amendments and interpretations to existing standards that are not yet effective and not relevant to the Group's operations (Continued)***

➢ HKAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from the accounting year from 1 January 2009). The benefit of a below-market rate government loan is measured as the difference between the carrying amount in accordance with HKAS 39, 'Financial instruments: Recognition and measurement' and the proceeds received with the benefit accounted for in accordance with HKAS 20. The amendment will not have significant impact on the Group's operations as there are no loans received from the government;

➢ HKAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009). Where an investment in a subsidiary that is accounted for under HKAS 39, Financial instruments: recognition and measurement, is classified as held for sale under HKFRS 5, 'Non-current assets held for sale and discontinued operations', HKAS 39 would continue to be applied. The amendment will not have significant impact on the Group's operations because it is the Group's policy for an investment in subsidiary to be recorded at cost in the standalone accounts of each entity;

➢ HKAS 28 (Amendment), 'Investments in associates' (and consequential amendments to HKAS 32, 'Financial Instruments: Presentation' and HKFRS 7, 'Financial instruments: Disclosures') (effective from the accounting year from 1 January 2009). Where an investment in associate is accounted for in accordance with HKAS 39 Financial instruments: recognition and measurement' only certain rather than all disclosure requirements in HKAS 28 need to be made in addition to disclosures required by HKAS 32, 'Financial Instruments: Presentation' and HKFRS 7 'Financial Instruments: Disclosures'. The amendment will not have significant impact on the Group's operations because it is the Group's policy for an investment in an associate to be equity accounted in the consolidated financial statements;

➢ HKAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from the accounting year from 1 January 2009). The guidance has been amended to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have significant impact on the Group's operations, as none of the Group's subsidiaries or associates operate in hyperinflationary economies;

➢ HKAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to HKAS 32 and HKFRS 7) (effective from the accounting year from 1 January 2009). Where an investment in joint venture is accounted for in accordance with HKAS 39, only certain rather than all disclosure requirements in HKAS 31 need to be made in addition to disclosures required by HKAS 32,

(d) ***Standards, amendments and interpretations to existing standards that are not yet effective and not relevant to the Group's operations (Continued)***

'Financial Instruments: Presentation' and HKFRS 7 'Financial Instruments: Disclosures'. The amendment will not have significant impact on the Group's operations as there are no interests held in joint ventures;

- HKAS 38 (Amendment), 'Intangible assets '(effective from the accounting year from 1 January 2009). The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight line method. The amendment will not have significant impact on the Group's operations as all intangible assets are amortised using the straight line method;

- HKAS 40 (Amendment), 'Investment property' (and consequential amendments to HKAS 16) (effective from the accounting year from 1 January 2009). Property that is under construction or development for future use as investment property is within the scope of HKAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment will not have significant impact on the Group's operations, as the investment properties are measured at their cost;

- HKAS 41 (Amendment), 'Agriculture' (effective from the accounting year from 1 January 2009). It requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment will not have significant impact on the Group's operations as no agricultural activities are undertaken; and

- The minor amendments to HKAS 20 'Accounting for government grants and disclosure of government assistance', HKAS 29, 'Financial reporting in hyperinflationary economies', HKAS 40, 'Investment property' and HKAS 41, 'Agriculture', which are not addressed above. These amendments will not have significant impact on the Group's operations as described above.

2. **Turnover**

	Note	Year ended 31 December 2008	2007 *(Restated)*
Toll income		1,609,582	1,651,216
Construction or upgrade work and service concessions		1,273,905	791,929
Service income toll roads service sectors		53,771	—
Rental income		2,366	14,019
Service income from roads		15,492	9,086
Income from emergency assistance		8,226	7,382
Other		120	7,176
		2,963,462	2,480,808

3. **Finance costs**

	Year ended 31 December 2008	2007
Interest expense on:		
- bank borrowings	51,086	54,534
- long-term payables (Note 25, a)	14,498	(52,700)
	65,584	1,834

Long-term payables to a minority shareholder was recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. There is a presumption that the settlement period and annual cash repayment amount can be estimated. Before 2007, the management estimates the settlement period and the annual cash repayment amount based on the joint venture contract signed between the Company and XHMC originally (Note 12 (a)). In 2007, pursuant to a resolution at the Board of Directors' 9th meeting of Xuan Guang, cash repayment amount with respect to depreciation and amortisation portion of the distribution was determined to repay the short term loans of Xuan Guang in priority before settlement of long-term payables to the Company and XHMC since 2007, until the short term loans are fully repaid. Thus, the settlement period for the long-term payables to XHMC was to be extended by about 5 years. The discounted present value of the cash flows under the revised extended settlement period using the original effective interest rate was more than 10% different from the discounted present value of the remaining cash flows of the original long-term payables. Consequently, the Group accounted for this as an extinguishment of the original financial liability and the recognition of a new financial liability according to HKAS 39. The difference between carrying amount of the original and new financial liability are recognised in the income statement as finance costs in 2007.

4. **Taxation**

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

	Year ended 31 December 2008	2007 (Restated)
Current taxation- EIT (a)	248,742	360,785
Provision of 2006 income tax due to EIT ratio change notified by local tax authority (b)	—	149,550
Deferred taxation	2,244	(25,916)
	250,986	484,419

(a) ***Hong Kong profits tax and PRC Enterprise Income Tax (the "EIT")***

There was no Hong Kong profits tax liabilities as the Group has no assessable income which is subject to Hong Kong profits tax. Effective from 1 January 2008, the Company and its subsidiaries, associated companies determined and paid the PRC Corporate Income Tax in accordance with the new EIT Law as approved by the National People's Congress on 16 March 2007. Under the new EIT Law, the EIT rate applicable to the Company and its subsidiaries, associated companies has changed from 33% to 25% from 1 January 2008 onwards.

(b) ***Increase of 2006 income tax as a result of the change of tax rate***

The Company was established in Anhui Hefei National New & High Technology Industrial Development Zone and was ratified as a new and high technology enterprise by Anhui Ministry of Science (identification number: 0034010A0279). The Company used a preferential EIT rate of 15% before 2006 in annual tax filing process, according to PRC tax regulations (Caishui [1994] No.001) and the tax authority approved the Company's annual tax filing for the years before 2006. During 2006 tax clearance in April 2007, local tax authority notified the Company that the existing EIT rate of 15% in declaring EIT was not appropriate and should be adjusted to 33%, hence additional RMB 149,549,740 EIT was levied for the year ended 31 December 2006 and was recorded in the income tax expenses in 2007.

(c) ***Withholding tax ("WHT") for dividend paid to foreign investors***

According to the new EIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from January 1, 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. According to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation on 22 February 2008, where the Company declares dividend in 2008 and beyond out of the cumulative retained earnings as of 31 December 2007 (i.e. 2007 retained earnings), such dividends earned by the foreign shareholders are exempted from WHT. For dividend which arises from the Company's profit earned after 1 January 2008, WHT is levied on the foreign shareholders.

In 2008, no dividend was declared which arose from the Company's profit earned after 1 January 2008 and therefore the Company did not have WHT obligation as at 31 December 2008.

(d) ***The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate for companies in PRC as follows:***

	Year ended 31 December	
	2008	**2007**
		(Restated)
Profit before income tax	969,642	1,115,823
Weighted - average EIT rates	25.88%	29.17%
Tax calculated at the weighted-average tax rate	250,986	325,486
Effect of change of tax rate for the calculation of deferred taxation	—	9,383
Provision of 2006 income tax due to EIT ratio change notified by local tax authority (Note b)	—	149,550
Tax Charge	250,986	484,419

5. **Dividends**

The dividends paid during the years ended 31 December 2008 and 2007 were RMB 331,722,000 (RMB 0.20 per share) and RMB 414,652,500 (RMB 0.25 per share) respectively. A final dividend in respect of 2008 of RMB 0.23 per share, amounting to a total dividend of RMB 381,480,300 will be proposed at the Annual General Meeting on 24 April 2009. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2008	**2007**
Proposed final dividend of RMB 0.23 (2007: RMB 0.20) per ordinary share	381,480	331,722

6. **Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year. No diluted earnings per share is presented as the Company has no dilutive potential shares.

	Year ended 31 December	
	2008	**2007**
		(Restated)
Profit attributable to equity holders of the Company	670,700	543,243
Weighted average number of ordinary shares in issue (thousands)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.4044	0.3275

7. **Impact of HKFRS adjustments on net profit and net assets**

The Group has prepared the statutory accounts in accordance with the PRC Accounting Standards ("CAS") and the PRC laws and financial regulations. The differences between CAS and HKAS lead to the differences between the statutory accounts and the accounts prepared under the Hong Kong GAAP. The differences are summarized as follows:

Reconciliation between PRC and HKGAAP Accounts

	2008 RMB'000		**2007 (Restated) RMB'000**	
	Owners' equity attributable to shareholders of the Company	**Net profit attributable to shareholders of the Company**	**Owners' equity attributable to shareholders of the Company**	**Net profit attributable to shareholders of the Company**
Amount presented in accordance with the CAS	4,998,008	691,802	4,637,928	529,771
Reconciliation to HKAS				
1. Valuation and depreciation of fixed assets	6,276	(7,431)	13,707	(1,251)
2. Valuation and amortization of toll roads related to Concession intangible assets	171,618	(9,722)	181,340	(9,722)
3. Deferred Taxes	(44,474)	(3,949)	(40,525)	24,445
Amount presented in accordance with HKFRS (Audited by PricewaterhouseCoopers)	5,131,428	670,700	4,792,450	543,243

II. Final dividend and close of share transfer

The Board proposes to declare a final dividend of RMB0.23 per share (Taxation included) for the year ended 31December 2008 to all shareholders.

The final dividend is subject to the approval of shareholders at the 2008 Annual General Meeting.

III. **Business review**

(In accordance with the PRC Accounting Standard unless otherwise stated)

(I) ***Results summary***

During the reporting period, the Group achieved the operating income of RMB1,689,557 thousands (2007: 1,688,879 thousands), representing an increase of 0.04% over the corresponding period of the previous year; Total profit of RMB987,225 thousands (2007: 1,123,463 thousands), representing a decrease of 12.13% over the corresponding period of the previous year; Net profit attributable to shareholders of the Company of RMB691,802 thousands (2007: RMB529,771 thousands), representing an inrease of 30.59% over the corresponding period of the previous year; Basic earnings per share of RMB0.417 (2007: 0.319), representing an increase of 30.72% over the corresponding period of the previous year. The increase of net profit was mainly due to the decrease of income tax expenses compared with that of 2007. The Company was subject to an income tax rate of 25% (2007:33%) for the year 2008 and was required to settle the outstanding 2006 income tax payment of approximately RMB 149,550 thousands in 2007.

Composition and percentage of operating income (including toll revenue and other business income) are as follows:

Projects	**2008 (RMB'000)**	**Percentage of total revenue (%)**	**2007 (RMB'000)**	**Percentage of total revenue (%)**
Hening Expressway	627,547	37.14	645,125	38.20
New Tianchang Section of National Trunk 205	44,987	2.66	68,500	4.06
Gaojie Expressway	464,341	27.48	460,426	27.26
Xuanguang Expressway	300,446	17.78	287,449	17.02
Lianhuo Expressway Anhui Section	206,074	12.20	189,169	11.20
Ninghuai Expressway Tianchang Section	46,162	2.74	38,210	2.26
Total	1,689,557	100.00	1,688,879	100.00

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

1. **Operation of various sections**

Name of roads	**Length (km)**	**Number of lanes**	**Number of toll stations**	**Number of service areas**	**Terms of operation**
Hening Expressway	134	4	8	3	Commencing from 16 August 1996 to 15 August 2026
New Tianchang Section of National Trunk 205	30	4	1	—	Commencing from 1 January 1997 to 31 December 2026
Gaojie Expressway	110	4	3	4	Commencing from 1 October 1999 to 30 September 2029
Xuanguang Expressway	84	4	4	2	Commencing from 1 January 1999 to 31 December 2028 (South Ring Road: Commencing from 1 September 2003 to 31 December 2028)
Lianhuo Expressway Anhui Section	54	4	5	1	Commencing from 1 January 2003 to 30 June 2032
Ninghuai Expressway Tianchang Section	14	6	1	1	Tentatively fixed at three years Commencing from 18 December 2006, The formal toll collection period will be determined by the future evaluation.

Name of roads	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2008	2007	Change (%)	2008	2007	Change (%)
Hening Expressway	100%	13,846	14,310	-3.24	584,984	628,958	-6.99
New Tianchang Section of National Trunk 205	100%	5,980	7,983	-25.09	43,908	66,427	-33.90
Gaojie Expressway	100%	9,403	9,631	-2.37	441,550	449,150	-1.69
Xuanguang Expressway	55.47%	10,498	9,996	5.02	298,252	285,652	4.41
Lianhuo Expressway Anhui Section	100%	7,281	7,069	3.00	198,115	184,640	7.30
Ninghuai Expressway Tianchang Section	100%	11,061	9,478	16.70	42,772	36,389	17.54

Name of roads	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per vehicle (RMB)		
		2008	2007	2008	2007	Change (%)
Hening Expressway	100%	59:41	57:43	115.43	120.42	-4.14
New Tianchang Section of National Trunk 205	100%	44:56	40:60	20.06	22.80	-12.02
Gaojie Expressway	100%	38:62	35:65	128.30	127.77	0.41
Xuanguang Expressway	55.47%	50:50	46:54	77.62	78.29	-0.86
Lianhuo Expressway Anhui Section	100%	35:65	32:68	74.34	71.56	3.88
Ninghuai Expressway Tianchang Section	100%	72:28	65:35	10.56	10.52	0.38

Unit:RMB'000

Name of roads	Operating income	Operating costs	Operating profit rate (%)	Change in operating income (%)	Change in operating costs (%)	Change in Operating profit rate (%)
Hening Expressway	627,547	167,389	60.40	-2.72	67.99	-9.25
New Tianchang Section of National Trunk 205	44,987	24,874	28.27	-34.33	1.50	-19.6
Gaojie Expressway	464,341	110,805	66.64	0.85	-3.99	3.90
Xuanguang Expressway	300,446	82,629	48.37	4.52	12.65	-46.07
Lianhuo Expressway Anhui Section	206,074	89,867	42.87	8.94	12.97	0.86
Ninghuai Expressway Tianchang Section	46,162	23,749	34.46	20.81	10.30	5.33
Total	1,689,557	499,313	56.28	0.04	20.61	-10.80

During the reporting period, as a result of the financial crisis and snow disaster at the beginning of 2008, the toll revenue of the Group decreased by 2.52% over last year, and due to the slowdown of the whole society's economic activities, traffic volumes of goods vehicles decreased noticeably.

Hening Expressway

During the year, toll revenue amounted to RMB584,984 thousands, representing a decrease of 6.99% over last year; Average daily traffic volume reached 13,846, representing a decrease of 3.24% over last year. In recent years, constantly densifying of highway network at the north part of Anhui Province and the Widening of four-lane to eight-lane resulted in the decrease of traffic volumes and toll revenue of Hening Expressway.

New Tianchang Section of National Trunk 205

During the year, toll revenue amounted to RMB43,908 thousands, representing a decrease of 33.90% over last year; Average daily traffic volumes reached 5,980, representing a decrease of 25.09% over last year,

During the reporting period, Ninghuai Expressway Tianchang Section continued to diversify the traffic volumes of new Tianchang Section of National Trunk 205 and the traffic volumes decreased substantially. With the calculation combining the above two highways, the traffic volumes were 17,041, representing a decrease of 2.41% compared with that of the corresponding period of last year and the toll revenue was RMB86,680 thousands, representing a decrease of 15.69% compared with that of the corresponding period of last year.

Ninghuai Expressway Tianchang Section

During the year, toll revenue amounted to RMB42,772 thousands, representing an increase of 17.54% over last year; Average daily traffic volume reached 11,061, representing an increase of 16.70% over last year, which was mainly due to the traffic volumes of New Tianchang Section of National Trunk 205 transferring to the section..

Gaojie Expressway

During the year, toll revenue amounted to RMB441,550 thousands, representing a decrease of 1.69% over last year; Average daily traffic volumes reached 9,403, representing a decrease of 2.37% over last year. Gaojie Expressway was now being constructed, which had a certain impact on the traffic volumes.

Xuanguang Expressway

During the year, toll revenue amounted to RMB298,252 thousands, representing an increase of 4.41% over last year; Average daily traffic volumes reached 10,498, representing an increase of 5.02% over last year. The increase of toll revenue was mainly due to the natural increase oftraffic volumes.

Lianhuo Expressway Anhui Section

During the year, toll revenue amounted to RMB198,115 thousands, representing an increase of 7.30% over last year; Average daily traffic volumes reached 7,281, representing an increase of 3.00% over last year. The increase of toll revenue was mainly due to the natural increase oftraffic volumes.

(III) ***Operating conditions and results of principal subsidiaries and investee companies of the Company (In accordance with the PRC Accounting Standards)***

Unit: RMB'000

Name of companies	Interests held by the Group	Registered capital	Assets	Net profit (Loss)	Principal business
Xuanguang Company	55.47%	111,760	1,401,147	108,974	Construction, management andoperation of Xuanguang Expressway
Kangcheng Pharmaceutical	65%	10,000	4,281	-399	Research, development andtransfer of Western andChinese medicine and scientific research results of medical apparatus and instruments
Expressway Advertisement	38%	50,000	100,173	7,768	Design, making, release and agency of domestic advertisements Information Investment
Information Investment	18%	100,000	141,699	9,335	Information infrastructure investment, information technology service, information engineering consultation and supervision

Name of companies	Interests held by the Group	Registered capital	Assets	Net profit (Loss)	Principal business
NingXuanhang Company	70%	100,000	100,000	—	Construction, design, supervision, toll collection, maintenance, management and technical consultation of highways and supporting service

Note 1: All the above companies are incorporated in the PRC

Note 2: The registered capital of Expressway Advertisement was changed to RMB50,000,000 in September 2008, the Company increased its equity interests by RMB17,556,000. After the increase of investment, the Company had a total investment of RMB19,000,000 with the shares of equity interests unchanged.

Note 3: Ningxuanhang Company will be engaged in construction and operation of Ningxuanhang Expressway (ANhui Section). As at 31 December 2008, Ningxuanhang Company was still in the process of setting up.

(IV) *Principal customers and suppliers*

As the principal customers of the Company are users of toll highways, whereas the principal suppliers of the Company are contractors of toll highways, there is no further information on principal customers and suppliers to be disclosed.

III. Project Investment

(I) *Equity investment of the Company*

Unit:RMB'000

The Company's investment amount during the reporting period	86,518
Increase/decrease of the Company's investment amount during the reporting period	85,563
Change of Company's investment amount during the reporting period (%)	8,959

Investment in 2008 was as follows:

1. The Company partnered with Xuancheng City Transportation Construction Investment Company Limited to set up Ningxuanhang Company for joint investment on 2 April 2008. The registered capital of Ningxuanhang Company was RMB100 million, the Company invested RMB70 million to hold 70% shares. As of 31 December 2008, the first-phase preparations was being made.

2. The Company partnered with Anhui Provincial Xiandai Transportation Economic Development Company and Anhui Anlian Expressway Company Limited to set up Expressway Advertisement for joint investment on 8 August 2002. The original registered capital of Expressway Advertisement was RMB3,800 thousands, the Company held 38% shares. As of August 2008, the registered capital of Expressway Advertisement increased by RMB46,200 thousands, among which the Company invested RMB17,556 thousands. After the increase of registered capital, the Company still holds 38% shares. The capital verification report of the above increase of registered capital has been issued by Anhui Anrui Accountant Firm.

   Please see details of the invested companies in "Operating conditions and results of principal subsidiaries and investee companies of the Company".

(II) ***Investment of non-fund-raising***

1. **Widening from four-lane to eight-lane of Hening Expressway**

The widening from four-lane to eight-lane of Hening Expressway with the section of Dashushan to inter-connected interchange of Longxi commenced in August 2006. The widening works is to be completed within 3 years with a total length of 42.64 km. A plan of "Principally merging on both sides and partial segregation" is adopted for the widening works. The total investment of the widening works is expected to be approximately RMB1.964 billion.

During the reporting period, RMB 739 million was invested in the widening works. As at the end of the reporting period, the accumulated investment was RMB1,532 million.

2. **Construction of Wantong Expressway Hi-tech Industrial Park**

The construction of Wantong Expressway Hi-tech Industrial Park was commenced at the beginning of 2007 with the budgetary estimate of approximately RMB146 million and will be finished at the end of 2009. During the reporting period, RMB44,297 thousands was invested in the construction of Wantong Expressway Hi-tech Industrial Park and the accumulated investment was RMB97,725 thousands.

3. **Reconstruction of Gaojie Expressway**

The reconstruction of Gaojie Expressway was commenced in 2007 with the budgetary estimate of RMB970 million within two years. During the reconstruction, Gaojie Expressway will keep running as usual. During the reporting period, RMB565 million was invested in the reconstruction works. As at the end of the reporting period, the accumulated investment was RMB565 million.

4. **Construction of Ningxuanhang Expressway Xuancheng-Ningguo Section**

Ningxuanhang Expressway Xuancheng-Ningguo Section is a part of Ningxuanhang Expressway Anhui Section with a total mileage of 44km and investment of RMB3,134 million. At present, first-phase preparations was being made.

During the reporting period, RMB19,631 thousands was invested in the construction works. As at the end of the reporting period, the accumulated investment was RMB19,631 thousands.

IV. **Major Shareholders**

As of 31 December 2008, the total number of shareholders of the Company was 76,948, out of which there were one state-owned shareholder, one state-owned legal person shareholder, 76,885 A shareholders and 61 H shareholders.

As at 31 December 2008, so far is known to, or can be ascertained after reasonable enquiry by the Directors, the persons who were, directly or indirectly, interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities of Futures Ordinance, was directly or indirectly, to be interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were set out as follows:

Names	**At end of period (shares)**	**Change during the reporting period**	**Type of shares**	**As a % of total share capital**	**Pledged or locked-up**
Anhui Expressway Holding Corporation	518,581,000 (L)	—	State-owned shares	31.27%	No
Huajian Transportation Economic Development Center	347,019,000 (L)	—	State-owned legal person shares	20.92%	No

Names	**At end of period (shares)**	**Change**	**Type of shares**	**As a % of total H Shares**	**Pledged or locked-up**
Commonwealth Bank of Australia	74,406,000(L)	+9,452,000	H Shares	15.09%	Not known
JPMorgan Chase & Co.	57,908,322(L) 57,908,322 (Shares attributable to lend)	+3,508,465 +3,508,465	H Shares	11.75% 11.75%	Not known
The Bank of New York Mellon Corporation	40,818,030(L)	Not clear	H Shares	8.28%	Not known
Colonial First State Group Ltd	33,358,000(L)	Not clear	H Shares	6.77%	Not known
Colonial Holding Company (No.2) Pty Limited	33,358,000(L)	Not clear	H Shares	6.77%	Not known
Colonial Holding Company Pty Ltd.	33,358,000(L)	Not clear	H Shares	6.77%	Not known
Colonial Ltd	33,358,000(L)	Not clear	H Shares	6.77%	Not known
First State Investment Managers (Asia) Ltd	33,358,000 (L)	Not clear	H Shares	6.77%	Not known
First State Investments (Bermuda) Ltd	33,358,000 (L)	Not clear	H Shares	6.77%	Not known

Names	At end of period (shares)	Change	Type of shares	As a % of total H Shares	Pledged or locked-up
The Colonial Mutual Life Assurance Society Ltd	33,358,000 (L)	Not clear	H Shares	6.77%	Not known
First State (Hong Kong) LLC	32,166,000 (L)	Not clear	H Shares	6.52%	Not known
First State Investments (Hong Kong) Limited	30,712,000 (L)	Not clear	H Shares	6.23%	Not known
First State Investments (Singapore)	30,608,000 (L)	Not clear	H Shares	6.21%	Not known
First State Investments Holdings (Singapore) Limited	30,608,000 (L)	Not clear	H Shares	6.21%	Not known
The Bank of New York Mellon	25,289,051(L) 14,819,615 (Shares attributable to lend)	Not clear	H Shares	5.13% 3.01%	Not known
The Bank of New York Mellon Corporation	25,091,436(L) 14,590,000 (Shares attributable to lend)	Not clear	H Shares	5.09% 2.96%	Not known
FIL Limited	24,768,000(L)	Not clear	H Shares	5.02%	Not known

V. Significant Connected Transactions

Connected transactions in relation to daily operations

Unit: RMB'000

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
AEHC	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	3,749	4.69%	Transfer

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Anlian Company	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,250	1.56%	Transfer
Yanjiang Company	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,581	1.98%	Transfer
Hehuaifu Company	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	827	1.03%	Transfer
Expressway Investment	To provide office building lease	Made by negotiations through fair principles with reference to its costs	339	0.42%	Transfer
Yida Company	To provide office building lease	Made by negotiations through fair principles with reference to its costs	366	0.46%	Transfer
Yida Company	To appoint Yida Company to manage the service areas of the Company	Made by negotiations through fair principles with reference to its costs	3,500	7.36%	Transfer

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Hehuaifu Company	Construction costs for constructing Hening Expressway on behalf of the Company	Made by negotiations through fair principles with reference to its costs	827	0.11%	Transfer
Expressway Real Estate	Construction costs for phase one and phase two project of Wantong High-tech Industrial Park	Made by negotiations through fair principles with reference to its costs	1,270	0.17%	Transfer
Expressway Investment	Construction costs for phase three project of Wantong High-tech Industrial Park Park	Made by negotiations through fair principles with reference to its costs	2,566	5.79%	Transfer
Expressway Advertisement	Compensation for destructing 73 advertisement light boxes of Hening Expressway	Made by negotiations through fair principles with reference to its costs	4,762	0.64%	Transfer
Xiandai Transportation	Weather shed construction service expenses of widening of Hening Expressway	Made by negotiations through fair principles with reference to its costsTransfer accounts	646	0.09%	Transfer
Inspection Scientific Center	Materials test expenses of widening of Hening Expressway	Made by negotiations through fair principles with reference to its costs	1,848	0.25%	Transfer

Details please see the Note 41 to the financial report in this annual report.

VI. Confirmation by the independent directors regarding connected transaction

The independent non-executive directors of the Company have reviewed the above connected transactions and confirmed that:

1. The transactions were carried out in the normal and usual course of business of the Company;

2. The transactions were carried out on normal commercial terms (as compared with transactions of similar nature carried out by the similar entities in the PRC) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and

3. The transactions were carried out in accordance with the terms of agreement governing such transactions.

VII. Material Litigation or Arbitration

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

VIII. Material Guarantee

During the reporting period, the Company did not provide guarantee for shareholders, connected persons , holding companies and other companies.

IX. Financial Entrustment

During the reporting period, the Company was not involved in any financial entrustment.

X. Entrusted Deposit and Overdue Fixed Deposit

During the reporting period, the Company did not have any entrusted deposit with financial institutions in the PRC, neither has the Company experienced any incident of not being able to withdraw fixed deposits when they became mature.

XI. Staff Insurance and Welfare Protecting

The Group takes care of staff, protects the staff's legal interests and strictly complies with the State's social insurance policies. According to the relevant State's stipulation, the Group has arranged the old-age insurance, basic medical insurance, unemployment insurance, injury insurance and child-bearing insurance for the staff and paid the above insurance fee in full.

The Group participated in the pension scheme organized by the government and undertook the responsibility to pay pension fund to the retired employees.

The Group contributes on a monthly basis to defined contribution plans in the PRC based on a percentage of the relevant employee's monthly salaries. The Group's contributions to defined contributions plans are expensed as incurred. The Group has no legal or constructive obligations to pay further contributions even if the schemes do not hold sufficient assets to pay all employees the benefits relating to employee in the current and prior periods. Additional compensations for employee retirement are recognized in the earlier of the periods in which the Group established a constructive obligation and created a valid expectation on the employee, entered into an agreement with the employee specifying the terms, or after the individual employee has been advised of the specific terms.

XII. Shareholdings of Directors, Supervisors and Senior Management

As at 31 December 2008, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in any shares, or underlying shares or debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests which he was taken or deemed to have under such provisions of the Securities and Futures Ordinance) or which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein or which were required to be disclosed herein pursuant to the Model Code for Securities Transactions by Directors of Listed Companies and the Takeovers Code.

XIII. Purchase, Sale and Redemption of Listed Shares

During the reporting period, the Company had not redeemed any of its listed shares, nor had it purchased or re-sold any listed shares of the Company.

XIV. Code on Corporate Governance Practices

The Directors are of the opinion that the Company has complied with the Code of Corporate Governance Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities formulated by The Stock Exchange of Hong Kong Limited during 2008.

XV. Audit Committee

The Audit Committee was set up in August 1999 by the Company. It consists of 3 directors, of which 2 are independent directors.The Audit Committee is mainly responsible for supervising the Company's internal control system and its execution, evaluating financial information and related disclosure, reviewing the internal control system, auditing major connected transactions and also communicating, supervising and investigating the Company's internal and external audits.

In 2008, the Audit Committee convened 4 meetings, which reviewed the annual, interim and quarterly financial statements of the Company. After evaluating these financial statements with regard to their integrity, accuracy and fairness, the members unanimously confirmed that the financial status of the Company was accurately revealed with a complete disclosure of related information in the financial statements.

XVI. Review and Outlook

Looking objectively at the situation in 2009, we see hopes and difficulties, opportunities and challenges. Generally, we have the following favourable conditions: (1) to cope with the financial crisis and stimulate economic development, the PRC government has implemented specific policies to speed up the construction of traffic infrastructures; (2) with the gradual improvement of the expressway network in Anhui Province and the implementation of the policies of the PRC government to expand investment, the expressway traffic volume will continue to increase; and (3) most of the expressways owned by the Company are national trunk highways which are superior assets and are strongly risk resistant.

Meanwhile, both the Group and the Company face some difficulties: reallocation of overall traffic volume as a result of the expansion of expressway network and the effect of the development of railway and airline transport industries on highway transport, etc.

In 2009, the Group will seize the opportunity arising from the domestic demand expansion policies to increase investment, enhance scientific management and improve development quality and efficiency, so as to realize the continuous and steady development of the Company.

By order of the Board
Wang Shui
Chairman

Hefei, Anhui, the PRC
6 March 2009

As at the date of this announcement, the Board comprises of: Wang Shui, Li Yungui, Tu Xiaobei, Li Junjie, Liu Xianfu, Meng Jie, Leung Man Kit, Li Mei and Guo Shan

Details containing all the materials as required by the paragraphs 1 to 3 of Article 45 of Appendix 16 of the Rules governing the listing of Securities on the Stock Exchange of Hong Kong Limited will be announced on the web site of Hong Kong Stock Exchange: http://www.hkex.com.hk