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)

2009 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 Company together with its subsidiaries (the "Group") for the final year ended 31 December 2009 prepared in accordance with Hong Kong Financial Reporting Standards , together with the comparative figures of 2008. 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 2009
(All amounts in Renminbi thousand unless otherwise stated)

	Note	**Year ended 31 December 2009**	**2008**
Revenues	2	2,528,640	2,963,462
Cost of sales		(1,367,370)	(1,844,232)
Gross profit		1,161,270	1,119,230
Other (losses) / gains - net		(3,902)	42,415
Administrative expenses		(142,083)	(129,371)
Operating profit		1,015,285	1,032,274
Finance costs	3	(71,710)	(65,584)
Share of profit of an associate		2,941	2,952
Profit before income tax		946,516	969,642
Income tax expense	4	(221,866)	(250,986)
Profit for the year		724,650	718,656
Attributable to:			
Equity holders of the Company		667,434	670,700
Minority interest		57,216	47,956
		724,650	718,656
Basic and diluted earnings per share (expressed in RMB per share)	6	0.4024	0.4044
Dividends	5	331,722	381,480

Consolidated statement of comprehensive income
For the year ended 31 December 2009
(All amounts in Renminbi thousand unless otherwise stated)

	Year ended 31 December	
	2009	**2008**
Profit for the year	724,650	718,656
Other comprehensive income	—	—
Other comprehensive income for the year, net of tax	—	—
Total comprehensive income for the year	724,650	718,656
Total comprehensive income attributable to:		
Equity holders of the Company	667,434	670,700
Minority interest	57,216	47,956
	724,650	718,656

Consolidated balance sheet

As at 31 December 2009

(All amounts in Renminbi thousand unless otherwise stated)

	As at 31 December 2009	2008
ASSETS		
Non-current assets		
Concession intangible assets	7,804,775	7,369,554
Land use rights	11,835	12,482
Property, plant and equipment	748,628	729,353
Investment properties	33,724	29,781
Intangible assets	2,549	2,847
Investments in an associate	26,869	23,928
Available-for-sale financial assets	18,000	18,000
	8,646,380	8,185,945
Current assets		
Inventories	2,395	1,857
Trade and other receivables	23,087	20,371
Cash and cash equivalents	1,042,968	531,235
	1,068,450	553,463
Total assets	9,714,830	8,739,408
EQUITY		
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	147,372	74,064
Retained earnings		
-Proposed final dividend	331,722	381,480
-Others	1,864,085	1,601,681
	5,417,382	5,131,428
Minority interest	237,302	220,221
Total equity	5,654,684	5,351,649

	As at 31 December 2009	2008
LIABILITIES		
Non-current liabilities		
Long-term payables	275,551	249,568
Borrowings	1,971,662	—
Deferred income tax liabilities	63,553	68,547
Deferred income	44,000	46,000
	2,354,766	364,115
Current liabilities		
Trade and other payables	646,669	664,229
Current income tax liabilities	45,542	118,449
Provision	28,169	15,966
Borrowings	985,000	2,225,000
	1,705,380	3,023,644
Total liabilities	4,060,146	3,387,759
Total equity and liabilities	9,714,830	8,739,408
Net current liabilities	(636,930)	(2,470,181)
Total assets less current liabilities	8,009,450	5,715,764

Consolidated statement of changes in equity
For the year ended 31 December 2009
(All amounts in Renminbi thousand 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 2008	1,658,610	1,415,593	3,385	1,714,862	220,882	5,013,332
Comprehensive income						
Profit for the year	—	—	—	670,700	47,956	718,656
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	670,700	47,956	718,656
Profit appropriation	—	—	71,042	(71,042)	—	—
Others	—	—	(363)	363	—	—
Transactions with owners						
2007 final dividends	—	—	—	(331,722)	—	(331,722)
2007 dividends to minority shareholder by a subsidiary	—	—	—	—	(78,617)	(78,617)
Minority shareholder's contribution to a subsidiary	—	—	—	—	30,000	30,000
Balance at 31 December 2008	1,658,610	1,415,593	74,064	1,983,161	220,221	5,351,649
Comprehensive income						
Profit for the year	—	—	—	667,434	57,216	724,650
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	667,434	57,216	724,650
Profit appropriation	—	—	69,727	(69,727)	—	—
Others	—	—	3,581	(3,581)	—	—
Transactions with owners						
2008 final dividends	—	—	—	(381,480)	—	(381,480)
2008 dividends to minority shareholder by a subsidiary	—	—	—	—	(43,674)	(43,674)
Difference between the carrying amount and undiscounted amount of interest free loan received from a minority shareholder, net of tax	—	—	—	—	3,539	3,539
Balance at 31 December 2009	1,658,610	1,415,593	147,372	2,195,807	237,302	5,654,684

Consolidated cash flow statement

For the year ended 31 December 2009

(All amounts in Renminbi thousand unless otherwise stated)

	Year ended 31 December	
	2009	**2008**
Cash flows from operating activities		
Cash generated from operations	719,988	222,434
Interest paid	(120,166)	(119,376)
Income tax paid	(299,767)	(338,354)
Net cash generated from / (used in) operating activities	300,055	(235,296)
Cash flows from investing activities		
Purchase of property, plant and equipment	(114,304)	(84,619)
Purchase of intangible assets	(274)	—
Cash paid to acquire the equity interests in associated company	—	(17,556)
Proceeds from sales of property, plant and equipment	227	284
Interest received	3,607	5,090
Dividend received from an unlisted company	900	900
Net cash used in investing activities	(109,844)	(95,901)
Cash flows from financing activities		
Proceeds from bank borrowings	4,540,000	3,085,000
Net proceeds from issuance of corporate bonds	1,971,662	—
Repayments of bank borrowings	(5,780,000)	(2,250,000)
Cash generating from minority shareholder's contribution to a subsidiary	15,000	30,000
Dividends paid to minority interests	(43,674)	(78,617)
Dividends paid to the Company's shareholders	(381,480)	(331,722)
Net cash generated from financing activities	321,508	454,661
Net increase in cash and cash equivalents	511,719	123,464
Cash and cash equivalents at beginning of the year	531,235	407,178
Exchange gains on cash and cash equivalents	14	593
Cash and cash equivalents at end of the year	1,042,968	531,235

Notes:

1. **Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated 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 4 to the audited financial statement.

Change in accounting policy and disclosures

(a) ***New and amended standards adopted by the Group***

The Group has adopted the following new and amended HKFRSs as at 1 January 2009:

- HKFRS 7 'Financial Instruments — Disclosures' (amendment) — effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share;

- Hong Kong Accounting Standards ('HKAS') 1 (revised). 'Presentation of financial statements' — effective 1 January 2009. The revised standard prohibits 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 in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share;

- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This change in accounting policy was due to the adoption of HKAS 23 Borrowing costs (2007) in accordance with the transition provisions of the standard. As previously the Group has capitalised borrowing cost directly attributable to the acquisition, construction or production of a qualifying assets, this change in accounting policy had no impact on earnings per share;

- HKFRS 8, 'Operating segments' (effective 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. Accordingly, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The major internal report reviewed by the chief operating decision-maker of the Company is the traffic volume statistics report, which is the non-financial information. Hence, the Company did not prepare segment information for the reporting periods.

- As a result of the 2008 Improvements to HKFRSs, HKAS 40, 'Investment property', has been amended to include within its scope property that is being constructed or developed for future use as investment property. Prior to the amendment such property under construction or development was within the scope of HKAS 16 'Property, plant and equipment until the construction or development was complete. Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). The amendment to HKAS 40 has been applied prospectively for accounting periods beginning 1 January 2009 in accordance with the effective date and transitional provisions of the amendment. As the Group did not have investment property under construction or development in reporting periods, there is no impact on earnings per share.

The following new standards, amendments and interpretations also became effective from 2009 but the adoption of these new standards, amendments and interpretations either not relevant to the Group or did not result in substantial changes to the Group's accounting policies:

- HKFRS 1 (Amendment) 'First time adoption of HKFRS', and HKAS 27 'Consolidated and separate financial statements';

- HKFRS 2 (Amendment), 'Share-based payment';

- HKAS 16 (Amendment), 'Property, plant and equipment' and consequential amendment to HKAS 7, 'Statement of cash flows';

- HKAS 19 (Amendment), 'Employee benefits';

- HKAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance';

- HKAS 27 (Revised), 'Consolidated and separate financial statements';

- HKAS 28 (Amendment), "Investments in associates";

- HKAS 29 (Amendment), 'Financial reporting in hyperinflationary economies';

- HKAS 31 (Amendment), 'Interests in joint ventures' and consequential amendments to HKAS 32, 'Financial Instruments: Presentation' and HKFRS 7, 'Financial instruments: Disclosures';

- HKAS 32 (Amendment), 'Financial instruments: Presentation', and HKAS 1 (Amendment), 'Presentation of financial statements';

- HKAS 36 (Amendment), 'Impairment of assets';

- HKAS 38 (Amendment), 'Intangible assets';

- HKAS 39 (Amendment), 'Financial instruments: Recognition and measurement';

- HKAS 41 (Amendment), 'Agriculture';

- Hong Kong (International Financial Reporting Interpretations Committee) ('HK(IFRIC)')-Int 15, 'Agreements for construction of real estates';

- HK(IFRIC)-Int 16, 'Hedges of a net investment in a foreign operation'; and

HK(IFRIC)-Int 18, 'Transfer of assets from customers' (effective for transfer of assets from customers received on or after 1 July 2009).

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

The following standards and amendments to existing standards have been published and are mandatory for a company's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them.

- HK(IFRIC) 17 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the HKICPA's annual improvements project published in April/May 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and Company will apply HK(IFRIC) 17 from 1 January 2010. It is not expected to have a significant impact on the Group's or Company's financial statements;

- HKAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with minority interest 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 minority interest from 1 January 2010;

- HKFRS 3 (revised), 'Business combinations' (effective 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 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;

- HKAS 38 (amendment), 'Intangible Assets' (effective from 1 July 2009). The amendment is part of the HKICPA's annual improvements project published in May 2009 and the Group and Company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a significant impact on the Group's or the Company's financial statements;

- HKFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held for sale'. The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The Group and Company will apply HKFRS 5 (amendment) from 1 January 2010. It is not expected to have a significant impact on the Group's or the Company's financial statements;

- HKAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and Company will apply HKAS 1 (amendment) from 1 January 2010. It is not expected to have a significant impact on the Group's or the Company's financial statements; and

- HKFRS 2 (amendments), 'group cash-settled share-based payment transactions' (effective from 1 January 2010). In addition to incorporating HK(IFRIC)-Int 8, 'Scope of HKFRS 2', and HK(IFRIC)-Int 11, 'HKFRS 2 — group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC)-Int 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a significant impact on the Group's financial statements.

2. **Turnover**

	Year ended 31 December	
	2009	**2008**
Toll income	1,706,671	1,609,582
Construction or upgrade work and service concessions	757,078	1,273,905
Service income toll roads service sectors	44,909	53,771
Rental income	2,127	2,366
Service income from roads	15,705	15,492
Income from emergency assistance	1,970	8,226
Other	180	120
	2,528,640	2,963,462

3. **Finance costs**

	Year ended 31 December	
	2009	**2008**
Interest expense on:		
- bank borrowings	56,317	51,086
- amortisation of long-term payables to XHMC	15,393	14,498
	71,710	65,584

4. **Taxation**

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

	Year ended 31 December	
	2009	**2008**
Current taxation- CIT (a)	226,860	248,742
Deferred taxation charged to income	(6,174)	2,244
Deferred taxation charged to equity	1,180	—
	221,866	250,986

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

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 ('CIT') in accordance with the CIT Law as approved by the National People's Congress on 16 March 2007. Under the new CIT Law, the CIT rate applicable to the Company and its subsidiaries, associated companies is 25% from 1 January 2008 onwards.

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

According to the new CIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from 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 at 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 2009, WHT has been levied on the foreign shareholders for the dividends relating to 2008.

(c) ***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	
	2009	**2008**
Profit before income tax	946,516	969,642
Weighted - average EIT rates	25.23%	25.88%
Tax calculated at the weighted-average tax rate	238,792	250,986
Tax adjustment made after tax filing (note a)	(16,926)	—
Tax Charge	221,866	250,986

Note (a) The tax adjustment was mainly because that, the Company received subsidy income of RMB 59,120 thousand from government authority in 2008 and included it in total taxable income for annual tax filing. During annual tax filing in 2009 in respect of 2008's taxable income, tax authority allowed the Company to exclude this subsidy income from the taxable income. Thus, related income tax of RMB 14,780 thousand was adjusted in 2009 and credited to income statement.

5. **Dividends**

The dividends paid during the years ended 31 December 2009 and 2008 were RMB 381,480,300 (RMB 0.23 per share) and 331,722,000 (RMB 0.20 per share) respectively. A final dividend in respect of 2009 of RMB 0.20per share, amounting to a total dividend of RMB 331,722,000 will be proposed at the Annual General Meeting on 28 May 2010. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2009	**2008**
Proposed final dividend of RMB 0.20 (2008: RMB 0.23) per ordinary share	331,722	381,480

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	
	2009	**2008**
Profit attributable to equity holders of the Company	667,434	670,700
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.4024	0.4044

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:

	Consolidated net profit (attributable to shareholders of the Company)		**Consolidated net profit (attributable to shareholders of the Company)**	
			31 December	**31 December**
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount presented in accordance with the CAS	673,449	693,212	5,294,541	5,002,958
Difference and amounts -				
Valuation and Depreciation/ amortization and deferred taxes	(6,015)	(22,512)	122,841	128,470
Reconciliation to HKAS	667,434	670,700	5,417,382	5,131,428

II. **Final dividend and close of share transfer**

The Board proposes to declare a final dividend of RMB0.20 per share (Taxation included) for the year ended 31December 2009 to all shareholders.

The final dividend is subject to the approval of shareholders at the 2009 Annual General Meeting.

III. **Business review**

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

(I) **Results summary**

(In accordance with the PRC Accounting Standard)

During the reporting period, the Group achieved the operating income of RMB1,771,562 thousand (2008: RMB1,683,543 thousand), representing an increase of 5.23% over the corresponding period of the previous year; Total profit of RMB950,796 thousand (2008: RMB990,325 thousand), representing a decrease of 3.99% over the corresponding period of the previous year; Net profit attributable to shareholders of the Company of RMB673,449 thousand (2008: RMB693,212 thousand), representing a decrease of 2.85% over the corresponding period of the previous year; Basic earnings per share of RMB0.406 (2008: RMB0.418), representing a decrease of 2.87% over the corresponding period of the previous year. The decrease of net profit was mainly because that with no remarkable change in operation model and income costs structure, the Company received a fiscal return of RMB59,120 thousand from the Department of Finance of Anhui Province in 2008 and no such government subsidies in 2009.

Composition and percentage of operating income (including principal business income and other business income) was as follows:

Projects	2009 (RMB'000)	Percentage of total revenue (%)	2008 (RMB'000)	Percentage of total revenue (%)
Hening Expressway	690,434	38.97	623,793	37.05
New Tianchang Section of National Trunk 205	45,176	2.55	44,151	2.62
Gaojie Expressway	458,409	25.88	463,128	27.51
Xuanguang Expressway	335,962	18.96	298,556	17.73
Lianhuo Expressway Anhui Section	180,999	10.22	207,710	12.34
Ninghuai Expressway Tianchang Section	60,582	3.42	46,205	2.75

(II) **Operations of toll highways**

Operation of various sections

Name of roads	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2009	2008	Change (%)	2009	2008	Change (%)
Hening Expressway	100%	15,446	13,846	11.55	662,678	584,984	13.28
New Tianchang Section of National Trunk 205	100%	5,744	5,980	-3.94	44,850	43,908	2.15
Gaojie Expressway	100%	9,866	9,403	4.92	435,298	441,550	-1.42
Xuanguang Expressway	55.47%	12,229	10,498	16.49	335,598	298,253	12.52
Lianhuo Expressway Anhui Section	100%	6,868	7,281	-5.68	171,889	198,115	-13.24
Ninghuai Expressway Tianchang Section	100%	13,701	11,061	23.87	56,359	42,772	31.77

Name of roads	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per vehicle (RMB)		
		2009	2008	2009	2008	Change (%)
Hening Expressway	100%	62:38	59:41	117.54	115.43	1.83
New Tianchang Section of National Trunk 205	100%	42:58	44:56	21.39	20.06	6.63
Gaojie Expressway	100%	42:58	38:62	120.88	128.30	-5.78
Xuanguang Expressway	55.47%	54:46	50:50	75.19	77.62	-3.14
Lianhuo Expressway Anhui Section	100%	43:57	35:65	68.57	74.34	-7.77
Ninghuai Expressway Tianchang Section	100%	74:26	72:28	11.27	10.56	6.67

Principal business in terms of industries and products

Name of roads	Operating income (RMB'000)	Operating costs (RMB'000)	Operating profit rate (%)	Change in operating income (%)	Change in operating costs (%)	Change in Operating profit rate (%)
In terms of industries						
Expressway operations	1,751,580	542,648	54.14	5.30	11.97	A decrease of 2.43 percent point
In terms of products						
Hening Expressway	682,329	189,519	58.76	10.60	16.42	A decrease of 1.73 percent point
New Tianchang Section of National Trunk 205	44,850	23,830	28.94	2.15	-2.06	An increase of 0.83 percent point
Gaojie Expressway	452,455	120,852	62.61	-0.81	12.61	A decrease of 4.13 percent point
Xuanguang Expressway	335,598	87,002	50.95	12.52	11.10	An increase of 1.54 percent point
Lianhuo Expressway Anhui Section	176,184	93,229	32.22	-13.00	5.35	A decrease of 11.34 percent point
Ninghuai Expressway Tianchang Section	60,164	28,216	40.21	31.98	20.49	An increase of 5.81percent point
Total	1,751,580	542,648	54.14	5.30	11.97	A decrease of 2.43 percent point

Resulted from the financial crisis, the most difficult period of Chinese economy was the first half of 2009. With the gradual appearance of macro-control policy effect, Chinese economy rallied in the second half of 2009. Deeply resulted from the external environment influences, toll income of all highways of the Company raised after declined. During the reporting period, the Group achieved the toll income of RMB1,706,672, representing an increase of 6.03% over last year.

Hening Expressway

During the year, toll income amounted to RMB662,678 thousand, representing an increase of 13.28% over last year; Average daily traffic volume reached 15,446, representing an increase of 11.55% over last year. Benefited from economic recovery and finish of the Widening of Hening Expressway, toll income of Hening Expressway represented a double-digit growth from August.

New Tianchang Section of National Trunk 205

During the year, toll income amounted to RMB44,850 thousand, representing an increase of 2.15% over last year; Average daily traffic volumes reached 5,744, representing a decrease of 3.94% 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 . With the calculation combining the above two highways, the traffic volumes were 19,445, representing an increase of 14.12% over last year and the toll income was RMB101,209 thousand, representing an increase of 16.76% over last year.

Ninghuai Expressway Tianchang Section

During the year, toll income amounted to RMB56,359 thousand, representing an increase of 31.77% over last year; Average daily traffic volume reached 13,701, representing an increase of 23.87% 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 income amounted to RMB435,298 thousand, representing a decrease of 1.42% over last year; Average daily traffic volumes reached 9,866, representing an increase of 4.92% over last year. The decrease of toll income was mainly due to the economic influences in the first half of 2009 and its reconstruction. The change of toll income and traffic volumes differed, which was due to the fast increase of type 1 passenger vehicles and decrease of percentage of goods vehicles.

Xuanguang Expressway

During the year, toll income amounted to RMB335,598 thousand, representing an increase of 12.52% over last year; Average daily traffic volumes reached 12,229, representing an increase of 16.49% over last year. The increase of toll income and traffic volumes was mainly resulted from the prosperity of regional economy.

Lianhuo Expressway Anhui Section

During the year, toll income amounted to RMB171,889 thousand, representing a decrease of 13.24% over last year; Average daily traffic volumes reached 6,868, representing a decrease of 5.68% over last year. The decrease of toll revenue was mainly due to the economic influences, substantial reduction of goods circulation directly resulted in the substantial decrease of traffic volumes of goods vehicles.

(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	**Interests held by the Group**	**Registered capital**	**Assets**	**Net profit (Loss)**	**Principal business**
Xuanguang Company	55.47%	111,760	1,352,994	128,280	Construction, management andoperation of Xuanguang Expressway
Kangcheng Pharmaceutical	65%	10,000	3,883	-398	Research, development andtransfer of Western andChinese medicine and scientific research results of medical apparatus and instruments
NingXuanhang Company	70%	100,000	150,000	—	Construction, design, supervision, toll collection, maintenance, management and technical consultation of highways and supporting service
Expressway Media	38%	50,000	107,636	7,740	Design, making, release and agency of domestic advertisements Information Investment

Name	Interests held by the Group	Registered capital	Assets	Net profit (Loss)	Principal business
Information Investment	18%	100,000	141,709	8,663	Information infrastructure investment, information technology service, information engineering consultation and supervision

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

Note 2: Ningxuanhang Company will be engaged in construction and operation of Ningxuanhang Expressway (Anhui Section). As at 31 December 2009, 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.

(V) Project Investment

1. Investment of the Company

Unit:RMB'000

The Company's investment amount during the reporting period	921,089
Increase/decrease of the Company's investment amount during the reporting period	-554,194
Investment amount of the corresponding period last year	1,475,283
Change of Company's investment amount during the reporting period (%)	-37.57

2. Investments 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. The total investment of the widening works is expected to be approximately RMB1,964 million. The widening work was completed in September 2009.

During the reporting period, RMB428 million was invested in the widening works. As at the end of the reporting period, the accumulated investment was RMB1,860 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, the main Project was finished at the end of 2009.

During the reporting period, RMB45 million was invested in the construction of Wantong Expressway Hi-tech Industrial Park and the accumulated investment was RMB143 million.

(3) **Reconstruction of Gaojie Expressway**

The reconstruction of Gaojie Expressway was commenced in 2007 with the budgetary estimate of RMB970 million within two years. The reconstruction was fully finished in June 2009 with estimated expenditure of RMB830 million.

During the reporting period, RMB252 million was invested in the reconstruction works. As at the end of the reporting period, the accumulated investment was RMB817 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 RMB2,679 million. Construction of the section was started in September 2009.

During the reporting period, RMB123 million was invested in the construction works. As at the end of the reporting period, the accumulated investment was RMB125 million.

(3) **Use of proceeds**

According to the approval document (Zheng Jian Xu Ke No. [2009] 1074) issued by China Securities Regulatory Commission ("CSRC"), the Company successfully issued Corporate Bonds of RMB2 billion between 17 and 22

December 2009 through the internet and other ways. RMB1.5 billion of the proceeds from such issuance, net of issuance expense, will be used to repay loans from commercial banks and adjust the financial structure of the Company, and the balance will be used as additional working capital.

During the reporting period, RMB1.35 billion of the proceeds from such issuance was used, all of which was used to repay loans from banks.

IV. **Major Shareholders**

As of 31 December 2009, the total number of shareholders of the Company was 63,026, out of which there were one state-owned shareholder, one state-owned legal person shareholder, 62,953 A shareholders and 71 H shareholders.

As at 31 December 2009, 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 the end of period (shares)	Increase/ decrease during the reporting period	Type of shares	As a % of total H Shares	Pledged or locked-up
Commonwealth Bank of Australia	73,496,000(L)	-910,000	H Shares	14.91%	Not known
JPMorgan Chase & Co.	36,461,985(L) 35,671,985 (Shares attributable to lend)	— 21,446,337 -22,236,337	H Shares	7.40% 7.24%	Not known
The Bank of New York Mellon Corporation	34,424,237(L) 20,244,237 (Shares attributable to lend)	— 6,393,793 Not clear	H Shares	6.98% 4.11%	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
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

Names	At the end of period (shares)	Increase/ decrease during the reporting period	Type of shares	As a % of total H Shares	Pledged or locked-up
Franklin Templeton Investments (Asia) Limited	25,106,000((L)	Not clear	H Shares	5.09%	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	5.78%	Transfer
Anlian Company	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,250	1.93%	Transfer
Yanjiang Company	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,250	1.93%	Transfer
Hehuaifu Company	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,250	1.93%	Transfer

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Real Estate Group	To provide office building lease	Made by negotiations through fair principles with reference to its costs	288	0.44%	Transfer
Yida Company	To provide office building lease	Made by negotiations through fair principles with reference to its costs	355	0.55%	Transfer
Xiandai Transportation	To provide office building lease	Made by negotiations through fair principles with reference to its costs	109	0.17%	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	9.45%	Transfer
Expressway Real Estate	Entrusted construction and management expenses for construction of Wantong High-tech Industrial Park	Made by negotiations through fair principles with reference to its costs	1,494	3.29%	Transfer
Xiandai Transportation	Construction and management expenses for reconstruction of Gaojie Expressway	Made by negotiations through fair principles with reference to its costs	970	0.32%	Transfer

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Inspection Scientific Center	Materials test expenses of widening of Hening Expressway	Made by negotiations through fair principles with reference to its costs	3,899	0.91%	Transfer
Remuneration of key administrators	To pay for key administrators		1,993	2.46%	Transfer

Details please see the Note 40 to the financial report in the 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

   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 pension, basic medical insurance, unemployment insurance, injury insurance and child-bearing insurance for the staff and paid the above insurance fee in full.

In addition to the above social security plans, the Company established a multi-level social security system, which protects the benefits of staff and strengthens the cohesion, unity and competitiveness of the Company. In 2008, the Company had completed the establishment of an enterprise pension plan according to the actual situation of the Company and relevant requirements of the Enterprise Pension Tentative Procedures.

XII. Shareholdings of Directors, Supervisors and Senior Management

As at 31 December 2009, 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 2009.

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 2009, 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**

In 2010, it is expected that China's economy will maintain its stable and rapid growth under the State's aggressive financial policy and flexible monetary policy. This stable and rapid growth will create a favourable external environment for the economic development of Anhui Province and the general demand is expected to rise. It is believed that the profitability of the Company will increase stably under the continuous economic development of the region.

The recovery of the domestic economy and acceleration of the construction of expressways has brought many favourable conditions and opportunities to the Company. Firstly, to cope with the financial crisis and stimulate economic development, the PRC government has implemented specific policies to speed up the construction of traffic construction. By the end of 2012, the total mileage of expressway would reached 3,500 km. Secondly, with the gradual improvement of the expressway network in Anhui Province and the rapid increase of the vehicle ownership in the region, the profitability of the Company will continuously increase. Thirdly, the Company's development will benefit from the development plan of succeeding industrial transfer demonstration zone in Wanjiang City Group. A comprehensive integrated transportation system and strategic geographic advantage are the favourable conditions of industrial transfer demonstration zone in Wanjiang City Group. It is expected that the Company will develop rapidly along with the region's economy.

Meanwhile, the Group faces various difficulties and challenges. The foundation of the economic recovery of China is still frail, and the economic structure is subject to adjustment. The highway transportation is affected by the development of other transportation such as railway and airline. The expansion of expressway network has resulted in the reallocation of overall traffic volume.

In 2010, the Company will continue to increase its investment on construction, enhance project management, and improve the integrated services of roads. The Company will reduce its operating costs and increase its core competitiveness by improving its toll management and enhancing road maintenance. Besides, the Company will focus on fund raising, further adjust its financing structure and strive for improving the financial situation of the Company. Furthermore, the Company will enhance its research and development efforts and innovation capability in respect of project construction.

By order of the Board
Zhou Renqiang
Chairman

Hefei, Anhui, the PRC

6 April 2010

As at the date of this announcement, the Board comprises of: Zhou Renqiang, 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