安徽皖通高速公路股份有限公司

Anhui Expressway Company Limited

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

(Stock code: 995)

2015 Annual Results Announcement

The board of directors of Anhui Expressway Company Limited (the "Company") together with its subsidiaries (the "Group") is pleased to present the consolidated audited results of the Group for the financial year ended 31 December 2015 prepared in accordance with Hong Kong Financial Reporting Standards, together with the comparative figures of 2014. They are as follows. The audit committee of the Company has reviewed the annual results for the financial year 2015:

I. Financial highlights

(All amounts in Renminbi thousand unless otherwise stated)

Consolidated income statement

For the year ended 31 December 2015

(All amounts in Renminbi thousand unless otherwise stated)

	Note	**Year ended 31 December 2015**	**2014**
Revenue	2	3,158,404	3,036,589
Cost of sales		(1,800,738)	(1,722,115)
Gross profit		1,357,666	1,314,474
Other gains - net		68,371	151,278
Finance costs		(128,693)	(149,648)
Operating profit		1,297,344	1,316,104
Finance costs	3	(66,560)	(172,689)
Share of profit of an associate		18,601	16,214
Profit before income tax		1,249,385	1,159,629
Income tax expenses	4	(290,500)	(300,890)
Profit for the year		958,885	858,739
Attributable to:			
Owners of the Company		929,377	852,105
Non-controlling interests		29,508	6,634
		958,885	858,739
Basic and diluted earnings per share (expressed in RMB per share)		0.5603	0.5137

Consolidated statement of comprehensive income
For the year ended 31 December 2015
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December 2015	2014
Profit for the year		958,885	858,739
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss			
Change in value of available-for-sale financial assets, net of tax		(41,851)	46,445
Total comprehensive income for the year		917,034	905,184
Attributable to:			
Owners of the Company		887,526	898,550
Non-controlling interests		29,508	6,634
		917,034	905,184

Consolidated balance sheet

As at 31 December 2015

(All amounts in Renminbi thousand unless otherwise stated)

	Note	As at 31 December 2015	As at 31 December 2014
ASSETS			
Non-current assets			
Concession intangible assets		9,245,876	9,222,294
Land use rights		11,450	12,407
Property, plant and equipment		1,046,208	888,336
Investment properties		354,011	372,172
Intangible assets		2,388	1,698
Investments in an associate		90,788	72,187
Deferred income tax assets		51,860	28,910
Available-for-sale ("AFS") financial assets		221,126	276,927
		11,023,707	10,874,931
Current assets			
Inventories		5,287	2,617
Trade and other receivables		310,835	193,300
Restricted cash		197,000	97,000
Cash and cash equivalents		709,246	462,945
		1,222,368	755,862
Total assets		12,246,075	11,630,793

	Note	As at 31 December 2015	2014
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		118,083	161,060
Retained earnings		4,998,212	4,449,189
		8,190,498	7,684,452
Non-controlling interests		789,927	847,613
Total equity		8,980,425	8,532,065
LIABILITIES			
Non-current liabilities			
Long-term payables		956,264	749,815
Borrowings		1,052,649	851,438
Deferred income tax liabilities		152,014	191,736
Deferred income		35,105	37,279
		2,196,032	1,830,268
Current liabilities			
Trade and other payables		632,538	716,655
Current income tax liabilities	4	67,397	96,229
Provision		6,896	13,063
Borrowings		362,787	442,513
		1,069,618	1,268,460
Total liabilities		3,265,650	3,098,728
Total equity and liabilities		12,246,075	11,630,793

Notes:

1、 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

1.1 Changes in accounting policies and disclosures

(a) New amendments to HKFRS adopted by the Group

The following new amendments to HKFRS have been adopted by the Group for the first time its financial year beginning on 1 January 2015:

- Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

- Amendments from annual improvements to HKFRSs – 2010 – 2012 Cycle, on HKFRS 8, 'Operating Segments', HKAS 16, 'Property, Plant and Equipment' and HKAS 38, 'Intangible Assets' and HKAS 24, 'Related Party Disclosures'

- Amendments from annual improvements to HKFRSs – 2011 – 2013 Cycle, on HKFRS 3, 'Business Combinations', HKFRS 13, 'Fair Value Measurement' and HKAS 40, 'Investment Property'.

The adoption of the above new amendments of HKFRS did not have any significant impact on the consolidated financial statements.

(b) ***New Hong Kong Companies Ordinance (Cap. 622)***

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) ***New standards and amendments of HKFRS issued but are not yet effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group***

A number of new standards and amendments of HKFRS are effective for the financial year beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements. The Group is yet to assess the full impact of these new standards and amendments and intends to adopt them no later than the respective effective dates of these new standards and amendments. These new standards and amendments are set out below:

- HKFRS 14 "Regulatory Deferral Accounts", effective for annual accounting periods beginning on or after 1 January 2016.

- Amendment to HKFRS 11 "Accounting Methods for Acquisitions of Interests in Joint Operations", effective for annual accounting periods beginning on or after 1 January 2016.

- Amendments to HKAS 16 and HKAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization", effective for annual accounting periods beginning on or after 1 January 2016.

- Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", effective for annual accounting periods beginning on or after 1 January 2016.

- Amendment to HKAS 27 "Equity Method in Separate Financial Statements", effective for annual accounting periods beginning on or after 1 January 2016.

- Some amendments included in Annual Improvements 2014 which are effective for annual accounting periods beginning on or after 1 January 2016, including:

  - Amendment to HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

  - Amendment to HKFRS 7 "Financial Instruments: Disclosures"

  - Amendment to HKAS 19 "Employee Benefits"

  - Amendment to HKAS 34 "Interim Financial Reporting"

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", effective for annual accounting periods beginning on or after 1 January 2016.

- Amendments to HKAS 1 "Disclosure Initiative", effective for annual accounting periods beginning on or after 1 January 2016.

- HKAS 15 "Revenue from Contracts with Customers", effective for annual accounting periods beginning on or after 1 January 2018.

- HKFRS 9 "Financial Instruments" replace the whole of HKAS 39, effective for annual accounting periods beginning on or after 1 January 2018.

2、 Revenue – Group

	Year ended 31 December	
	2015	**2014**
Toll income from toll roads operation	2,330,197	2,223,793
Revenue from construction or upgrade work under Service Concessions	731,399	697,019
Rental income	52,337	51,796
- from toll gas stations (a)	25,890	25,890
- from toll road service sectors (b)	10,080	10,080
- from other investment properties	16,367	15,826
Service income from roads emergency assistance	11,206	20,735
Service income from management of toll roads	22,866	13,437
Interest income from pawn loans to customers	9,387	28,429
Others	1,012	1,380
	3,158,404	3,036,589

(a) Pursuant to a lease agreement with Anhui Expressway Petrochemical Co., Ltd. ("安徽省高速石化有限公司", "AEPC"), the Company's gas stations were leased to AEPC with annual rental fee of RMB 25,890 thousand. The lease period will be terminated by 31 March 2018.

(b) 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 8,280 thousand. The lease period was from 1 January 2014 to 31 December 2016.

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	
	2015	2014
Interest expense on:		
- bank borrowings	39,045	38,062
- corporate bonds	—	106,271
- interest paid	—	100,000
- amortisation of corporate bonds	—	6,271
- amortisation of long-term payables	27,515	28,356
	66,560	172,689

4、 Taxation – Group

	Year ended 31 December	
	2015	2014
Current taxation - CIT (a)	342,865	318,354
Deferred taxation credited to the consolidated income statement	(52,365)	(17,464)
	290,500	300,890

(a) Hong Kong profits tax and the PRC Corporate Income 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 (except Anhui Expressway (H.K.) Limited), associated companies is 25%. And the CIT rate applicable to Anhui Expressway (H.K.) Limited is 16.5%.

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

Pursuant to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation, where the Company declares dividend in or after 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. Pursuant 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 1 January 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. The Company has fulfilled the obligation of WHT for dividends related to 2014 which was paid to foreign shareholders until 31 December 2015.

(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 the PRC as follows:

	Year ended 31 December	
	2015	**2014**
Profit before income tax	1,249,385	1,159,629
Tax calculated at domestic tax rates applicable to profits in the respective countries	312,351	289,907
Expenses not deductible for tax purpose	233	411
Income not subject to income tax	(22,094)	(22,003)
Tax adjustment made after tax filing by tax bureau	—	30
Deductible tax losses not recognised as deferred tax assets during the year	10	32,545
Tax charges	290,500	300,890

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	
	2015	**2014**
Profit attributable to equity holders of the Company	929,377	852,105
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.5603	0.5137

6、 Dividends

The dividends paid during the years ended 31 December 2015 and 2014 were RMB 381,480 thousand (RMB 0.23 per share) and RMB 364,894 thousand (RMB 0.22 per share) respectively. A final dividend in respect of 2015 of RMB 0.23 per share, amounting to a total dividend of RMB 381,480 thousand will be proposed at the Annual General Meeting in May 2016. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2015	**2014**
Proposed final dividend of RMB 0.23 (2014: RMB 0.23) per ordinary share	381,480	381,480

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 utilised 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 utilisation.

The balance of statutory surplus reserve has reached 50% of the Company's share capital. As a result, the Company did not appropriate statutory surplus reserve fund in 2015 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 accounts prepared in accordance with PRC accounting standards and in the Company's financial statements prepared in accordance with HKFRS. As at 31 December 2015, the retained earnings in the Company's financial statements prepared in accordance with HKFRS amounted to RMB 4,461,627 thousand, which was lower than the retained earnings reflected in the Company's statutory accounts prepared in accordance with PRC accounting standards.

8、 Commitments

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

	Year ended 31 December	
	2015	**2014**
Contracted but not provided for		
- Concession intangible assets	398,386	944,971
- Property, plant and equipment	1,063	—
	399,449	944,971

II. Final dividend

The Board proposes to declare a final dividend of RMB 0.23 per share (taxation included) for the year ended 31 December 2015 to all shareholders.

The final dividend is subject to the approval of shareholders at the 2015 Annual General Meeting and will be distributed on or before 20 July 2016.

III. Business review

(The figures below were computed in accordance with the PRC Accounting Standards unless otherwise stated.)

(I) Results summary (In accordance with the PRC Accounting Standards)

During the reporting period, the Group achieved an operating income of RMB 2,427,005 thousand (2014: RMB 2,339,570 thousand), representing an increase of 3.74% over the corresponding period of the previous year; total profit of RMB1,260,870 thousand (2014: RMB 1,171,532 thousand), representing an increase of 7.63% over the corresponding period of the previous year; net profit attributable to shareholders of the Company of RMB 937,867 thousand (2014: RMB 860,866 thousand), representing an increase of 8.94% over the corresponding period of the previous year; basic earnings per share of RMB0.5655 (2014: RMB 0.5190), representing an increase of 8.96% over the corresponding period of the previous year. The increase in net profit was mainly due to a stable increase in the Group's toll income from toll roads operation in this year and a significant decrease in finance costs compared with that of the corresponding period of last year.

(Unit: RMB)

Principal businesses in terms of industries

In terms of industries	Operating income	Operating cost	Gross profit rate (%)	Change in operating income (compared with the previous year) (%)	Change in operating cost (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
Toll highway business	2,364,367,116.63	935,107,046.78	60.45	4.71	4.42	An increase of 0.10 percent point
Pawn business	9,386,956.43	0	100	-66.98	NA	NA

Principal businesses in terms of products

In terms of products	Operating income	Operating cost	Gross profit rate (%)	Change in operating income (compared with the previous year) (%)	Change in operating cost (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
Hening Expressway	965,276,571.47	355,240,394.75	63.20	1.71	5.65	A decrease of 1.37 percent point
New Tianchang Section of National Trunk 205	52,419,500.00	36,623,804.16	30.13	10.12	-4.97	An increase of 11.10 percent point
Gaojie Expressway	507,558,758.58	150,924,757.53	70.26	11.23	-4.51	An increase of 4.90 percent point
Xuanguang Expressway	430,593,321.19	152,236,881.11	64.64	5.35	9.89	A decrease of 1.47 percent point
Lianhuo Expressway Anhui Section	209,583,682.65	98,607,599.39	52.95	-2.57	11.49	A decrease of 5.89 percent point
Ninghuai Expressway Tianchang Section	102,042,518.36	31,780,465.95	68.86	1.47	6.77	An increase of 2.76 percent point
Guangci Expressway	69,355,577.30	19,144,926.42	72.40	6.64	-1.12	An increase of 2.17 percent point
Ningxuanhang Expressway	27,537,187.08	90,548,217.47	-228.82	76.67	10.10	An increase of 198.80 percent point
Wantong Pawnshop	9,386,956.43	0	100	-66.98	NA	NA
Total	2,373,754,073.06	935,107,046.48	60.60	3.82	4.42	A decrease of 0.23 percent point

Principal businesses in terms of regions

In terms of regions	Operating income	Operating cost	Gross profit rate (%)	Change in operating income (compared with the previous year) (%)	Change in operating cost (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
Anhui Province	2,373,754,073.06	935,107,046.78	60.60	3.82	4.42	A decrease of 0.23 percent point

(III) Operations of toll highways

During the reporting period, the Group achieved a toll income of RMB2,330,197 thousand in total, representing an increase of 4.78% over the corresponding period of the previous year.

The principal factors affecting the Group's toll income remained to be economic downturn, policy of exemption and road networks.

In 2015, China's GDP amounted to RMB67,670.8 billion, representing an increase of 6.9% year on year, which was the lowest growth rate within 25 years; and it was also the first time for China to record a growth rate of below 7% since 1990. Anhui province's GDP in 2015 amounted to RMB2,200.56 billion, representing an increase of 8.7% year on year, which decreased by 0.5% compared with that of last year and was the lowest growth rate in its last decade. The Company's performance was affected by a slowdown of China' economy, reflecting in a 12.45% year on year rise of bus traffic flows at all sections and a 0.35% year on year decrease in truck traffic flows.

During the reporting period, with various policies and measures of exemption being implemented continuously, the Group's amounts of exemption continued to increase rapidly. The amounts of exemption totaled RMB593 million (2014: RMB562 million), increasing by 5.52% against the same period of the previous year, of which:

- The amount of exemption in Green Channel was about RMB347 million (2014: RMB339 million), representing an increase of 2.36% year on year, with over 1.0587 million vehicles being exempted;
- The amount of exemption on holidays was RMB179 million (2014: RMB168 million), representing an increase of 6.55% year on year, with over 4.1952 million vehicles being exempted;
- The preferential and discount amount of Anhui Province traffic cards was approximately RMB35 million (2014: RMB23 million), increasing by 52.17% compared with the same period of last year;
- Other amounts of exemption amounted to approximately RMB32 million (2014: RMB32 million).

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

The details of the operation of toll highway in 2015 are as follows::

Items	**Interests**	**Converted average daily traffic volumes for entire journey (vehicle)**			**Toll income (RMB'000)**		
		2015	2014	**Change**	2015	2014	**Change**
Hening Expressway	100%	24,571	23,508	4.52%	947,591	931,329	1.75%
New Tianchang Section of National Trunk 205	100%	4,913	4,631	6.09%	52,420	47,602	10.12%
Gaojie Expressway	100%	11,634	10,200	14.06%	495,808	444,561	11.53%
Xuanguang Expressway	55.47%	18,779	17,654	6.37%	430,593	408,739	5.35%
Lianhuo Expressway Anhui Section	100%	11,259	10,493	7.30%	207,274	212,800	-2.60%
Ninghuai Expressway Tianchang Section	100%	30,489	27,427	11.16%	99,618	98,141	1.50%
Guangci Expressway	55.47%	17,932	16,675	7.54%	69,356	65,034	6.65%
Ningxuanhang Expressway	51%	3,026	1,655	82.84%	27,537	15,587	76.67%

Items	**Interests**	**Ratio of passenger vehicles to goods vehicles**		**Toll income per vehicle (RMB)**		
		2015	2014	2015	2014	Change (%)
Hening Expressway	100%	72:28	70:30	19,374	19,042	1.74%
New Tianchang Section of National Trunk 205	100%	34:66	35:65	4,788	4,347	10.14%
Gaojie Expressway	100%	61:39	59:41	12,349	11,073	11.52%
Xuanguang Expressway	55.47%	74:26	72:28	14,044	13,331	5.35%
Lianhuo Expressway Anhui Section	100%	69:31	64:36	10,516	10,797	-2.60%
Ninghuai Expressway Tianchang Section	100%	79:21	76:24	19,495	19,206	1.50%
Guangci Expressway	55.47%	77:23	75:25	13,572	12,727	6.64%
Ningxuanhang Expressway	51%	75:25	84:16	1,822	929	96.12%

Notes: 1. Ningqian section of Ningxuanhang Expressway was officially open for trial operation on December 2015.

2. The traffic volume data above do not include the data on small passenger vehicles insofar as the same were free from toll on holidays.

During the reporting period, under the influence of diversion due to the opening of Ma'anshan Yangtze River Bridge and the expressway from Ma'anshan to Chaohu, the toll revenue of Longxi interchange to Jiangsu Section of Hening Expressway decreased by 5.4% compared with that of the corresponding period of last year, while the toll revenue of Nanhuan section of Hening Expressway increased by 15.47% compared with that of the corresponding period of last year due to the influence of regional economy. During the reporting period, the total revenue of Hening Expressway increased by 1.75% compared with that of the corresponding period of last year.

During the reporting period, with the improvement of road traffic condition and enhancement of network, vehicles diverged to Ninghuai Expressway due to traffic limit of Nanjing Yangtze River Second Bridge had been reflowed to National Trunk 205. Thus, the toll revenue of New Tianchang Section of National Trunk 205 increased by 10.12% compared with that of the corresponding period of last year.

During the reporting period, as a result of the influence of regional economy, vehicle volume of Lianhuo Expressway decreased by 8.29% compared with that of the corresponding period of last year, and toll revenue decreased by 2.60% compared with that of the corresponding period of last year.

During the reporting period, the toll revenue of Ningxuanhang Expressway increased by 76.67% compared with that of the corresponding period of last year, of which, Xuanning Section was officially opened to traffic in September 2013, and was in its growth stage. During the reporting period, with the opening of Ningji Expressway and Jiangsu Section of Liwu Expressway, the toll revenue of Xuanning Expressway increased by 75.12% compared with that of the corresponding period of last year.

In the third quarter of 2014, a number of vehicles diverged from Gaojie Expressway as a result of the pavement maintenance performed in Taigan Section of DaGuang Expressway, which caused a decrease in the toll revenue of Gaojie Expressway. During the reporting period, upon the completion of reconstruction, the vehicles began to flow back. Especially in November 2015, the toll revenue of Gaojie Expressway recorded recovery growth with a growth rate of more than 20%. During the reporting period, the toll revenue of Gaojie Expressway increased by 11.53% compared with that of the corresponding period of last year.

While the toll revenue of other roads recorded slight and natural growth.

(III) General achievements of the pawn business

In June 2012, the Company and Huatai jointly set up Hefei Wantong Pawn Company Limited, in which the Company injected capital in the sum of RMB150 million, accounting for 71.43% of its registered capital; Huatai invested RMB60 million, accounting for 28.57% of its registered capital. In September 2015, both shareholders agreed to reduce capital of Hefei Wantong Pawn Company Limited for risk control purpose, whose registered capital was therefore reduced from RMB210 million to RMB157.5 million, with respective shareholding percentages of both shareholders in the company remained unchanged.

During the reporting period, Wantong Pawn realized the operating income of RMB 9,390 thousand, mainly due to the overdue debit interest delay of capital and the slowdown of business development under the macroeconomic decline. The provision for impairment for the year reached RMB 27,690 thousand, and the accumulated provision reached RMB98,740 thousand, which is the main cause of the loss of the Company. During the reporting period, Wantong Pawn achieved a total profit of RMB-20,130 thousand, and achieved a loss-mitigation of RMB14,680 thousand year-on-year. The net profit was RMB-15,180 thousand, and achieved a loss-mitigation of RMB11,060 thousand year-on-year.

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

(Unit: RMB'000)

Name of company	Equity capital the Group possesses	Registered Capital	31 December 2015 Total assets	31 December 2015 Net assets	2015 Operating income	2015 Net profit	Main business
Xuanguang Company	55.47%	111,760	1,126,857	600,438	433,487	165,834	The construction, management and operation of Xuanguang Expressway
Ningxuanhang Company	51%	300,000	4,468,755	881,466	28,205	-113,846	Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service
Guangci Company	55.47%	56,800	243,076	221,534	71,156	35,634	The construction, management and operation of Guangci Expressway
Expressway Media	38%	50,000	336,314	238,915	138,725	48,950	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	4,166,484	2,600,819	734,984	436,058	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	1,266,247	1,239,821	61,126	71,037	Internet financial services, network information services, pawn business, etc.
Wantong Pawn	71.43%	157,500	124,593	121,686	9,387	-15,177	Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service
Wantong MicroCredit	10%	150,000	130,230	128,527	13,822	-29,394	Distributing petty loans, small size enterprises management consulting and financial advisory
Anhui Expressway (H.K.) Limited	100%	1,981	2,012	1,919	0	-62	Highway enterprises; its business covers relevant consultation and technology service for building, investment and operation of road abroad, and currently, the operation has yet to begin

Due to the implementation of share incentive plan, the total share capital of Anhui Xin'an Finanical Group Co., Ltd is 3,020,000 thousand shares, of which the Company holds 200,000 thousand shares, representing 6.62% of the total share capital. After the spin-off, the share capital of Anhui Xin'an Finanical Group Co., Ltd is 1,900,000 thousand shares and the Company holds 125,827,814 shares, representing 6.62% of the total share capital. The share capital of Anhui Xin'an Capital Operation Management Co., Ltd. is 1,120,000 thousands shares and the Company holds 74,172,186 shares, representing 6.62% of the total share capital.

On 2 December 2015, all relevant procedures for the listing of shares of Xin'an Financial have been fulfilled, and the shares will be officially listed recently with stock name: Xin'an Financial, and stock code: 834397.

(V) Information on principal customers and suppliers

Because the Group's main customers of the toll business were the users of the tollways and usually there were no big purchases related to the daily operation, thus there were no principal customers or suppliers needed to be further disclosed.

(VI) Investment Analysis

Overall analysis of external equity investments of the Company

(Unit: RMB'000)

The amount of the Company's equity investment during the reporting period	0
Increase/decrease of the amount of investment in 2015	0
The amount of equity investment of the corresponding period last year	0
Change in the amount of investment during the reporting period (%)	0

(1) Material equity investments

During the reporting period, there was no equity investment of the Company.

(2) Material non-equity investments

(Unit: RMB'00,000,000)

Name of project	Basic information of the project	Project amount	Progress of the project	Amount of investment for the year	Aggregate actual amount of investment	Revenue from the project
Ningxuanhang Expressway Ningguo-Qianqiu Section	about 40 km in length	29.28	The construction of the project began in March 2011.	7.29	20.87	The project has been open to traffic as a trial operation in December 2015
Ningxuanhang Expressway Liqiao-Xuancheng Section	about 31 km in length	21.33	The construction of the project began in January 2015.	2.13	3.60	Under construction
Total		50.61		9.42	24.47	

(3) Material disposal of assets and equity interest

During the reporting period, there was no material disposal of assets and equity interest of the Group.

IV. Material Litigation, Arbitration and Widespread Media Enquiry

The Company was not involved in any material litigation, arbitration or widespread media enquiry during the year.

V. Guarantee

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. As of the end of the reporting period, the balance of outstanding guarantees provided by the Company was RMB177 million.

(Unit: RMB'00,000,000)

Guarantees provided by the Company for subsidiaries it controlled	
Total amount of guarantees provided for the subsidiaries by the Company during the reporting period	-0.02
Total balance of guarantees provided for the subsidiaries as at the end of the reporting period	1.77
Total amount of guarantees provided by the Company (including guarantees provided for subsidiaries it controlled)	
Total guarantee amount	1.77
Total guarantee amount as a percentage of net asset value	2.09%

VI. Entrusted Wealth Management

Trustee	Type of entrusted wealth management products	Amount of entrusted wealth management	Beginning date of entrusted wealth management	Termination date of entrusted wealth management	Method to determine return	Principal amount actually recovered	Income actually received	Through a legal procedure or not
Bank of China, Hefei High-tech Sub-branch	Returns guaranteed	50,000,000	14 May 2015	11 June 2015	by agreement	50,000,000	122,739.73	Yes
Bank of China, Hefei Xinqiao Sub-branch	Returns guaranteed	50,000,000	14 May 2015	11 June 2015	by agreement	50,000,000	122,739.73	Yes
Bank of China, Hefei High-tech Sub-branch	Returns guaranteed	50,000,000	19 June 2015	17 July 2015	by agreement	50,000,000	122,739.73	Yes
Bank of China, Hefei Xinqiao Sub-branch	Returns guaranteed	50,000,000	19 June 2015	13 July 2015	by agreement	50,000,000	105,205.48	Yes
Bank of China, Hefei High-tech Sub-branch	Returns guaranteed	20,000,000	1 September 2015	12 October 2015	by agreement	20,000,000	74,136.99	Yes
Bank of China, Hefei Xinqiao Sub-branch	Returns guaranteed	20,000,000	1 September 2015	12 October 2015	by agreement	20,000,000	74,136.99	Yes
Bank of China, Hefei High-tech Sub-branch	Returns guaranteed	15,000,000	23 September 2015	25 November 2015	by agreement	15,000,000	90,616.44	Yes
Bank of China, Hefei Changfeng South Road Sub-branch	Returns guaranteed	25,000,000	23 September 2015	4 January 2016	by agreement	25,000,000	253,972.60	Yes
Bank of China, Hefei High-tech Sub-branch	Returns guaranteed	20,000,000	30 September 2015	7 January 2016	by agreement	20,000,000	195,287.67	Yes
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	5,000,000	30 September 2015	4 November 2015	by agreement	5,000,000	21,575.34	Yes
Industrial and Commercial Bank of China, Hefei Changjiang East Road Sub-branch	Principal guaranteed with floating returns	20,000,000	13 October 2015	16 November 2015	by agreement	20,000,000	65,205.48	Yes
Bank of China, Hefei Beicheng Sub-branch	Returns guaranteed	20,000,000	14 October 2015	16 December 2015	by agreement	20,000,000	113,917.81	Yes
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	20,000,000	15 October 2015	31 December 2015	by agreement	20,000,000	179,315.07	Yes
China CITIC Bank, Hefei Branch	Principal guaranteed with floating returns	10,000,000	30 October 2015	29 January 2016	by agreement	10,000,000	76,041.10	Yes

Trustee	Type of entrusted wealth management products	Amount of entrusted wealth management	Beginning date of entrusted wealth management	Termination date of entrusted wealth management	Method to determine return	Principal amount actually recovered	Income actually received	Through a legal procedure or not
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	30,000,000	2 November 2015	31 December 2015	by agreement	30,000,000	193,972.60	Yes
Bank of China, Hefei high-tech Sub-branch	Returns guaranteed	20,000,000	30 October 2015	1 February 2016	by agreement	20,000,000	169,972.60	Yes
Bank of China, Hefei Changfeng South Road Sub-branch	Returns guaranteed	10,000,000	30 October 2015	1 February 2016	by agreement	10,000,000	84,986.30	Yes
Total	/	435,000,000	/	/	/	435,000,000	2,066,561.66	/

Principal and accumulated returns overdue but yet to recover (yuan)	0
Explanations on entrust wealth management	No connected transactions and litigations involved in the above entrust wealth management matters, and the principal and returns of all wealth management products have been fully recovered on schedule.

Note: "Proposal Regarding Purchase of Bank Financial Products with Self-owned Storage Funds" was considered and approved at the Eighth Meeting of the Seventh Session of the Board of Directors of the Company held on 21 August 2015. By which, on the premise of ensuring funds safety, the Company was permitted to purchase in the next year principal-guaranteed bank financial products of high earnings with balance amount during the same period up to RMB 0.5 billion, and Senior Management of the Company was authorized to deal with the above matters.

VII. Entrusted Loans

(Unit: RMB'0,000)

Names of Borrowers	Amount of entrusted loan	Loan Period	Lending Rates	Use of the loan	Securities or Guarantor	Whether it has fallen due	Whether it is a connected transaction	Whether there is roll-over	Whether there is relevant litigation	Association	Whether the investment results in a profit or loss
Ningxuanhang Company	2,589.23	10 years	6.15%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	1,887	10 years	6.15%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	2,300	10 years	6.15%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	199	10 years	6.15%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	3,570	10 years	5.65%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	4,768.50	10 years	5.65%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	5,533.50	10 years	5.40%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	3,315	10 years	5.15%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	4,743	10 years	4.90%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	5,253	10 years	4.90%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	5,661	10 years	4.90%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit

Details of the entrusted loans

According to the 2015 investment plan of the third phase, that is Liqiao-Xuancheng Section of Ningxuanhang Company and having obtained approval at the fifth meeting of the 7th Board held on 30 March 2015, in respect of the Company's share in the difference between the total amount of investment and the total amount of project capital, the Company will invest up to RMB200 million in 2015 in the form of entrusted loans into Ningxuanhang Company for the construction of the third phase. The entrusted loan capital is funded by the Company's own capital, the term of the loans must be no more than 10 years, and the interest rate per annual is based on the benchmark loan interest rate as announced by the People's Bank of China during the same period.

During the reporting period, the Company provided an entrusted loan capital of RMB398,192.3 thousand to Ningxuanhang Company. The aggregate amount of entrusted loans provided to which was RMB668,232.3 thousand.

VIII. Purchase, Sale and Repurchase of the Company's Listed Securities

During the reporting period, none of the Company, its subsidiaries or its joint ventures purchased, sold or repurchased any listed securities of the Company.

IX. Corporate Governance Code

The board of directors confirmed that, save with one exception, the Company had been in compliance with the Corporate Governance Code during the period under review and strived in maintaining a corporate governance system of high standard to enhance transparency and protect the interests of shareholders. The exception is the functions of the remuneration committee and the nomination committee were both carried out by the Human Resources Management and Remuneration Committee. This arrangement was in place because the Company believes that this arrangement has always been effective and it suits the needs of the Company better. Majority of members of the Human Resources Management and Remuneration Committee are independent non-executive directors. Such composition of the committee can effectively protect the interests of the shareholders.

During the reporting period, the Company strictly complied with the Company Law, the Securities Act and the requirements of the relevant laws, regulations and regulatory documents of the CSRC (China Securities Regulatory Commission) and continued to improve the corporate governance structure, vigorously promoting the internal control and regulation. The Company duly complied with its obligation of disclosure and enhanced its management of investors' relations and the level at which its operations are regulated.

X. Audit Committee

As per its terms of reference, the Audit Committee is mainly responsible for monitoring the establishment and functioning of the Company's internal audit system, evaluating financial information and its disclosure, reviewing the internal control system and the way in which it runs, reviewing major connected transactions, facilitating the communication between the Company's internal and external auditors, and supervising and monitoring internal and external audit.

As at 31 December 2015, the Audit Committee of the Company composed of Mr. Yang Mianzhi (chairman), Mr. Ni Shilin and Mr. Hu Bin, one of them being a non-executive director and two of them being independent non-executive directors.

In year 2015, the Audit Committee held 4 meetings. Details of attendance of the meetings of the Audit Committee are as follows:

Member's name	Attendance at meetings (times)	Number of meeting (times)	Attendance rate
Yang Mianzhi	4	4	100%
Ni Shilin (appointed on 22 May 2015)	2	2	100%
Hu Bin	4	4	100%
Meng Jie (resigned on 22 May 2015)	2	2	100%

The Audit Committee held 4 meetings during the reporting period and had ample communication with the Company and the auditors. It reviewed the 2014 annual, 2015 first quarterly, interim and third quarterly financial statements of the Company. It submitted for the board's approval the 2015 audited report and the internal control and self evaluation report for the board's approval and its recommendation for PricewaterhouseCoopers Zhong Tian LLP (A-share) and PricewaterhouseCoopers (H-share) to be re-appointed as the audit institution in the forthcoming year. Moreover, it also issued opinions on the expected daily connected transactions of the Company in 2016. Please refer to the 2015 Report on How the Audit Committee Discharged its Duties for details of the Audit Committee's work.

XI. Prospects and Outlook

Continue to enhance highway construction and management

To continue to speed up the third phase Lixuan Section construction of Ningxuanhang Expressway in a stable manner; to further strengthen operation management, complete the stop loopholes, the green channel inspection, road maintenance production claim etc; to strengthen the tunnels and pavement maintenance, and improve road traffic quality and safety standards; to continue to do a good job of service with smiles, increase the inspection and supervision, and effectively improve the quality of service; to properly complete the connection between construction and management of Ningqian Section, and intensify Ningxuanhang Expressway network marketing, continuously perfect the road signs, and guide the traffic effectively; to strengthen the study of policies regarding toll roads, improve the "Internet + traffic" awareness, promote the development of convenient transportation comprehensive service based on internet platform, and develop smart transportation operation system.

Continue to explore diversified development path

To turn the risks arising from macroeconomic downturn into opportunities, make good use of the financing facility and strong capital advantages inherent in a listed company, enhance market research both domestically and abroad, explore high quality investment project and extend the diversified business.

Continue to strengthen the management and control of joint stock companies and the shares holding companies

To continuously and closely supervise the operation of Xin'an Financial and effectively control the investment risk in the financial stake. To actively supervise and promote the disposal of non-performing loans by pawn company; and at the same time, to strengthen the management and control of business risk, attract and train technical talents and enhance the overall risk prevention and control capabilities.

Continue to explore channels of innovation financing

To allocate funds reasonably and practically satisfy the fund demand of project under construction. To make full use of domestic financing channels and overseas financing platforms, explore low-cost and low-risk financing tools, and improve financing efficiency. To pay close attention to the updates on the financial market, and issue short-term financing bonds or corporate bonds timely to lock the middle- and short-tern financing cost.

By order of the Board
Zhou Renqiang
Chairman

Hefei, the PRC, 25 March 2015

As at the date of this announcement, the board of directors of the Company comprises: Zhou Renqiang, Chen Dafeng, Xie Xinyu, Wu Xinhua, Ni Shilin, Hu Bin, Yang Mianzhi and Kong Yat Fan.