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)

2010 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 2010 prepared in accordance with Hong Kong Financial Reporting Standards , together with the comparative figures of 2009. 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 2010
(All amounts in Renminbi thousand unless otherwise stated)

	Note	**Year ended 31 December 2010**	**2009**
Revenues	2	2,541,014	2,528,640
Cost of sales		(1,114,878)	(1,367,370)
Gross profit		1,426,136	1,161,270
Other gains/(losses) - net		4,047	(3,902)
Administrative expenses		(162,299)	(142,083)
Operating profit		1,267,884	1,015,285
Finance costs	3	(137,549)	(71,710)
Share of profit of an associate		4,695	2,941
Profit before income tax		1,135,030	946,516
Income tax expense	4	(265,791)	(221,866)
Profit for the year		869,239	724,650
Attributable to :			
Equity holders of the Company		789,154	667,434
Minority interest		80,085	57,216
		869,239	724,650
Basic and diluted earnings per share			
(expressed in RMB per share)	6	0.4758	0.4024
Dividends	5	348,308	331,722

Consolidated statement of comprehensive income
For the year ended 31 December 2010
(All amounts in Renminbi thousand unless otherwise stated)

	Year ended 31 December	
	2010	**2009**
Profit for the year	869,239	724,650
Other comprehensive income	—	—
Other comprehensive income for the year, net of tax	—	—
Total comprehensive income for the year	869,239	724,650
Total comprehensive income attributable to:		
Equity holders of the Company	789,154	667,434
Minority interest	80,085	57,216
	869,239	724,650

Consolidated balance sheet

As at 31 December 2010

(All amounts in Renminbi thousand unless otherwise stated)

	As at 31 December	
	2010	**2009**
ASSETS		
Non-current assets		
Concession intangible assets	7,812,462	7,804,775
Lease prepayments	12,389	11,835
Property, plant and equipment	819,270	748,628
Investment properties	28,970	33,724
Intangible assets	1,800	2,549
Investments in an associate	31,564	26,869
Available-for-sale financial assets	—	18,000
	8,706,455	8,646,380
Current assets		
Inventories	3,761	2,395
Trade and other receivables	78,837	23,087
Cash and cash equivalents	756,507	1,042,968
	839,105	1,068,450
Total assets	9,545,560	9,714,830
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	235,174	147,372
Retained earnings		
— Proposed final dividend	348,308	331,722
— Others	2,217,129	1,864,085
	5,874,814	5,417,382
Non-controlling interests	270,597	237,302
Total equity	6,145,411	5,654,684

	As at 31 December	
	2010	2009
LIABILITIES		
Non-current liabilities		
Long-term payables	307,814	275,551
Borrowings	2,173,657	1,971,662
Deferred income tax liabilities	59,896	63,553
Deferred income	45,972	44,000
	2,587,339	2,354,766
Current liabilities		
Trade and other payables	590,342	646,669
Current income tax liabilities	73,519	45,542
Provision	28,949	28,169
Borrowings	120,000	985,000
	812,810	1,705,380
Total liabilities	3,400,149	4,060,146
Total equity and liabilities	9,545,560	9,714,830
Net current assets / (liabilities)	26,295	(636,930)
Total assets less current liabilities	8,732,750	8,009,450

	Attributable to equity holders of the Company					
	Ordinary share capital	Share premium	Other reserves	Retained earnings	Non-controlling Interests	Total
Balance at 1 January 2009	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 non-controlling interests by a subsidiary	—	—	—	—	(43,674)	(43,674)
Difference between the carrying amount and undiscounted amount of interest free loan received from a on-controlling interest, 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
Comprehensive income						
Profit for the year	—	—	—	789,154	80,085	869,239
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	789,154	80,085	869,239
Profit appropriation	—	—	71,946	(71,946)		—
Others	—	—	15,856	(15,856)		—
Transactions with owners						
2009 final dividends	—	—	—	(331,722)	—	(331,722)
2009 dividends to non-controlling interests by a subsidiary	—	—	—	—	(51,411)	(51,411)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax	—	—	—	—	5,849	5,849
Disposal of a subsidiary	—	—	—	—	(1,228)	(1,228)
Balance at 31 December 2010	1,658,610	1,415,593	235,174	2,565,437	270,597	6,145,411

Consolidated cash flow statement
For the year ended 31 December 2010
(All amounts in Renminbi thousand unless otherwise stated)

	Year ended 31 December	
	2010	**2009**
Cash flows from operating activities		
Cash generated from operations	1,231,553	719,988
Interest paid	(120,023)	(120,166)
Income tax paid	(241,471)	(299,767)
Net cash generated from operating activities	870,059	300,055
Cash flows from investing activities		
Purchase of property, plant and equipment	(172,302)	(114,304)
Purchase of intangible assets	(900)	(274)
Proceeds from sales of available-for-sale financial assets	23,208	—
Proceeds from sales of property, plant and equipment	16,834	227
Net cash outflows from disposal of a subsidiary	(49)	—
Interest received	4,762	3,607
Dividend received from available-for-sale financial assets	—	900
Net cash used in investing activities	(128,447)	(109,844)
Cash flows from financing activities		
Proceeds from bank borrowings	366,900	4,540,000
Net proceeds from issuance of corporate bonds	—	1,971,662
Repayments of bank borrowings	(1,035,000)	(5,780,000)
Cash generating from a non-controlling interest's contribution to a subsidiary	22,500	15,000
Dividends paid to non-controlling interests	(51,411)	(43,674)
Dividends paid to the Company's shareholders	(331,722)	(381,480)
Net cash (used in) generated from financing activities	(1,028,733)	321,508
Net (decrease) increase in cash and cash equivalents	(287,121)	511,719
Cash and cash equivalents at beginning of the year	1,042,968	531,235
Exchange gains on cash and cash equivalents	660	14
Cash and cash equivalents at end of the year	756,507	1,042,968

Notes:

1 **Basis of preparation**

The consolidated financial statements of the Group, including the financial statements of the Company, 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 these financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

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 for the financial year beginning 1 January 2010:

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. 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 are expensed. The revised standard has no impact on the Group's or the Company's financial statements as there was no business combination transaction occurred in the year ended 31 December 2010;

- HKAS 27 (revised) 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 recognized in profit or loss. HKAS 27 (revised) has had no impact in current year, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests;

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, the titles of land interests held by the Group are not expected to pass to the Group by the end of the lease term, hence, these land interests were classified as operating lease under 'lease prepayments', and amortized over the lease term. The amendment to HKAS 17 does not have impact on the Group's or the Company's financial statements;

- HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarificaties 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, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. It does not have any impact on the Group's or the Company's financial statements because the Group did not have non-current assets held for sale and discontinued operations in the reporting periods;

- HKAS 36 (amendment), 'Impairment of assets', effective January 1, 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics). It does not have any impact on the Group's or the Company's financial statements because the Group did not have goodwill in the reporting periods;

- HK Int 5 — "Presentation of Financial statements - Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause". The interpretation requires reclassification of a term loan which contains a repayment on demand clause from non-current liability to current liability. As the Group did not have long-term loan with a repayment on demand clause, the interpretation has no impact on the Group's or the Company's financial statements; and

- Second improvements to HKFRS (2009) were issued in May 2009 by HKICPA. All improvements are effective in the financial year of 2010. These improvements do not have significant impact on the Group's or the Company's financial statements.

(b) ***New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events):***

- HK(IFRIC) 9, 'Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement, effect 1 July 2009';

- HK(IFRIC) 16, Hedges of a net investment in a foreign operation, effect 1 July 2009';

- HK(IFRIC) 17, 'Distribution of non-cash assets to owners, effect on or after 1 July 2009';

- HK(IFRIC) 18, 'Transfers of assets from customers', effect for transfer of assets received on or after 1 July 2009;

- HKAS 1 (amendment), 'Presentation of financial statements', effect 1 July 2009; and

- HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions' and HK(IFRIC) 11, 'HKFRS 2 - Group and treasury share transactions', effect 1 January 2010.

(c) ***New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted.***

- HKFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace HKAS 39, 'Financial instruments: recognition and measurement'. HKFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group will apply this standard from 1 January 2013. It is not expected to have significant impact on the Group's or the Company's financial statements;

- Revised HKAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes HKAS 24, 'Related party disclosures', issued in 2003. HKAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011. The revised standard only results in changes in related party disclosures and does not have any impact to earnings per share;

- 'Classification of rights issues' (amendment to HKAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with HKAS 8 'Accounting policies, changes in accounting estimates and errors'. The Group will apply the amended standard from 1 January 2011. It is not expected to have significant impact on the Group's or the Company's financial statements;

- HK (IFRIC) - Int 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Group will apply the interpretation from 1 January 2011. It is not expected to have significant impact on the Group's or the Company's financial statements;

- Prepayments of a minimum funding requirement' (amendments to HK (IFRIC) - Int 14). The amendments correct an unintended consequence of HK (IFRIC) - Int 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when HK (IFRIC) - Int 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The Group will apply these amendments from 1 January 2011. It is not expected to have significant impact on the Group's or the Company's financial statements; and

- Third improvements to HKFRS (2010) were issued in May 2010 by HKICPA. All improvements are effective in the financial year of 2011. The impact on the Group's or the Company's financial statements is considered not significant.

2. **Turnover**

	Year ended 31 December	
	2010	**2009**
Toll income from toll roads operation	2,069,404	1,706,671
Revenue from construction or upgrade work under Service Concessions	431,449	757,078
Service income from toll roads service sectors	—	29,962
Rental income	20,897	17,074
Service income from management of toll roads	17,299	15,705
Income from emergency assistance	1,825	1,970
Other	140	180
	2,541,014	2,528,640

3. **Finance costs**

	Year ended 31 December 2010	2009
Interest expense on:		
- bank borrowings	21,207	56,317
- corporate bonds	100,000	—
- amortisation of long-term payables	16,342	15,393
	137,549	71,710

4. **Taxation**

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

	Year ended 31 December 2010	2009
Current taxation- CIT (a)	269,448	226,860
Deferred taxation charged to income	(5,607)	(6,174)
Deferred taxation charged to equity	1,950	1,180
	265,791	221,866

(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.

The Company and its subsidiaries, associated companies determined and paid the PRC Corporate Income Tax ('CIT') in accordance with the CIT Law. Under the new CIT Law, the CIT rate applicable to the Company and its subsidiaries, associated companies is 25%.

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

According to the CIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company. For certain treaty jurisdictions which had signed tax treaties with the PRC, the WHT rate is according to the tax treaties.

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

	Year ended 31 December	
	2010	**2009**
Profit before income tax	1,135,030	946,516
CIT rate	25%	25%
Tax calculated at the CIT rate	283,758	236,629
Expenses not deductible for tax purpose	266	2,898
Income not subject to income tax	(9,807)	(735)
Tax adjustment made after tax filing by tax bureau (a)	(8,426)	(16,926)
Tax Charges	265,791	221,866

(a) The Company acquired the non-controlling interests in Anhui Gao Jie Expressway Co., Ltd. ("Gao Jie") in 2005. After the acquisition, Gao Jie completed its de-registration process and merged all of its assets and liabilities into the Company based on their fair value. According to the China tax regulation, the tax base for these merged assets and liabilities shall be the fair value. However, the Company calculated current income tax expenses based on the net book value of these merged assets, which was required by local tax authority. During annual tax filing in 2010 in respect of 2009's taxable income, tax authority allowed the Company to declare current income tax expenses based on the fair value of these merged assets. Thus, related income tax of RMB8,426 thousand was adjusted in 2010 and credited to current income tax expenses.

5. Dividends

The dividends paid during the years ended 31 December 2010 and 2009 were RMB 331,722 thousand (RMB 0.20 per share) and 381,480 thousand (RMB 0.23 per share) respectively. A final dividend in respect of 2010 of RMB 0.21 per share, amounting to a total dividend of RMB 348,308 thousand will be proposed at the Annual General Meeting on 29 April 2011. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2010	**2009**
Proposed final dividend of RMB 0.21 (2009: RMB 0.20) per ordinary share	348,308	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	
	2010	**2009**
Profit attributable to equity holders of the Company	789,154	667,434
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.4758	0.4024

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 assets (attributable to shareholders of the Company)**	
			31 December	**31 December**
	2010	**2009**	**2010**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount presented in accordance with the CAS	782,917	673,449	5,756,707	5,294,541
Difference and amounts -				
Valuation and Depreciation / amortization and deferred taxes	6,237	(6,015)	118,107	122,841
Reconciliation to HKAS	789,154	667,434	5,874,814	5,417,382

II. Final dividend and close of share transfer

The Board proposes to declare a final dividend of RMB0.21 per share (Taxation included) for the year ended 31December 2010 to all shareholders.

The final dividend is subject to the approval of shareholders at the 2010 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 Standards)**

During the reporting period, the Group achieved the operating income of RMB2,109,565 thousand (2009: RMB1,771,562 thousand), representing an increase of 19.08% over the corresponding period of the previous year; Total profit of RMB1,126,768 thousand (2009: RMB950,796 thousand), representing an increase of 18.51% over the corresponding period of the previous year; Net profit attributable to shareholders of the Company of RMB782,917 thousand (2009: RMB673,449 thousand), representing an increase of 16.25% over the corresponding period of the previous year; Basic earnings per share of RMB0.472 (2009: RMB0.406), representing an increase of 16.25% over the corresponding period of the previous year. The increase of net profit was mainly due to the increase of the operating income of the Group.

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

Projects	**2010 (RMB'000)**	**Percentage of total revenue (%)**	**2009 (RMB'000)**	**Percentage of total revenue (%)**
Hening Expressway	857,926	40.67	690,434	38.97
New Tianchang Section of National Trunk 205	59,739	2.83	45,176	2.55
Gaojie Expressway	537,517	25.48	458,409	25.88
Xuanguang Expressway	408,657	19.37	335,962	18.96
Lianhuo Expressway Anhui Section	180,478	8.56	180,999	10.22
Ninghuai Expressway Tianchang Section	65,248	3.09	60,582	3.42

(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)**		
		2010	**2009**	**Change (%)**	**2010**	**2009**	**Change (%)**
Hening Expressway	100%	19,721	15,446	27.68	836,051	662,678	26.16
New Tianchang Section of National Trunk 205	100%	6,561	5,744	14.22	59,026	44,850	31.61
Gaojie Expressway	100%	11,507	9,866	16.63	525,736	435,298	20.78
Xuanguang Expressway	55.47%	14,609	12,229	19.46	408,330	335,598	21.67
Lianhuo Expressway Anhui Section	100%	7,742	6,868	12.73	177,097	171,889	3.03
Ninghuai Expressway Tianchang Section	100%	15,722	13,701	14.75	63,164	56,359	12.07

Name of roads	**Interests**	**Ratio of passenger vehicles to goods vehicles**		**Toll income per vehicle (RMB)**		
		2010	**2009**	**2010**	**2009**	**Change (%)**
Hening Expressway	100%	62:38	62:38	116.15	117.54	-1.19
New Tianchang Section of National Trunk 205	100%	36:64	42:58	24.65	21.39	15.23
Gaojie Expressway	100%	43:57	42:58	125.17	120.88	3.55
Xuanguang Expressway	55.47%	57:43	54:46	76.58	75.19	1.85
Lianhuo Expressway Anhui Section	100%	49:51	43:57	62.67	68.57	-8.60
Ninghuai Expressway Tianchang Section	100%	77:23	74:26	11.01	11.27	-2.34

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	2,087,536	616,532	54	19.18	13.62	A decrease of 0.14 percent point
In terms of products						
Hening Expressway	846,738	276,762	48.72	24.1	46.03	A decrease of 10.04 percent point
New Tianchang Section of National Trunk 205	59,026	22,653	44.86	31.61	-4.94	An increase of 15.92 percent point
Gaojie Expressway	530,782	125,616	63.19	17.31	3.94	An increase of 0.58 percent point
Xuanguang Expressway	408,330	90,584	58.74	21.67	4.12	An increase of 7.79 percent point
Lianhuo Expressway Anhui Section	178,197	76,427	40.16	1.14	-18.02	An increase of 7.94 percent point
Ninghuai Expressway Tianchang Section	64,463	24,490	48.77	7.14	-13.21	An increase of 8.56 percent point
Total	2,087,536	616,532	54	19.18	13.62	A decrease of 0.14 percent point

The growth of the Chinese and regional economy was the key factors of the increase of traffic volumes of the Group, the fast vitality of economic activities spurred the increase of traffic demands. During the reporting period, due to the natural increase of traffic volumes resulted from the growth of the macro economy and the adjustment of toll rates in November 2010, the Group achieved the toll income of RMB2,069,404 thousand, representing an increase of 21.25% over last year.

Hening Expressway

During the year, toll income amounted to RMB836,051 thousand, representing an increase of 26.16% over last year; Average daily traffic volumes reached 19,721, representing an increase of 27.68% over last year. Benefited from the growth of the macro economy and the completion of the Widening project, toll income and traffic volumes of Hening Expressway both achieved a substantial growth.

New Tianchang Section of National Trunk 205

During the year, toll income amounted to RMB59,026 thousand, representing an increase of 31.61% over last year; Average daily traffic volumes reached 6,561, representing an increase of 14.22% over last year.

During the reporting period, New Tianchang Section of National Trunk 205 achieved a faster increase than Ninghuai Expressway Tianchang Section, which was mainly due to the raise of toll rates applicable to goods vehicles with reference to their weight of Ninghuai Expressway Tianchang Section. The faster increase of toll income than traffic volumes was mainly due to the substantial raise of percentage of goods vehicles.

Ninghuai Expressway Tianchang Section

During the year, toll income amounted to RMB63,164 thousand, representing an increase of 12.07% over last year; Average daily traffic volume reached 15,722, representing an increase of 14.75% over last year. The increase of toll income was mainly due to the natural increase of traffic volumes.

Gaojie Expressway

During the year, toll income amounted to RMB525,736 thousand, representing an increase of 20.78% over last year; Average daily traffic volumes reached 11,507, representing an increase of 16.63% over last year. Benefited from the growth of the macro economy and completion of the reconstruction, toll income and traffic volumes of Hening Expressway both achieved a substantial growth.

Xuanguang Expressway

During the year, toll income amounted to RMB408,330 thousand, representing an increase of 21.67% over last year; Average daily traffic volumes reached 14,609, representing an increase of 19.46% over last year. The increase of toll income was mainly due to the natural increase of traffic volumes.

Lianhuo Expressway Anhui Section

During the year, toll income amounted to RMB177,097 thousand, representing an increase of 3.03% over last year; Average daily traffic volumes reached 7,742, representing an increase of 12.73% over last year. The lower increase of toll income than traffic volumes was mainly because the increase rate of passenger vehicles was higher than that of goods vehicles and the substantial increase of short-range passenger vehicles resulted in the decrease of toll income per vehicle.

(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	1,289,402	177,189	Construction, management and operation of Xuanguang Expressway
NingXuanhang Company	70%	100,000	580,554	—	Construction, design, supervision, toll collection, maintenance, management and technical consultation of highways and supporting service
Expressway Media	38%	50,000	144,725	12,354	Design, making, release and agency of domestic advertisements Information Investment

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 2010, 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 Equity investment of the Company

Unit: RMB'000

The Company's equity investment amount during the reporting period	0
Increase/decrease of the Company's equity investment amount during the reporting period	-1,800
Equity investment amount of the corresponding period last year	0
Change of Company's investment amount during the reporting period (%)	0

2 Investments other than the use of proceeds

(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 was expected to be approximately RMB1,964 million. The widening work was completed in September 2009.

During the reporting period, owing to the project settlement, RMB13 million was invested in the widening works. As at the end of the reporting period, the accumulated investment was RMB1,973 million.

(2) Construction of Wantong Expressway Hi-tech Industrial Park

The budgetary estimate for the main project and follow-up project of Wantong Expressway Hi-tech Industrial Park was of approximately RMB362 million, which is expected to be completed at the end of 2011.

During the reporting period, RMB108 million was invested in the construction of Wantong Expressway Hi-tech Industrial Park and the accumulated investment was RMB251 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, owing to the project settlement, RMB7 million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB824 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 an investment of RMB2,679 million. The construction of the section was started in September 2009.

During the reporting period, RMB420 million was invested in the construction works, as at the end of the reporting period, the accumulated investment was RMB545 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 on 17-22 December 2009 through the internet and other ways. The carrying amount of such Bond is RMB100 each. Such Corporate Bonds were issued at par with a term of 5 years, the interest of which is calculated at a fixed simple interest rate of 5% per annum and is payable annually. The principal of the Bond shall be redeemed in full on maturity. According to the approval document (Shang Zheng Zhai Zi No. [2010] 9) issued by the shanghai Stock Exchange, such Corporate Bonds have been listed in the Shanghai Stock Exchange since 21 January 2010 (Stock Name: [09] Wang To Wangtongzhaick Code: 122039).

During the reporting period, RMB650 million of the proceeds from such issuance was used, as at the end of the reporting period, the proceeds was all used in accordance with the undertakings in the prospectus.

IV. Major Shareholders

As of 31 December 2010, the total number of shareholders of the Company was 70,626, out of which there were one state-owned shareholder, one state-owned legal person shareholder, 70,539 A shareholders and 85 H shareholders.

As at 31 December 2010, 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)	Increase/ decrease during the reporting period	Type of shares	As a % of total share capital	Pledged or locked-up
Anhui Expressway Holding Group Company Limited	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	29,924,000(L)	-43,572,000	H Shares	8.84%	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

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
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
Deutsche Bank Aktiengesellschaft	29,734,047(L) 7,595,486(P)	Not clear	H Shares	6.03% 1.54%	Not known
JP Morgan Chase & Co.	29,417,985(L) 0(P) 26,639,985 (Shares attributable to lend)	-7,044,000 Not clear -9,032,000	H Shares	5.97% 0.00% 5.40%	Not known
The Real Return Group Limited	24,694,000(L)	Not clear	H Shares	5.01%	Not known

L = long Position
P = Lending Pool

Save as disclosed herein, the Directors are not aware of any person who was, 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 and 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 meetings of any member of the Group, or any options in respect of such capital as at 31 December 2010.

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
Anhui Expressway Group	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	6,871	17.11%	Transfer
Yanjiang Expressway	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	3,866	9.63%	Transfer
Hehuaifu Expressway	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	2,292	5.71%	Transfer
Liuqian Expressway	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,800	4.48%	Transfer
Anlian Company	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,467	3.65%	Transfer

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Fuzhou Expressway	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,003	2.50%	Transfer
Bangning Property	To receive management service of project construction HI-tech Park	Made by negotiations through fair principles with reference to its costs	2,130	6.15%	Transfer
Expressway Investment	To receive management service of project construction HI-tech Park	Made by negotiations through fair principles with reference to its costs	1,584	1.24%	Transfer
Xiandai Transportation	To receive management service of project construction HI-tech Park	Made by negotiations through fair principles with reference to its costs	260	0.20%	Transfer
Bangning Property	To receive property management service	Made by negotiations through fair principles with reference to its costs	1,373	3.96%	Transfer
Expressway Inspection Center	To receive construction inspection service	Made by negotiations through fair principles with reference to its costs	498	0.87%	Transfer

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Yida Company	To lease service areas of the Company	To recognize on a straight-line basis over the lease period	7,000	38.61%	Transfer
Yida Company	To lease the NO. 1 research and development building in New and High-tech Park	To recognize on a straight-line basis over the lease period	378	13.66%	Transfer
Xiandai Transportation	To lease the NO. 9 research and development building in New and High-tech Park	To recognize on a straight-line basis over the lease period	360	13.03%	Transfer
Total			30,882		

Details please see the Note 40 to the financial report prepared in accordance with the Hong Kong Accounting Standards 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 provided a guarantee of RMB500 million for the Company's subsidiary Ningxuanhang Company, which was approved at the 18th meeting of the 5th Board, held on 18 August 2010.

The Company provided a guarantee for the Company's subsidiaries

Amount of guarantee for the Company's subsidiaries during the reporting period	RMB130 million
Total amount of guarantee for the Company's subsidiaries at the end of the reporting period (B)	RMB130 million
Total guarantee of the Company (including guarantee for the Company's subsidiaries)	
Total guarantee	RMB130 million
The percentage of total guarantee to the net assets of the Company	2.26%
Of which:	
To provide for shareholders, real controller and its connected parties	0
To provide guarantee amount for guarantee agencies with asset-liability ratio more than 70% directly or indirectly	0
Guarantee amount more than 50% of net assets	0
Total guarantee amount of the above items	0

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 Company 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 Company 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 Company paid RMB15,147,700 of various social insurance fee. At the same time, the Company has arranged the complement medical insurance and accident injury insurance for the staff.

In 2010, the Company arranged RMB9,052 thousand of housing accumulation fund for staff.

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 enterprise annuity plan according to the actual situation of the Company and relevant requirements of the Enterprise Annuity Tentative Procedures. In 2010, the total enterprise annuity expenses were RMB4,949,800.

XII. **Shareholdings of Directors, Supervisors and Senior Management**

As at 31 December 2010, 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 2010.

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 2010, 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 ahead to 2011, we are faced with various challenges. First, the current commodity price level in China hit record highs repeatedly and measures of controlling inflation and tightening the monetary policy have been introduced again and again. This is followed by a reduction in liquidity in the market and sustained high bank loan rates, creating great pressure on the equity financing of the Company with a sudden increase in financial cost pressure and increased difficulty in financial management. The persistent inflation pressure will also lead to land acquisition and demolition and resettlement and an increase in construction material and labour costs. With increasing construction cost pressure, the investment benefit prospects are gloomy. At the beginning of the year, the Chinese government introduced various policies to facilitate the development of high-speed railways. Benefiting from the support of these policies, high-speed transportation will see rapid development. This will create sustained competitive pressure for the development of the Company over the next couple of years. The implementation of the internal control policy by A+H Share Company starting from 1 January 2011 will require the Group to engage in the establishment of the internal control system in an all-round and systematic manner. The improvement and refinement of the internal control system still requires a lot of efforts to be made.

Overall, so far as the Group's development is concerned, there are potential risks associated with its rapid advancement and there are golden opportunities amidst great challenges. The economy of China will experience fast development and the regional economy will become increasingly active. Besides, the demand for expressway transportation by the community will grow day by day, with increasing dependence. The demand for passenger travel caused by the rapid growth of vehicle ownership and the demand for cargo transportation generated by the Wanjiang City Group plan with the equipment manufacturing industry and the raw material industry as the pillar industries will also provide sustained momentum for the steady growth of the Company's business. With the stabilization of the negative impact of the widening and reconstruction of the Company's main road sections and road network diversion, the Company's performance will improve substantially.

In 2011, the Group will continue to increase investment, speed up construction, strengthen management, set a foothold on the principal business of expressways, continuously explore investment opportunities and continue to expand the principal business. The Group will also set a foothold on the scientific and humanistic management system, innovate the method of creating management ideas and effectively improve the management effectiveness. On the basis of the normative internal control system, the Group will impose strict control over various costs to strive to achieve leap-forward improvement in its performance.

By order of the Board
Zhou Renqiang
Chairman

Hefei, Anhui, the PRC

11 March 2011

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