安徽皖通高速公路股份有限公司
Anhui Expressway Company Limited

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

(Stock code 995)

2012 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 2012 prepared in accordance with Hong Kong Financial Reporting Standards , together with the comparative figures of 2011. 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 2012
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December 2012	2011
Revenue	2	3,122,350	3,052,074
Cost of sales		(1,818,369)	(1,602,604)
Gross profit		1,303,981	1,449,470
Other gains - net		4,595	12,908
Administrative expenses		(81,845)	(66,268)
Operating profit		1,226,731	1,396,110
Finance costs - net	3	(135,777)	(135,522)
Share of profit of an associate		12,031	8,019
Profit before income tax		1,102,985	1,268,607
Income tax expense	4	(274,000)	(316,792)
Profit for the year		828,985	951,815
Attributable to :			
Owners of the Company		752,152	861,185
Non-controlling interests		76,833	90,630
		828,985	951,815
Basic and diluted earnings per share	5		
(expressed in RMB per share)		0.4535	0.5192
Dividends	6	331,722	348,308

Consolidated statement of comprehensive income
For the year ended 31 December 2012
(All amounts in Renminbi thousand unless otherwise stated)

	Year ended 31 December	
	2012	**2011**
Profit for the year	828,985	951,815
Other comprehensive income	—	—
Other comprehensive income for the year, net of tax	—	—
Total comprehensive income for the year	828,985	951,815
Total comprehensive income attributable to:		
Owners of the Company	752,152	861,185
Non-controlling interests	76,833	90,630
	828,985	951,815

Consolidated balance sheet

As at 31 December 2012

(All amounts in Renminbi thousand unless otherwise stated)

	As at 31 December	
	2012	**2011**
ASSETS		
Non-current assets		
Concession intangible assets	8,847,086	8,430,757
Land use rights	10,644	11,330
Property, plant and equipment	691,841	811,003
Investment property	326,104	206,873
Intangible assets	2,526	2,367
Investments in an associate	41,316	29,285
Available-for-sale financial assets	515,000	300,000
	10,434,517	9,791,615
Current assets		
Inventories	3,554	3,413
Trade and other receivables	246,605	184,700
Cash and cash equivalents	762,838	603,223
	1,012,997	791,336
Total assets	11,447,514	10,582,951
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Ordinary share capital	1,658,610	1,658,610
Share premium	1,415,593	1,415,593
Other reserves	117,367	345,042
Retained earnings		
– Proposed final dividend	331,722	348,308
– Others	3,120,084	2,698,278
	6,643,376	6,465,831
Non-controlling interests	777,111	380,868
Total equity	7,420,487	6,846,699

	As at 31 December	
	2012	**2011**
LIABILITIES		
Non-current liabilities		
Long-term payables	491,966	379,040
Borrowings	2,463,776	2,392,173
Deferred income tax liabilities	118,320	71,691
Deferred income	41,626	43,799
	3,115,688	2,886,703
Current liabilities		
Trade and other payables	772,693	651,522
Current income tax liabilities	32,470	117,151
Provision	6,826	6,826
Borrowings	99,350	74,050
	911,339	849,549
Total liabilities	4,027,027	3,736,252
Total equity and liabilities	11,447,514	10,582,951
Net current assets/(liabilities)	101,658	(58,213)
Total assets less current liabilities	10,536,175	9,733,402

Consolidated statement of changes in equity
For the year ended 31 December 2012
(All amounts in Renminbi thousand unless otherwise stated)

	Attributable to owners of the Company					
	Ordinary share capital	**Share premium**	**Other reserves**	**Retained earnings**	**Non-controlling Interests**	**Total**
Balance at 1 January 2011	1,658,610	1,415,593	264,142	2,621,546	352,337	6,312,228
Comprehensive income						
Profit for the year	—	—	—	861,185	90,630	951,815
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	861,185	90,630	951,815
Profit appropriation	—	—	82,276	(82,276)	—	—
Others	—	—	(1,376)	1,376	—	—
Transactions with owners						
Dividends relating to 2010	—	—	—	(348,308)	—	(348,308)
Dividends paid to non-controlling interests of subsidiaries relating to 2010	—	—	—	—	(77,677)	(77,677)
Dividends paid to the then equity owner of a subsidiary relating to 2010	—	—	—	(6,937)	—	(6,937)
Difference between the carrying amount and undiscounted amount of interest free loan received from non-controlling interests, net of tax	—	—	—	—	15,578	15,578
Balance at 31 December 2011	1,658,610	1,415,593	345,042	3,046,586	380,868	6,846,699

	Attributable to owners of the Company					
	Ordinary share capital	Share premium	Other reserves	Retained earnings	Non-controlling Interests	Total
Comprehensive income						
Profit for the year	—	—	—	752,152	76,833	828,985
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	752,152	76,833	828,985
Profit appropriation	—	—	—	—	—	—
Others	—	—	(1,376)	1,376	—	—
Transactions with owners						
Dividends relating to 2011	—	—	—	(348,308)	—	(348,308)
Dividends paid to non-controlling interests of subsidiaries relating to 2011	—	—	—	—	(70,475)	(70,475)
Non-controlling interests' contributions to the Group	—	—	—	—	242,353	242,353
Consideration paid to the then equity owner for acquisition of a subsidiary under common control	—	—	(215,330)	—	—	(215,330)
Changes in ownership interests in a subsidiary without change of control	—	—	(10,969)	—	(7,911)	(18,880)
Difference between the carrying amount and undiscounted amount of interest free loan received from non-controlling interests, net of tax	—	—	—	—	155,443	155,443
Balance at 31 December 2012	1,658,610	1,415,593	117,367	3,451,806	777,111	7,420,487

Consolidated cash flow statement
For the year ended 31 December 2012
(All amounts in Renminbi thousand unless otherwise stated)

	Year ended 31 December	
	2012	**2011**
Cash flows from operating activities		
Cash generated from operations	861,655	1,168,600
Interest paid	(136,524)	(127,893)
Income tax paid	(363,866)	(268,798)
Net cash generated from operating activities	361,265	771,909
Cash flows from investing activities		
Purchase of property, plant and equipment	(44,690)	(297,563)
Purchase of intangible assets	(1,104)	(1,193)
Purchase of available-for-sale financial assets	(215,000)	(300,000)
Payment for acquisition of a subsidiary under	(165,330)	—
Payment to non-controlling interest for acquisition of ownership interests in a subsidiary	(18,880)	—
Payment of bidding deposit for acquisition of a subsidiary	—	(50,000)
Proceeds from sales of property, plant and equipment	134	5,760
Interest received	3,830	13,116
Dividend received from an associate	10,298	3,990
Net cash used in investing activities	(430,742)	(625,890)
Cash flows from financing activities		
Proceeds from bank borrowings	505,300	151,000
Repayments of bank borrowings	(86,169)	(152,232)
Proceeds from non-controlling interests' contributions to subsidiaries	242,353	60,000
Dividends paid to the non-controlling interests	(77,141)	(71,012)
Dividends paid to the then equity owner of a subsidiary	(6,937)	—
Dividends paid to the Company's shareholders	(348,308)	(348,308)
Net cash generated from/(used in) financing activities	229,098	(360,552)
Net increase/(decrease) in cash and cash equivalents	159,621	(214,533)
Cash and cash equivalents at beginning of the year	603,223	818,350
Exchange losses on cash and cash equivalents	(6)	(594)
Cash and cash equivalents at end of the year	762,838	603,223

Notes:

1. Basis of preparation

The consolidated 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.

The preparation of the consolidated 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.

As mentioned in Note 39, the comparative figures of the consolidated financial statements have been restated due to the acquisition of Xuancheng Guangci Expressway Co., Ltd. ("宣城市廣祠高速公路有限責任公司", "Guangci") under common control.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

There are no HKFRSs or HK(IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that have a material impact on the Group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact and intends to adopt HKFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Group will also consider the impact of the remaining phases of HKFRS 9 when completed by the Board.

- HKFRS 10, "Consolidated Financial Statements", revised the definition of control and includes guidance for de facto control. It will be effective for accounting periods beginning on or after 1 Jan 2013 and its adoption may lead to consolidation or deconsolidation of certain investee(s) by the Group. Management has assessed the financial impact of HKFRS 10. Because the Company's equity interests and voting rights in all consolidated subsidiaries are more than 50%, management believed the adoption of HKFRS 10 will not have significant impact to the Group.

- HKFRS 12, "Disclosures of interests in other entities", includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess HKFRS 12's full impact and intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1 January 2013.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Revenue - Group

	Year ended 31 December	
	2012	**2011**
Toll income from toll roads operation	2,127,491	2,232,272
Revenue from construction or upgrade work under Service Concessions	899,842	764,858
Rental income (Note 41(b))	43,069	23,389
– from toll roads service sector (a)	28,930	8,877
– from other investment property	14,139	14,512
Service income from roads emergency assistance	18,873	15,763
Service income from management of toll roads (Note 41(b))	18,545	15,371
Interest income from pawn loans to customers	14,329	—
Others	201	421
	3,122,350	3,052,074

(a) Pursuant to a lease agreement with Anhui Yida Toll Road Service Sector Management Co., Ltd. ("YTMC", "安徽省驛達高速公路服務區經營管理有限公司"), the Company's toll road service sectors were leased to YTMC with annual rental fee of RMB 7,200 thousand. The lease period was from 1 January 2012 to 31 December 2012.

Pursuant to a lease agreement with YTMC, Guangci's toll road service sectors were leased to YTMC with annual rental fee of RMB 1,800 thousand. The lease period was from 1 August 2009 to 20 July 2029.

3. Finance costs - Group

	Year ended 31 December	
	2012	**2011**
Interest expense on:		
– bank borrowings	11,704	12,806
– corporate bonds	105,653	105,366
– interest paid	100,000	100,000
– amortisation of corporate bonds	5,653	5,366
– amortisation of long-term payables to XCIC (Note 24)	18,420	17,350
	135,777	135,522

4. Taxation - Group

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

	Year ended 31 December	
	2012	**2011**
Current taxation - CIT (a)	279,185	310,190
Deferred taxation charged/(credited) to consolidated income statement (Note 25)	(5,185)	6,602
	274,000	316,792

(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 determine and pay 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 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 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 of 31 December 2007 (i.e. 2007 retained earnings), such dividends earned by the foreign shareholders are exempted from WHT. For dividend which arises from the Company's profit earned after 1 January 2008, WHT is levied on the foreign institute shareholders.

5. Earnings per share

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

	Year ended 31 December	
	2012	**2011**
Profit attributable to equity holders of the Company	752,152	861,185
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.4535	0.5192

6. Dividends

The dividends paid during the years ended 31 December 2012 and 2011 were RMB 348,308 thousand (RMB 0.21 per share) and 348,308 thousand (RMB 0.21 per share) respectively. A final dividend in respect of 2012 of RMB 0.20 per share, amounting to a total dividend of RMB 331,722 thousand will be proposed at the Annual General Meeting on 16 May 2013. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2012	**2011**
Proposed final dividend of RMB 0.20 (2011: RMB 0.21) per ordinary share	331,722	348,308

7. Appropriation

(a) Statutory Surplus Reserve Fund

In accordance with the PRC Company Law, the Company and its subsidiaries shall appropriate 10% of their annual statutory net income (after offsetting any prior years' losses) to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of a company's share capital or registered capital, any further appropriation is optional. The statutory surplus reserve fund can be utilized to offset prior years' losses or to issue bonus shares/paid-in capital. However, such statutory surplus reserve fund must be maintained at a minimum of 25% of share capital/registered capital after such utilization.

At 31 December 2012, the balance of statutory surplus reserve has reached 50% of the Company's share capital. As a result, the Company did not appropriate statutory surplus reserve fund in 2012 in accordance with the PRC Company Law.

(b) Dividends distribution

According to the Articles of Association of the Company, the dividends distribution by the Company to its shareholders is based on the lower of the retained earnings in the Company's statutory financial statements and in the Company's financial statements prepared in according with HKFRS.

8. Notes to consolidated cash flow statement

Reconciliation from profit before income tax to net cash inflow from operating activities:

	Year ended 31 December 2012	2011
Profit before income tax	1,102,985	1,268,607
Adjustments for:		
Settlement of revenue in form of concession intangible assets	(812,512)	(658,662)
Amortisation of concession intangible assets	454,288	417,016
Depreciation of property, plant and equipment	82,767	103,994
Depreciation of investment property	14,761	7,653
Amortisation of land use rights	686	1,059
Amortisation of intangible assets	945	616
Impairment for pawn loans to customers	1,780	—
Loss on disposal of concession intangible assets	1,157	—
Loss on disposal of property, plant and equipment	37	2,333
Loss on disposal of intangible assets	—	10
Share of profit of an associate	(12,031)	(8,019)
Interest income	(3,830)	(13,116)
Interest expense	135,777	135,522
Operating profit before working capital changes	966,810	1,257,013
(Increase)/decrease in inventories	(141)	348
Decrease in provision	—	(22,123)
Increase in trade and other receivables	(72,203)	(28,423)
Decrease in trade and other payables	(32,811)	(38,215)
Cash generated from operating activities	861,655	1,168,600

Non-cash transaction

Non-cash transaction refers to the settlement of revenue in form of concession intangible assets.

9. Commitments - Group

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	Year ended 31 December 2012	2011
Concession intangible assets		
– Contracted but not provided for	1,329,185	269,352

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 31 December 2012 to all shareholders.

The final dividend is subject to the approval of shareholders at the 2012 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 RMB2,222,507 thousand (2011: RMB2,287,216 thousand), representing a decrease of 2.83% over the corresponding period of the previous year; Total profit of RMB1,115,097 thousand (2011: RMB1,276,551 thousand), representing a decrease of 12.65% over the corresponding period of the previous year; Net profit attributable to shareholders of the Company of RMB761,001 thousand (2011: RMB868,325 thousand), representing a decrease of 12.36% over the corresponding period of the previous year; Basic earnings per share of RMB0.459 (2011: RMB0.524), representing a decrease of 12.40% over the corresponding period of the previous year. The decrease of net profit was mainly due to the decrease of the operating income of the Group.

(II) Operations of toll highway

Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2012	2011	Change (%)	2012	2011	Change (%)
Hening Expressway	100%	21,549	21,179	1.75	931,374	924,602	0.73
New Tianchang Section of National Trunk 205	100%	5,108	5,540	-7.80	45,516	49,332	-7.74
Gaojie Expressway	100%	9,300	10,777	-13.70	428,467	508,104	-15.67
Xuanguang Expressway	55.47%	15,134	15,116	0.12	382,999	421,203	-9.07
Lianhuo Expressway Anhui Section	100%	8,768	8,243	6.37	196,196	188,229	4.23
Ninghuai Expressway Tianchang Section	100%	17,559	17,750	-1.07	75,449	72,252	4.42
Guangci Expressway	55.47%	15,088	14,892	1.32	67,490	68,550	-1.55

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per vehicle (RMB) Change		
		2012	2011	2012	2011	Change (%)
Hening Expressway	100%	68:32	65:35	18,991	18,904	0.46
New Tianchang Section of National Trunk 205	100%	39:61	37:63	4,145	4,505	-7.99
Gaojie Expressway	100%	54:46	47:53	10,643	12,655	-15.90
Xuanguang Expressway	55.47%	69:31	63:37	12,458	13,738	-9.31
Lianhuo Expressway Anhui Section	100%	60:40	55:45	9,927	9,550	3.95
Ninghuai Expressway Tianchang Section	100%	74:26	74:26	14,725	14,139	4.14
Guangci Expressway		70:30	62:37	13,171	13,415	-1.81

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	2,156,421	796,911	63.04	-4.18	9.56	An decrease of 4.63 percent point
Pawn business	14,328	0	100	NA	NA	NA
In terms of products						
Hening Expressway	946,776	326,783	65.48	1.23	7.11	A decrease of 1.89 percent point
New Tianchang Section of National Trunk 205	45,516	34,271	24.7	-7.74	47.74	A decrease of 28.27 percent point
Gaojie Expressway	437,900	151,331	65.44	-14.66	8.47	A decrease of 7.37 percent point
Xuanguang Expressway	382,999	132,310	65.45	-9.07	6.84	A decrease of 5.14 percent point
Lianhuo Expressway Anhui Section	198,181	100,069	49.51	4.67	23.12	A decrease of 7.57 percent point
Ninghuai Expressway Tianchang Section	77,559	32,574	58	5.45	6.06	A decrease of 0.24 percent point
Guangci Expressway	67,490	19,573	71	-1.55	-17.45	An increase\ of 5.593 percent point
Wantong pawn Company	14,328	0	100	NA	NA	NA
Total	2,170,749	796,911	63.29	-3.54	9.56	A decrease of 4.39 percent point

Principal business in terms of areas

Unit: RMB'000

Area	operating revenue	Change in Operating revenuerate (%)
Anhui Province	2,170,749	-3.54

The main reasons of New Tianchang Section of National Trunk 205 toll revenue decline are that , the large decrease of freight traffic on year-on-year basis,achieving 10.14%

The main reasons of the Gaojie Expressway toll revenue decline are that, on one hand, the distributary of some vehicle caused by Liuwu high speed railway opening to traffic flow. On the other hand, since 11 November, 2012, more than 20 tons of vehicles bypass shunt because of the implementation of Jiangxi Jiujiang Bridge.

The main reasons of Xuanguang Expressway toll revenue decline are that , the large decrease of freight traffic on year-on-year basis,achieving 17.23%.

Factors impacting the Group's toll road operations include:

business environment

The company's operational achievements are highly correlated with the economical environment of the country and the region. In year 2012, though the region and the country as a whole are undergoing stable economic growth, the growth rate is decreasing. Besides, the growth rate of GDP in the first three quarters is under constant dropping until in the fourth quarter. Under such conditions, the weakening of logistic needs have had a negative impact on the company's traffic volume. Within the reporting period, the Group's truck volume of various road sections dropped by 10.54% on year-on-year basis, while the passenger car volume increased by 6.27%, most of which came from the increase of small-sized buses.

policy environment

Since 1 December. 2010, the Green Channel Policy has been implemented in all road sections of the Group. Within the reporting period, the Group altogether has freed or reduced fees for 894.4 thousand green-channeled cars, increasing 19.25% compared with that of the same period in the last year, amounting to about RMB 319.58 million.

In 2012, the Chinese government introduced a policy where in important festivals or holidays, small-sized cars can run on high-speed road sections for free. For example in the eight-day national holiday in 2012, the Group exempted the fee of 1.3189 million small-sized cars, amounting to about RMB 66.04 million.

Besides, within the reporting period, the fees discounted for Anhui Transportation card holders amounted to about RMB 8.4 million yuan, increasing significantly with that of the same period of last year.

Change of the Road Network Structure

The operational achievements of toll roads are also influenced positively or negatively by changes or connections of the surrounding competitive or coordinative road networks and reorganization or expansion of parallel roads. The influence depends on the specific conditions of different projects.

(III) analysis of principal subsidiaries and investee companies of the Company

Unit: RMB'000

Name	Interests held by the Group	Registered capital	As at 31 December 2012 total assets	Net assets	2012 operating revenue	net profit	Principal business
Xuanguang Company	55.47%	111,760	1,277,111	574,231	385,388	139,627	Construction, management and operation of XuanguangExpressway
NingXuanhang Company	51%	300,000	2,325,827	692,187	0	0	Construction, design, supervision, toll collection, maintenance, management and technical consultation of highways and supporting service
Guangci Expressway	55.47%	56,800	319,856	205,456	69,290	28,475	Construction, management and operation of Guangci Expressway
Expressway Media	38%	50,000	247,324	109,473	115,273	31,660	Design, making, release and agency of domestic advertisements Information Investment
Xin'an Financial	16.67%	3,000,000	4,487,309	3,730,574	619,354	377,620	Financial Investment, equity investment, Management consulting
Wantong Pawn Company	71.43%	210,000	220,776	217,743	14,329	7,743	Pawn business pledge
Wantong MicroCredit company	10%	150,000	152,588	151,677	3,303	1,677	lends small sums of money, Small business management consulting, Financial advisory

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 2012, Ningxuanhang Company was still in the process of setting up.

In order to enlarge the scale of the company's assets,the company purchase the 55.47% Equity of Guangci Company during the reporting period。

The company is mainly engaged in the operation and management of toll roads and related business. In 2011, the implementation of related policy on toll roads, especially the special clean-up decision made by the five ministries on toll roads, has led to a deep thinking and discussion among the company's board of directors and managers on the company's prospect. They have proposed the developmental strategy of "focusing on the main business while moderately expanding". In combination with the own characteristics and financial features of the high-speed road industry, the company gradually invested in setting up Xin'an Financial,Wantong Pawn Company,Wantong MicroCredit company , which mainly operate non-banking financial business like pawn, guarantee or small-amount loan. Please refer to the item "importance issues" in the annual report for the details of setting up small companies.

(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	300,000
Increase/decrease of the Company's equity investment amount during the reporting period	300,000
Equity investment amount of the corresponding period last year	0

The condition of invested companies during the reporting period

Name	Main business activities	the percentage of equity of invested company (%)
Xin'an financial	financial investment, Equity investment, Management Consulting	16.67
Wantong MicroCredit	lends small sums of money, Small business management consulting, Financial advisory	10

The condition of holding equity of un-listed financial companies

During the reporting period, the company had no condition of holding equity of un-listed financial companies.

2. Investments other than the use of proceeds

Name	item amount	Project schedule	Investment amount this year	Accumulative total investment amount	Project earnings
Ningxuanhang Expressway Xuancheng -Ningguo Section	Route about 44 km, the total investment of the project is RMB2.678 billion	The project began to be constructed in September 2009.	6.41	16.81	under construction
Ningxuanhang Expressway Ningguo-Qianqiu Section	Route about 40 km, the total investment of the project is RMB2.928 billion	The project began to be constructed in March 2011.	1.9	3.44	under construction
Wantong Expressway Hi-tech Industrial Park	Engineering subject and the subsequent project budget is RMB 362 million.	The project has been completed at the end of 2011	0.24	3.78	The gained income of rental Income in is RMB 1,194.48 million.
Reconstruction of Xuancheng easthweast interchange	the total estimate is RMB 0.119 billion	The project has been completed at the end of 2012	0.7	1.14	
total	60.87		9.25	25.17	

3. Use of proceeds

During the reporting period,the company had no Use of proceeds

IV Major Shareholders

As of 31 December 2012, the total number of shareholders of the Company was 58,900, out of which there were 58,809 domestic shareholders and 91 H shareholders.

As at 31 December 2012, 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	521,733,374(L)	+3,152,374	State-owned share	31.46%	No
China Merchants Huajian Highway Investments Company Limited	349,345,689(L)	+2,326,689	State-owned Legal person shares	21.06%	No
Commonwealth Bank of Australia	43,572,000(L)	—	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
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%	
JPMorgan Chase & Co.	52,637,370 (L)	+13,449,700	H Shares	10.68%	Not known
	430,000(P)	+430,000		0.09%	
	51,963,370 (Shares attributable to lend)	+12,831,700		10.54%	

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 2012.

V. Significant Connected Transactions

The Group's related party transactions and continuing connected transactions until 31 December 2012 have been disclosed in Note 41 in the comprehensive financial statements. The details of part of the above-mentioned transactions (also constituting related party transactions or continuing connected transactions under the Hong Kong Stock Exchange Listing Rules) are attached as follows.

Connected transactions in relation to daily operations

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	16,075	86.68	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	7.91	Transfer
Fuzhou Expressway	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,003	5.41	Transfer

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Bangning Property	To receive management service	Made by negotiations through fair principles with reference to its costs	350	0.04	Transfer
Xiandai Transportation	To receive management service	Made by negotiations through fair principles with reference to its costs	2,850	0.3	Transfer
Expressway investment	To receive management service	Made by negotiations through fair principles with reference to its costsr	1,262	0.13	Transfe
Bangning Property	To receive property management service	Made by negotiations through fair principles with reference to its costs	3,175	72.97	Transfer
Expressway Inspection Center	To receive supervisory service of project construction	Made by negotiations through fair principles with reference to its costs	109	0.01	Transfer
New tongji Company	To receive construction inspection service	Made by negotiations through fair principles with reference to its costs	63	0.01	Transfer
Expressway Project Supervision Company	To receive supervisory service of project construction	Made by negotiations through fair principles with reference to its costs	2,424	0.26	Transfer
Expressway Media	Accept advertising business	Made by negotiations through fair principles with reference to its costs	589	52.27	Transfer
Yida Company	To lease service areas of the Company	To recognize on a straight-line basis over the lease period	900	3.11	Transfer
Yida Company	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	1,358	11.37	Transfer

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Xiandai Transportation	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	597	5	Transfer
Expressway Petrochemical	To lease the room 304 in NO. 1 apartment building in New and High-tech Park	To recognize on a straight-line basis over the lease period	350	2.93	Transfer
Expressway Petrochemical	To lease the gas station within the Company	To recognize on a straight-line basis over the lease period	19,762	68.31	Transfer
Anhui Expressway Group	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	2,246	18.8	Transfer
The Construction Headquarters of High-grade highways	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	1,907	15.96	Transfer
Expressway Media	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	853	7.14	Transfer
Anlian Company	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	505	4.23	Transfer
Wantong MicroCredit	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	58	0.49	Transfer
Remuneration of key administrators			3,853		Transfer
Total			61,756		

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. Implementation of guarantee

It was approved that the controlling subsidiary, Ningxuanhang company, could get RMB 500 million's guarantee at the 18th session of the fifth board of directors on 18 August, 2010.

(RMB'000,000,000)

Guarantees provided by the Company to its controlling subsidiaries

Total amount of guarantees provided for the controlling subsidiaries by the Company during the reporting period	0
Total balance of guarantees provided for the controlling subsidiaries as at the end of the reporting period	1.81

Total amount of guarantees provided by the Company (including guarantees provided for the controlling subsidiaries)

Total guarantee amount	1.81
Total guarantee amount as a percentage of net asset value (%)	2.77%

IX. Financial Entrustment

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

IX. Loan Entrustment

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

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 RMB20,320,000 of various social insurance fee. At the same time, the Company has arranged the complement medical insurance and accident injury insurance for the staff.

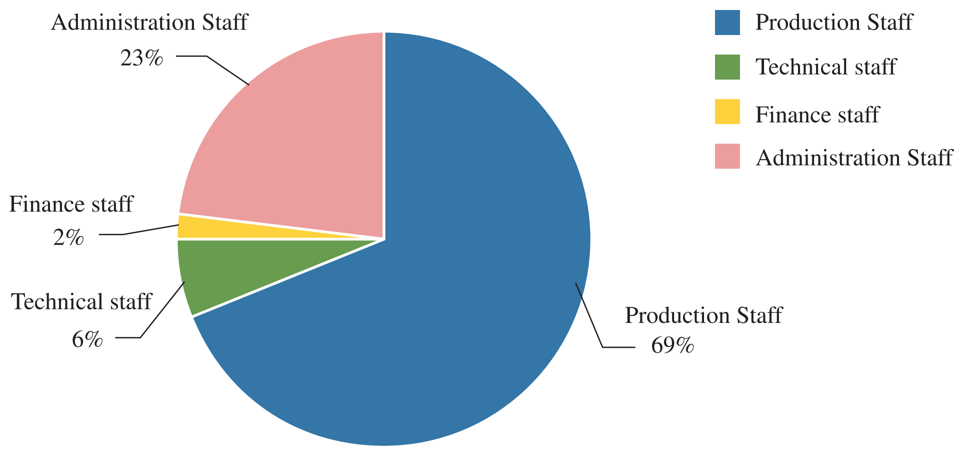
In 2012, the Company arranged RMB1,119 thousand of housing accumulation fund for staff.

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 2012, the total enterprise annuity expenses were RMB2,340,000.

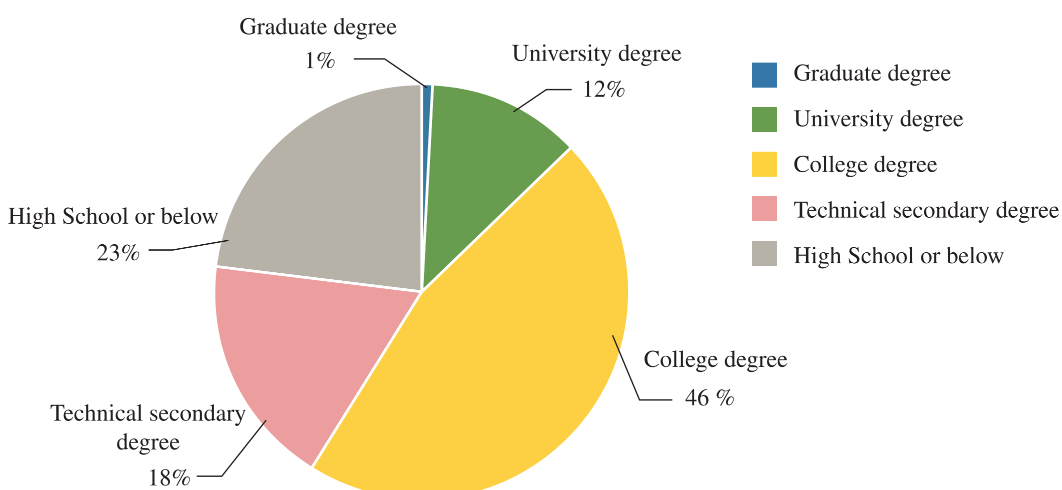
Training plan

The company pays attention to staff training all the time. In the beginning of every year, the company formulate training plan in line with actual demand as the direction of current training work. In addition, the company establishes and improves various training regulations to promote the education and training work toward a new level. In the report period, the company and all departments organize various trainings related to comprehensive management, operation, and engineering technology. Meanwhile, based on traditional training mode, the company positively explores new training modes, training channels, introduces E-learning online learning system, and provides online learning platform by means of abundant online training resources and convenient training modes. Trainees include staffs of all levels including toll collectors and senior managers.

The formation graph of Employees' specialty composition



The statistical graph of Employees' Education



XII. Shareholdings of Directors, Supervisors and Senior Management

As at 31 December 2012, 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

During the report period, the company complies with Enterprise Management and Control Regular Rule (From Jan 1, 2012 to Mar 31, 2012) and Enterprise Management and Control Regulation (from Apr 1, 2012 to Jun 30, 2012) and strives to maintain high-standard company management and control system to promote the enterprise transparency and guarantee stockholders' equity. It is confirmed by the board of directors that from Apr 1, 2012 to Dec 31, 2012, the duties except salary commission and promotion commission are undertaken by HR and Salary commission (the company believes that the HR and salary commission mode is feasible all the time, which better meets the company demand. Members of HR and salary commission are independent directors, who guarantee the stockholders' equity.

XV. Audit Committee

Main duties of the commission include: responsible to monitor the construction and implementation of internal audit system; audit the financial information and disclosure of the company; review the construction of internal control system and monitor the implementation such as: approve key related party transaction and take charge of communication, monitoring, and check on internal and external audit.

Ended 31 December 2012,It consists of 3 directors, of which 2 are independent directors. They are Mr Yang Mianzhi(chairman of the committee), Mr Liu Xianfu and Mr Hu Bin.

In 2012, 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, agreed to continue to contract Price Waterhouse Coopers (special general partnership) and PricewaterhouseCoopers as the audit institution in the new year and set before the board of directors at their meeting

XVI. Review and Outlook

In 2013, domestic and foreign economic status will be more complex. The negative influence of European debt crisis and economic crisis will continue. Develop economies face economic depression, while emerging economies have slower economic growth. It is difficult for the world economy to recover from the crisis. Severe international economic status leads to higher risk of economic decrease in China. The company will face a series of challenges.

Firstly, national and regional economic growth becomes slower. The development environment for logistics is poor. Logistic demand decreases. Traffic flow and toll income decreases.

Secondly, highway industry faces greater and greater policy risk. Green Channel and Policy of Free Policy for Passenger Car on Key Festivals and Holidays promote the livelihood projects in traffic field. Policy risk and negative influence will be more prominent.

Thirdly, along with increasingly complete highway network in Anhui Province, the change in road network will distribute the traffic in the region under the control of our company.

Fourthly, comprehensive transportation system will be completed in future years. Along with constantly improving transportation environment consisted of air transportation, high-speed rail, common road, and waterway, the company will constantly face the competitive pressure on main business.

Therefore, we shall make clear the status and increase the awareness of unexpected development. In addition, we shall scientifically judge the development trend and deeply analyze the development environment to master favorable opportunity and key charge suitable for company development.

In 2013, seen from the internal operation of the company, successful acquisition of Guangci Expressway Share enlarges the main business scale constantly; the completion of increase in capital and share for Ningxuanhang Expressway provides steady capital guarantee for successive construction. With the completion and operation of Ningxuanhang Expressway Stage II, the development environment of main business in the company will be improved significantly.

In the future, in order to accelerate the development, we will correctly grasp the new macroeconomic status and new trend of industrial development. We will further solidify our development confidence and master the opportunity to transfer various positive factors into development advantages. In addition, we will prepare for all difficulties and challenges and transfer the pressure into motive power to realize the company development of higher quality and higher benefit.

In 2013, the company will steadily implement diversified development strategies based on the highway operation management, and regard the highway operation as the main business. The company will gradually extend the highway industrial value chain by closely tracking the industries and fields including road area economic and financial investment. The company will further enhance precision management and promote management innovation. The company will enhance internal control and reduce operation cost. In line with the principle of harmonious development on "scale, quality, and benefit", the company will carry out work steadily. Through our constant efforts, the company will be developed into a diversified company group of high technology content, strong financing ability, and good management level integrating highway, road area economy and financial investment.

By order of the Board
Zhou Renqiang
Chairman

Hefei, The PRC, 22 March 2013

As at the date of this Announcement, the board of directors of the Company comprises: Zhou Renqiang, Tu Xiaobei, Li Junjie, Li Jiezhi, Liu Xianfu, Meng Jie, Hu Bin, Yang Mianzhi and Cui Yunfei.