

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 company)

(Stock Code: 995)

**Announcement of Interim Results for
the Six Months Ended 30 June 2023**

The board of directors (the “Board”) of Anhui Expressway Company Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 (the “Reporting Period”). The unaudited interim results were reviewed by the audit committee of the Company.

The unaudited condensed consolidated financial information of the Group prepared according to the Hong Kong Accounting Standards (“HKAS”) for the six months ended 30 June 2023 together with the unaudited comparative figures for the corresponding period in 2022, are as follows:

I. FINANCIAL HIGHLIGHTS

(All amounts in Renminbi thousands unless otherwise stated)

Interim condensed consolidated income statement For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
REVENUE	3	2,323,839	2,816,252
Cost of sales		<u>(998,638)</u>	<u>(1,781,058)</u>
Gross profit		1,325,201	1,035,194
Other income and gains – net	3	16,574	66,540
Administrative expenses		(73,107)	(69,352)
Net impairment (losses)/reversal of impairment losses on financial assets		<u>(119)</u>	<u>109</u>
Operating profit		1,268,549	1,032,491
Finance costs	4	(106,230)	(118,045)
Share of gain of associates		<u>8,002</u>	<u>8,196</u>
PROFIT BEFORE INCOME TAX		1,170,321	922,642
Income tax expenses	5	<u>(309,407)</u>	<u>(275,375)</u>
PROFIT FOR THE PERIOD		<u>860,914</u>	<u>647,267</u>
Attributable to:			
Owners of the Company		838,399	667,510
Non-controlling interests		<u>22,515</u>	<u>(20,243)</u>
		<u>860,914</u>	<u>647,267</u>
Basic and diluted earnings per share (expressed in RMB per share)	7	<u>0.5055</u>	<u>0.4025</u>

Interim condensed consolidated statement of comprehensive income
For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

	Six months ended 30 June	
	2023	2022
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit for the period	860,914	647,267
Other comprehensive income:		
<i>Items that will not be reclassified</i>		
<i>subsequently to profit or loss</i>		
Change in value of financial assets at fair value through other comprehensive income (“FVOCI”), net of tax	<u>(15,960)</u>	<u>319</u>
Total comprehensive income for the period	<u>844,954</u>	<u>647,586</u>
Attributable to:		
Owners of the Company	822,439	667,829
Non-controlling interests	<u>22,515</u>	<u>(20,243)</u>
	<u>844,954</u>	<u>647,586</u>

Interim condensed consolidated balance sheet

As at 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

		As at 30 June 2023	As at 31 December 2022
	<i>Notes</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
ASSETS			
NON-CURRENT ASSETS			
Concession intangible assets	8	13,834,832	13,497,875
Right-of-use assets	8	57,893	6,045
Property, plant and equipment	8	1,183,111	1,216,473
Investment properties	8	304,974	352,289
Intangible assets	8	3,151	5,679
Investment in associates		154,628	146,625
Deferred income tax assets		103,537	79,512
Financial assets at fair value through profit or loss (“FVPL”)		689,823	711,599
Financial assets at fair value through other comprehensive income		94,229	115,509
Total non-current assets		16,426,178	16,131,606
CURRENT ASSETS			
Inventories		4,200	4,706
Receivables and prepayments	9	386,619	537,733
Time deposits with original maturity over three months		2,552,752	1,767,673
Cash and cash equivalents		2,599,158	2,903,848
Total current assets		5,542,729	5,213,960
TOTAL ASSETS		21,968,907	21,345,566

		As at 30 June 2023	As at 31 December 2022
	<i>Notes</i>	RMB'000 (unaudited)	RMB'000 (audited)
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		(743,920)	(727,940)
Retained earnings		9,538,073	9,611,890
		<u>11,868,356</u>	<u>11,958,153</u>
Non-controlling interests		<u>1,451,316</u>	<u>1,579,019</u>
Total equity		<u>13,319,672</u>	<u>13,537,172</u>
NON-CURRENT LIABILITIES			
Long-term payables		77,560	77,560
Borrowings		6,029,148	6,201,986
Deferred income tax liabilities		34,662	36,798
Deferred income		107,388	113,853
Total non-current liabilities		<u>6,248,758</u>	<u>6,430,197</u>
CURRENT LIABILITIES			
Trade and other payables	11	1,771,925	835,269
Current income tax liabilities		78,600	30,160
Provision		79,385	71,005
Borrowings		470,567	441,763
Total current liabilities		<u>2,400,477</u>	<u>1,378,197</u>
Total liabilities		<u>8,649,235</u>	<u>7,808,394</u>
TOTAL EQUITY AND LIABILITIES		<u>21,968,907</u>	<u>21,345,566</u>

Interim condensed consolidated statement of changes in equity
For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

	Attributable to owners of the Company					Non-controlling interests	Total
	Ordinary	Share	Other	Retained			
	share capital	Share premium	reserves	earnings			
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 31 December 2022 and 1 January 2023 (audited)	1,658,610	1,415,593	(727,940)	9,611,890	1,579,019	13,537,172	
Comprehensive income							
Profit for the period (unaudited)	-	-	-	838,399	22,515	860,914	
Other comprehensive loss (unaudited):							
– Fair value loss on financial assets at FVOCI, net of tax (unaudited)	-	-	(15,960)	-	-	(15,960)	
Total comprehensive income for the period (unaudited)	-	-	(15,960)	838,399	22,515	844,954	
Transactions with owners							
Dividends relating to 2022 (unaudited)	-	-	-	(912,236)	-	(912,236)	
Dividends paid to non-controlling interests of subsidiaries relating to 2022 (unaudited)	-	-	-	-	(150,218)	(150,218)	
Others (unaudited)	-	-	(20)	20	-	-	
As at 30 June 2023 (unaudited)	1,658,610	1,415,593	(743,920)	9,538,073	1,451,316	13,319,672	

Notes	Attributable to owners of the Company					Total RMB'000
	Ordinary share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Non- controlling interests RMB'000	
At 31 December 2021 and 1 January 2022 (audited)	<u>1,658,610</u>	<u>1,415,593</u>	<u>(728,178)</u>	<u>9,078,629</u>	<u>555,169</u>	<u>11,979,823</u>
Comprehensive income						
Profit for the period (unaudited)	-	-	-	667,510	(20,243)	647,267
Other comprehensive income: (unaudited)						
– Fair value gain on financial assets at FVOCI, net of tax (unaudited)	<u>-</u>	<u>-</u>	<u>319</u>	<u>-</u>	<u>-</u>	<u>319</u>
Total comprehensive income for the period (unaudited)	<u>-</u>	<u>-</u>	<u>319</u>	<u>667,510</u>	<u>(20,243)</u>	<u>647,586</u>
Transactions with owners						
Dividends relating to 2021 (unaudited)	-	-	-	(912,236)	-	(912,236)
Dividends paid to non-controlling interests of subsidiaries relating to 2021 (unaudited)	-	-	-	-	(201,246)	(201,246)
Capital injection by non-controlling interests (unaudited)	-	-	-	-	444,841	444,841
Others (unaudited)	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>20</u>	<u>-</u>	<u>-</u>
As at 30 June 2022 (unaudited)	<u><u>1,658,610</u></u>	<u><u>1,415,593</u></u>	<u><u>(727,879)</u></u>	<u><u>8,833,923</u></u>	<u><u>778,521</u></u>	<u><u>11,958,768</u></u>

Interim condensed consolidated cash flow statement**For the six months ended 30 June 2023***(All amounts in Renminbi thousands unless otherwise stated)*

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Cash flows from operating activities			
Cash generated from operations		1,698,885	1,504,074
Interest paid		(114,218)	(112,466)
Income tax paid		(281,807)	(420,000)
		<hr/>	<hr/>
Net cash generated from operating activities		1,302,860	971,608
		<hr/>	<hr/>
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(2,115)	(23,930)
Additions of intangible assets	8	(287)	(327)
Additions of right-of-use assets		(52,669)	–
Additions of concession intangible assets		(416,526)	(1,044,503)
Net increase in time deposits		(785,000)	(500,000)
Proceeds from disposal of financial assets at FVPL		104,109	76,379
Purchase of financial assets at FVPL		(153,133)	(33,208)
Proceeds from disposal of property, plant and equipment		778	790
Interest received		11,035	11,776
Dividends received from financial assets at FVPL		–	13,283
Dividends received from financial assets at FVOCI		–	10,384
		<hr/>	<hr/>
Net cash used in investing activities		(1,293,808)	(1,489,356)
		<hr/>	<hr/>

	Six months ended 30 June	
	2023	2022
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Cash flows from financing activities		
Proceeds from bank borrowings	80,000	1,791,107
Repayments of bank borrowings	(224,033)	(246,058)
Repayments of long-term payables	(19,500)	(19,500)
Capital injection by non-controlling interests	–	444,841
Dividends paid to non-controlling interests	(150,218)	(201,246)
Acquisition of a subsidiary under common control	–	(1,105,000)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(313,751)	664,144
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(304,699)	146,396
Cash and cash equivalents at beginning of the period	2,903,848	3,359,918
Exchange gains on cash and cash equivalents	9	–
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	2,599,158	3,506,314
	<hr/> <hr/>	<hr/> <hr/>

Notes:

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendment prospectively from 1 January 2022. As there was no leases and decommissioning obligations during the year, the amendment did not have any impact on the financial position or performance of the Group.

- (d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)
Toll roads income, rental income and others	2,087,665	1,824,618
Revenue from construction or upgrade work under Service Concessions	<u>236,174</u>	<u>991,634</u>
	<u>2,323,839</u>	<u>2,816,252</u>
	Six months ended 30 June	
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)
Other income and gains – net		
Interest income	53,603	52,591
Dividend income	26,592	13,287
Government grants relating to profits	330	713
Amortisation of government grants relating to assets	6,465	6,465
Fair value losses on financial assets at FVPL	(70,800)	(7,031)
Net gains from disposal of property, plant and equipment	240	270
Donations	(1)	(4)
Others	<u>145</u>	<u>249</u>
Other income and gains	<u>16,574</u>	<u>66,540</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest expenses of borrowings	116,125	114,102
Interest expenses of long-term payables	2,092	4,431
Less: Capitalised interest expenses	11,987	488
	<u>106,230</u>	<u>118,045</u>

5. INCOME TAX

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current taxation – CIT (a)	330,247	268,007
Deferred taxation charged to the consolidated income statement	(20,840)	7,368
	<u>309,407</u>	<u>275,375</u>

(a) ***Hong Kong profits tax and the PRC Corporate Income Tax (“CIT”)***

The Company and its subsidiaries determine and pay the PRC 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 for Anhui Expressway (H.K.) Limited (“安徽皖通高速公路股份(香港)有限公司”, “AEHK”)) is 25%. The CIT rate applicable to AEHK is 16.5%.

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

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group will fulfill the obligation of WHT in 2023 for dividends related to 2022 which will be paid to foreign shareholders.

6. DIVIDENDS

A final dividend in respect of 2022 of RMB0.55 per share, amounting to a total dividend of RMB912,236 thousand was proposed at the Board meeting on 30 March 2023. The profit distribution plan was proposed to be approved by the shareholders' meeting on 9 June 2023 and was paid in July 2023. Dividends paid to H-share institutional shareholders have been subject to income tax withholding at 10%.

The directors did not recommend the payment of a dividend in respect of the six months ended 30 June 2023 (same period of 2022: nil).

7. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,658,610,000 in issue during the six months ended 30 June 2023 (during the six months ended 30 June 2022: 1,658,610,000).

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit attributable to equity holders of the Company	838,399	667,510
Weighted average number of ordinary shares in issue (<i>thousand</i>)	1,658,610	1,658,610
Basic earnings per share (<i>expressed in RMB per share</i>)	0.5055	0.4025

8. CAPITAL EXPENDITURES

	Concession intangible assets <i>RMB'000</i>	Intangible assets <i>RMB'000</i>	Property, plant and equipment <i>RMB'000</i>	Investment properties <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>
30 June 2022 (unaudited)					
Opening net book amount as at 1 January 2022 (audited)	13,207,681	418	1,232,704	370,239	6,808
Additions	1,011,223	327	23,930	-	-
Adjustment of cost	-	-	(1,145)	-	-
Transfers	(5,254)	-	5,254	-	-
Disposals	-	-	(520)	-	-
Depreciation/amortisation	<u>(370,465)</u>	<u>(363)</u>	<u>(68,549)</u>	<u>(9,878)</u>	<u>(382)</u>
Closing net book amount as at 30 June 2022 (unaudited)	<u><u>13,843,185</u></u>	<u><u>382</u></u>	<u><u>1,191,674</u></u>	<u><u>360,361</u></u>	<u><u>6,426</u></u>
30 June 2023 (unaudited)					
Opening net book amount as at 1 January 2023 (audited)	13,497,875	5,679	1,216,473	352,289	6,045
Additions	712,668	287	2,115	-	52,668
Adjustment of cost	-	-	-	-	-
Transfers	-	-	39,130	(39,130)	-
Disposals	-	-	(538)	-	-
Depreciation/amortisation	<u>(375,711)</u>	<u>(2,815)</u>	<u>(74,069)</u>	<u>(8,185)</u>	<u>(820)</u>
Closing net book amount as at 30 June 2023 (unaudited)	<u><u>13,834,832</u></u>	<u><u>3,151</u></u>	<u><u>1,183,111</u></u>	<u><u>304,974</u></u>	<u><u>57,893</u></u>

For the six months ended June 30, 2023, the amount of the borrowing costs has been capitalised by RMB11,987 thousand (during the six months ended 30 June 2022: RMB488 thousand).

As at 30 June 2023, certain land use right certificates for Ninghuai Expressway Tianchang section, Ningxuanhang Expressway Xuancheng to Ningguo section, one toll station in Guangde and the expansion part of Guangde to Xuancheng section of the G50 Huyu Expressway have not yet been obtained.

As at 30 June 2023, there was no indication of impairment of the Group's intangible assets and no provision for impairment of intangible assets was required (31 December 2022: Nil).

All of the Group's right-of-use assets are located in Anhui Province, the PRC and are held on lease terms of 30 years from the dates of acquisition, expiring in 2053.

All of the Group's property interests held under operating leases to earn rentals are measured using the cost model and are classified and accounted for as investment properties.

9. RECEIVABLES AND PREPAYMENTS

	As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
Receivables:		
Toll road income receivable <i>(a)</i>	140,380	59,930
Interest receivable	102,541	59,979
Receivables for construction	62,928	62,928
Pawn loans to customers <i>(b)</i>	19,643	19,643
Toll road income compensation receivable	–	25,958
Dividends receivable	26,592	–
Subsidy receivable	–	300,000
Others	60,973	37,800
	<u>413,057</u>	<u>566,238</u>
Less: Provision for impairment of pawn loans <i>(b)</i>	13,750	13,750
Provision for impairment of others <i>(c)</i>	15,766	15,685
	<u>383,541</u>	<u>536,803</u>
Prepayments:		
Prepaid expenses	3,078	930
	<u>386,619</u>	<u>537,733</u>

The ageing analysis of the receivables is as follows:

	As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
Within 1 year	359,637	511,920
Between 1 and 2 years	1,612	2,078
Between 2 and 3 years	1,181	1,207
Over 3 years	50,627	51,033
	<u>413,057</u>	<u>566,238</u>

(a) As at 30 June 2023, toll road income receivables mainly represented receivables from Anhui Expressway Network Operations Company Limited of RMB140,380 thousand (31 December 2022: from Anhui Expressway Network Operations Company Limited of RMB59,930 thousand) for uncollected toll road income.

(b) Reconciliation of provision account for loss on pawn loans is as follows:

	As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
Beginning of the period/year	(13,750)	(20,005)
Impairment loss reversed	–	755
Receivables written off as uncollectible	–	5,500
	<u>(13,750)</u>	<u>(13,750)</u>

(c) Reconciliation of provision account for loss on receivables is as follows:

	As at 30 June 2023 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (audited)
Beginning of the period/year	(15,685)	(15,943)
Impairment loss recognised	(119)	(881)
Receivables written-off as uncollectible	38	1,139
	<u>(15,766)</u>	<u>(15,685)</u>

10. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Contracted, but not provided for:		
Concession intangible assets	5,662,184	250,962
Property, plant and equipment	8,883	8,532
	<u>5,671,067</u>	<u>259,494</u>

11. TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Trade payables – payables on acquisition of concession intangible assets	563,807	614,185
Current portion of long-term payables	–	19,500
Deposits for construction projects	25,513	31,149
Advance rent receipts	58,168	41,435
Staff salaries and welfare	88,079	28,478
Interest payable	33,736	34,773
Other taxation payables	7,344	12,854
Service fee payable for collection of toll roads income	6,320	7,598
Dividends payable	912,236	–
Others	76,722	45,297
	<u>1,771,925</u>	<u>835,269</u>

As at 30 June 2023, trade and other payables of RMB151,151 thousand (31 December 2022: RMB241,847 thousand) were aged over one year. These payables were mainly payables on acquisition of concession intangible assets which will be settled after the completion of construction, and the current portion of long-term payables.

As at 30 June 2023 and 31 December 2022, the fair values of trade and other payables, except for staff salaries and welfare, other taxation payables and advance from customers, approximated their carrying amounts.

II. INTERIM RESULTS AND DIVIDENDS

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group achieved a revenue of RMB2,323,839 thousand (corresponding period in 2022: RMB2,816,252 thousand), representing a decrease of 17.48% compared with that of the corresponding period of last year. The total profit was RMB1,171,790 thousand (corresponding period in 2022: RMB920,292 thousand), representing an increase of 27.33% compared with that of the corresponding period of last year. Unaudited net profit attributable to shareholders of the Company reached RMB839,500 thousand (corresponding period in 2022: RMB665,974 thousand), representing an increase of 26.06% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.5061 (corresponding period in 2022: RMB0.4015), representing an increase of 26.06% compared with that of the corresponding period of last year. The main reason for the decrease in revenue is that during the Reporting Period, the Company's recognition of the revenue for the Xuanguang Expressway reconstruction and expansion PPP project decreased by RMB755 million as compared with same period of last year.

During the Reporting Period, in accordance with HKAS, the Group achieved a revenue of RMB2,323,839 thousand (corresponding period in 2022: RMB2,816,252 thousand), representing a decrease of 17.48% compared with that of the corresponding period of last year; profit before income tax was RMB1,170,321 thousand (corresponding period in 2022: RMB922,642 thousand), representing an increase of 26.84% compared with that of the corresponding period of last year; unaudited profit attributable to owners of the Company was RMB838,399 thousand (corresponding period in 2022: RMB667,510 thousand), representing an increase of 25.60% compared with that of the corresponding period of last year; basic earnings per share was RMB0.5055 (corresponding period in 2022: RMB0.4025), representing an increase of 25.60% compared with that of the corresponding period of last year. The main reason for the decrease in revenue is the Company's recognition from the construction service of the Xuanguang Expressway reconstruction and expansion PPP project decreased by RMB755 million as compared with same period of last year.

Pursuant to the authorization given by the general meeting, the Board published the voting results announcement of the 2022 Annual General Meeting on 10 June 2023 in the Shanghai Securities News, China Securities Journal and on 9 June 2023 on the website of The Stock Exchange of Hong Kong Limited (“Stock Exchange”), and determined a final dividend for H shares of HK\$0.6065 (tax inclusive) per share, which was priced in RMB and paid in HKD. The Company would pay dividends in respect of the H shares to the holders of H shares of the Company whose names appeared in the register of members of the Company on 19 June 2023. Cheques for the H Share dividends were despatched by ordinary post to holders of H Shares at their own risk on or before 19 July 2023. On 13 July 2023, the Company published the 2022 profit appropriation implementation announcement in the Shanghai Securities News and China Securities Journal and determined that for holders of domestic shares, the record date was 18 July 2023, the ex-dividend date was 19 July 2022 and the dividend payout date was 19 July 2023.

The 2022 profit appropriation plan of the Company has been implemented in July 2023.

The Board recommends that the Company will neither pay the dividends for the six months ended 30 June 2023 (six months ended 30 June 2022: nil) nor convert the capital reserve to share capital.

III. REPORT OF THE BOARD

1. Business Review (In accordance with the PRC Accounting Standards)

(1) Toll Expressway Business

In the first half of 2023, due to the optimization and adjustment of epidemic prevention and control policies, there was a strong demand for family visits and outings, and the passenger traffic volume rapidly recovered. The toll revenue of the Company's road sections increased significantly compared to the same period last year. The Group achieved a total toll revenue of RMB2,036,390 thousand (after tax) (2022: RMB1,781,735 thousand), representing an increase of 14.29% compared to the same period of last year.

Economic development, policy relief and changes in road network remain the main factors affecting the Group's toll revenue.

In the first half of 2023, the overall performance of the domestic economy rebounded and improved. In the first half of the year, the national gross domestic product reached RMB59.3034 trillion, representing a year-on-year increase of 5.5%; Anhui Province achieved a gross domestic product of RMB2.3073 trillion, representing a year-on-year increase of 6.1%.

During the Reporting Period, various policy reduction measures continued to be implemented. After calculation, the total amount of various deductions and exemptions for the Group in the first half of 2023 is RMB360.19 million. Among them:

The toll for a total of 94,000 green channel vehicles were reduced or exempted, the exemption amount was about RMB63.86 million; During major holidays, the exiting volume of small passenger cars (7 seats or less) reached 3,433,200, and the exemption amount was about RMB147.63 million; ETC discount or reduction amounted to RMB140.89 million, including discount or reduction for trucks with Anhui Transportation Card amounting to about RMB82.26 million; Other policy reductions were about RMB7.81 million.

The operating performance of the toll road is affected by changes in the surrounding competing or synergistic road network, reconstruction or expansion of linking or parallel roads and other factors. The impact varies according to each road project.

Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		First half of 2023	First half of 2022	Flux (%)	First half of 2023	First half of 2022	Flux (%)
Hening Expressway	100%	46,848	32,868	42.53	701,137	562,646	24.61
New Tianchang Section of National Trunk 205	100%	7,065	4,631	52.56	42,146	26,598	58.46
Gaojie Expressway	100%	29,953	25,650	16.78	476,412	448,490	6.23
Xuanguang Expressway	55.47%	27,626	23,894	15.62	269,019	278,313	-3.34
Lianhuo Expressway Anhui Section	100%	22,339	16,306	37.00	141,482	135,447	4.46
Ninghuai Expressway Tianchang Section	100%	46,086	36,926	24.81	63,715	57,896	10.05
Guangci Expressway	55.47%	35,412	30,149	17.46	57,443	58,219	-1.33
Ningxuanhang Expressway	51%	9,153	3,755	143.75	114,220	40,147	184.50
Anqing Yangtze River Expressway Bridge	100%	33,286	28,733	15.85	159,838	157,456	1.51
Yuewu Expressway Anhui Section	100%	9,774	8,909	9.71	72,873	70,482	3.39
Total					<u>2,098,285</u>	<u>1,835,694</u>	<u>14.30</u>

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per kilometer per day (RMB)		
		First half of 2023	First half of 2022	First half of 2023	First half of 2022	Flux (%)
Hening Expressway	100%	76:24	68:32	28,908	23,198	24.61
New Tianchang Section of National Trunk 205	100%	32:68	34:66	7,762	4,898	58.46
Gaojie Expressway	100%	64:36	58:42	23,928	22,526	6.23
Xuanguang Expressway	55.47%	76:24	65:35	17,694	18,305	-3.34
Lianhuo Expressway Anhui Section	100%	75:25	59:41	14,475	13,858	4.46
Ninghuai Expressway Tianchang Section	100%	84:16	74:26	25,144	22,848	10.05
Guangci Expressway	55.47%	76:24	65:35	22,669	22,975	-1.33
Ningxuanhang Expressway	51%	80:20	73:27	5,394	1,896	184.50
Anqing Yangtze River Expressway Bridge	100%	71:29	63:37	147,180	144,988	1.51
Yuewu Expressway Anhui Section	100%	72:28	68:32	8,752	8,465	3.39

Notes :

1. The above traffic volume does not include the data of small passenger cars in non-ETC lanes on major holidays, except for the New Tianchang Section of National Trunk 205;
2. The above toll income data are tax inclusive data, and the data of Anqing Yangtze River Expressway Bridge in this Reporting Period do not include government subsidies; If considering the subsidy from government purchase service during the Reporting Period in the amount of RMB19.9681 million, the toll of Anging Yangtze River Highway Bridge during the Reporting Period would have increased by about 6.61% year-on-year;
3. The above traffic volume data are provided by Anhui Expressway Network Operations Company Limited and Chuzhou Expressway management center respectively.

During the Reporting Period, influenced by the optimization and adjustment of epidemic prevention and control policies, sustained social and economic recovery, and further optimization of road network structure, the Company's toll and traffic volume all achieved rapid growth, and the specific conditions of each section are as follows:

Hening Expressway

The completion of the renovation and expansion of the Heliuye Expressway and Chuhe Bridge has had a positive impact on the growth of toll fees on the Hening Expressway. Due to the reconstruction and expansion work on the parallel Ningluo Expressway, vehicles selected to travel through the Hening Expressway.

Ninghuai Expressway Tianchang Section

As a component of the G25 Changshen Expressway, which is part of the National Expressway Network, the road network of this section is further improved after it was connected to Chutian Expressway, which is conducive to traffic growth.

New Tianchang Section of National Trunk 205

At the end of August 2022, a height limit gantry was erected on County Highway X101 (now known as X129 for kilometer signs), which runs parallel to it. Freight cars selected National Highway 205 instead, resulting in a good increase in freight traffic.

Lianhuo Expressway Anhui Section

This section is a part of the G30 Lianhuo Expressway of national highways network and the passenger car growth rate is in a good increase during the Reporting Period, but the local roads such as the adjacent national road G310 have a partial diversion impact on the freight vehicles in this section.

Gaojie Expressway

This section is a part of the G50 Huyu Expressway of the National Expressway Network, and the passenger car traffic has increased significantly, but the maintenance work of Taihu to Qianshan section of the National Road G105 and the outer ring section of the National Road G318 were completed at the end of October and the end of December 2022 respectively (trucks detoured during the construction period), which has diverted some trucks.

Xuanguang Expressway and Guangci Expressway

Due to the reconstruction and expansion of this section, and the improvement of traffic conditions after the upgrading and renovation of the parallel national highway G318, some vehicles were diverted, and the toll revenue during the Reporting Period declined year-on-year.

Ningxuanhang Expressway

In September and December 2022, the Jiangsu section of Ningxuanhang Expressway and Zhejiang section of Ningxuanhang Expressway were successively completed and opened to traffic respectively, achieving full connectivity of this expressway. The inter provincial and regional transportation became more convenient, and the traffic volume and benefits increased significantly.

Anqing Yangtze River Expressway Bridge

The traffic growth rate of this section is relatively stable, and the toll during the Reporting Period not contain the local small bus bridge tolls paid from government financial subsidies (the amount will be included at the end of the year). If considering the subsidy from government purchase service during the Reporting Period in the amount of RMB19.9681 million, the toll of Anqing Yangtze River Highway Bridge during the Reporting Period would have increased by about 6.61% year-on-year.

Yuewu Expressway Anhui Section

During the Reporting Period, the traffic flow and toll revenue of this section achieved steady growth; As a part of the east-west transit channel in the province, the reconstruction and expansion of the upstream Xuanguang Expressway and Ningwu Expressway have a certain impact on this section.

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

Unit: RMB'000

Name of company	Equity capital the Group possesses	Registered Capital	30 June 2023		The six months ended 30 June 2023		Main business
			Total assets	Net assets	Revenue	Net profit	
Xuanguang Company	55.47%	111,760	3,047,830.51	2,222,525.73	499,103.79	134,079.26	Expressway enterprises; The business scope is highway construction, management, and operation. Currently, the main business is construction, management, and operation of the Xuanguang Expressway
Anhui Ningxuanhang Expressway Investment Company Limited	51%	300,000	4,065,927.74	114,010.38	118,085.09	-108,351.16	Expressway enterprises; The business scope is highway construction, management, and operation. Currently, the main business is construction, management, and operation of the Ningxuanhang Expressway (Anhui Section)
Guangci Expressway Company Limited	55.47%	56,800	240,197.04	227,804.46	56,626.57	35,720.46	The construction, management and operation of Guangci Expressway
Anqing Bridge Company	100%	150,000	3,054,001.93	1,438,155.73	227,174.16	63,205.18	Expressway enterprises; The business scope is highway construction, management, and operation. Currently, the main construction, management, and operation of Anqing Yangtze River Expressway Bridge and Yuewu Expressway
Expressway Media	38%	50,000	493,457.45	385,414.89	67,362.26	21,185.64	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	3,061,425.70	2,668,801.58	2,175.21	-9,815.39	Financial investment, equity investment, management consulting

Name of company	Equity capital the Group possesses	Registered Capital	30 June 2023		The six months ended 30 June 2023		Main business
			Total assets	Net assets	Revenue	Net profit	
Xin'an Capital	6.62%	1,120,000	2,346,891.88	1,183,946.28	17,697.14	-3,228.81	Internet financial services, network information services, pawn business, etc.
Wantong MicroCredit	10%	150,000	123,019.59	122,072.30	3,411.59	1,583.30	Distributing petty loans, small size enterprises management consulting and financial advisory
AEHK	100%	1,817	1,886.61	1,792.28	0.00	75.21	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
Anhui Transportation China Merchants Industrial Fund	6.64%	3,000,000	1,881,965.36	1,842,807.40	0.00	29,674.89	Investment in areas such as energy conservation, environmental protection and transportation services
Anhui Transportation Jinshi Merger and Acquisition Fund	6.64%	3,000,000	2,741,780.63	2,295,799.47	526,325.90	368,813.22	Equity investment, asset management, enterprise management consulting
Anhui Transportation China Merchants Private Investment Management Co., Ltd	2.5%	30,000	52,211.41	50,182.01	7,438.99	5,957.31	Daily management and investment consultation of Anhui Transportation China Merchants Industrial Fund
Anhui Transportation Jinshi Private Fund Management Co., Ltd.	2.5%	30,000	129,808.65	124,290.38	13,820.95	10,296.90	Daily management and investment consultation of Anhui Transportation Jinshi Merger and Acquisition Fund
Anhui Transportation Jinshi Equity Fund	6.64%	1,500,000	1,486,946.27	1,476,609.04	741.14	-9,679.42	Equity investment, asset management, enterprise management consulting
Information Industry Co., Ltd.	10%	60,000	197,922.57	81,699.36	45,034.25	112.72	Construction, operation and service of traffic charging system; Computer software development; Information system integration services, etc.

2. Sheet of Variation Analysis of Related Subjects of Financial Statement (In accordance with the PRC Accounting Standards)

Unit: yuan Currency: RMB

Items	Reporting Period	Same period of previous year	Flux (%)
Revenue	2,323,838,937.32	2,816,252,364.25	-17.48
Cost of sales	987,585,601.73	1,768,572,618.27	-44.16
Finance cost	52,597,045.22	65,504,176.82	-19.70
Net cash flows from operating activities	1,428,122,285.48	1,084,074,384.91	31.74
Net cash flows from investing activities	-1,304,843,204.55	-1,489,355,919.73	N/A
Net cash flow from financing activities	-427,969,348.71	551,677,570.47	N/A

Reason for the change of revenue: due to a decrease of RMB755 million in the construction service revenue of the PPP project for the Xuanguang Expressway renovation and expansion of the Group during the Reporting Period compared to the same period of last year;

Reason for the change of cost of sales: due to a decrease of RMB755 million in the construction service cost of the PPP project for the Xuanguang renovation and expansion of the Group during the reporting period compared to the same period of last year;

Reason for the change of finance cost: due to the conversion of shareholder loans to capital reserves and LPR interest rates of Ningxuanhang Company and the decrease in LPR interest rates;

Reason for the change in net cash flow from operating activities; due to the increase in toll revenue of the Group during the Reporting Period;

Reasons for the change in net cash flow from investment activities: Mainly due to the decrease in capital expenditures for the expansion and renovation of Xuanguang Expressway in the current Reporting Period compared to the same period of last year;

Reason for the change in net cash flow from financing activities: due to a decrease in borrowings compared to the same period of last year.

(1) Principal businesses in terms of industries, products and regions

Unit: yuan Currency: RMB

Principal businesses in terms of industries						
In terms of industries	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
Toll highway business	2,061,869,418.72	742,318,052.17	64.00	14.30	-3.21	an increase of 6.51 percentage points
Construction period revenue/cost	236,174,410.82	236,174,410.82	0.00	-76.18	-76.18	N/A
Principal businesses in terms of products						
In terms of products	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
Hening Expressway	690,170,559.71	215,013,264.77	68.85	24.37	1.04	an increase of 7.20 percentage points
Gaojie Expressway	468,790,801.95	95,657,715.13	79.59	6.27	-1.19	an increase of 1.54 percentage points
Lianhuo Expressway	138,586,648.34	62,524,748.00	54.88	4.51	-13.62	an increase of 9.47 percentage points
Ninghuai Expressway Tianchang Section	63,147,176.71	18,872,397.35	70.11	10.06	-16.40	an increase of 9.45 percentage points
New Tianchang Section of National Trunk 205	40,138,922.82	19,475,286.96	51.48	58.46	2.04	an increase of 26.83 percentage points
Xuanguang Expressway	261,183,868.80	71,224,510.35	72.73	-3.34	-3.41	an increase of 0.02 percentage points
Guangci Expressway	56,626,569.40	9,925,324.41	82.47	-1.31	-8.52	an increase of 1.38 percentage points
Ningxuanhang Expressway	116,545,915.36	140,540,905.43	-20.59	171.53	-3.88	an increase of 220.05 percentage points
Anqing Yangtze River Expressway Bridge	155,182,668.05	35,826,941.10	76.91	1.51	-3.20	an increase of 1.12 percentage points
Yuewu Expressway	71,496,287.58	73,256,958.67	-2.46	3.36	-2.94	an increase of 6.64 percentage points
Construction period revenue/cost	236,174,410.82	236,174,410.82	0.00	-76.18	-76.18	N/A
Total	2,298,043,829.54	978,492,462.99	57.42	-17.51	-79.72	an increase of 20.33 percentage points

In terms of regions	Principal businesses in terms of regions					
	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
Anhui Province	2,298,043,829.54	978,492,462.99	57.42	-17.51	-79.72	an increase of 20.33 percentage points

Employees remuneration and training

As at 30 June 2023, the Company and its main subsidiaries employed 1,910 employees (as at 30 June 2022: 2,025 employees), which included 1,348 production staff, 177 technicians, 40 financial staff and 345 administrative staff (as at 30 June 2022, the numbers were 1,393,151,42 and 439 respectively).

The Company adopts annual salary system and monthly salary system, and integrates broadband payment system and salary-point system. The Company has formulated remuneration scales for different positions, and makes different classifications according to the characteristics of each job. By making close connections between the labor remuneration of employees and factors such as value of positions, accumulated contributions and work performance, it has built multiple channels of career development and pay promotion for employees. Through the establishment of salary promotion standards, the formulation of performance appraisal system, and the combination of appraisal and salary distribution, the enthusiasm of employees has been mobilized and the incentive effect of the implementation of the salary system was ensured. During the Reporting Period, the salary of employees was RMB212,494.2 thousand (Same period in 2022: RMB194,531.7 thousand). In strict compliance with the various social insurance policies of the PRC, the Company has arranged the old-age insurance, unemployment insurance, basic medical insurance and injury insurance for the staff.

The Company attaches great importance to the education and training of employees, and has revised and issued the “Employee Education and Training Management Measures” to further strengthen training organization and management of training cost utilization, and continuously optimize the training system.

At the beginning of the year, the Company developed the 2023 education and training plan based on a survey of training needs, and carried out various types of training in an orderly manner according to the plan, promoting the continuous improvement of training work level. The Company organized the third round of rotation training for toll station managers of operating units to continuously improve the comprehensive management level of toll stations; For the management personnel of the Company's headquarters, a comprehensive competency improvement training course was held, which further improved the comprehensive competency and management level of the management personnel. In regard to the construction of smart sites, a special lecture on "Wantong Lecture Hall – Smart Transportation" was held, providing useful reference for actively promoting the construction of smart transportation and improving the travel service capacity and level of the Perfect Anhui Expressway Network. Various departments have carried out various business training based on their actual work and departmental functions, effectively improving employees' operational management, professional skills, and professional knowledge levels. In addition, the Company actively utilizes online education tools to explore online education resources and encourages employees to increase online learning exchanges with a focus on "learning to strengthen the country", online business schools, and other platforms for independent learning. The course content covers various categories such as macro situation, enterprise management, and Party spirit cultivation.

IV. MAJOR EVENTS

1. Major litigation, Arbitration and Widespread Media Enquiry

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

2. Bankruptcy or Reorganization

The Company was not involved in any bankruptcy or reorganization during the Reporting Period.

3. Assets Trading or Business Mergers

The Company was not involved in any assets trading or business mergers during the Reporting Period.

4. Implementation of Share Incentive Scheme

The Company has not implemented any share incentive scheme during the Reporting Period.

5. Major Related Party/Connected Transactions

(1) *Related transactions relating to daily operation*

- a. *Items that have been disclosed in the interim announcement and have no progress or change in the subsequent implementation*

Summary of Items	Query index
To provide expressway section entrusted management service	22 January 2021 “Announcement – Continuing Connected Transactions: Entrusted Management Agreements”, 10 February 2021 “Supplemental Announcement – Continuing Connected Transactions: Entrusted Management Agreements”, 31 March 2023 “Announcement in relation to Contemplated 2023 Daily Related Party Transactions”* (《關於預計2023年度日常關聯交易的公告》)
To receive network charging services	31 December 2021 “Announcement – Continuing Connected Transactions: Entering into New Network Services Agreements”, 31 March 2023 “Announcement in relation to Contemplated 2023 Daily Related Party Transactions”* (《關於預計2023年度日常關聯交易的公告》)
To receive construction management services	19 January 2023 “Continuing Connected Transactions: (1) Cement Procurement Contract; (2) Civil Engineering Construction Contract; And (3) Central Laboratory Contract”, 17 March 2023 “Continuing Connected Transaction: Precast Concrete Component Engineering Contract”, 31 March 2023 “Announcement on Projected Daily Connected Transactions in 2023, 8 June 2023 “Continuing Connected Transaction: Maintenance Engineering Contract”, 19 June 2023 “(1) Announcement – Continuing Connected Transaction: Bridge Maintenance Works Contract; And (2) Supplemental Announcement – Continuing Connected Transaction: Maintenance Engineering Contract”.
To receive construction supervision service	31 March 2023 “Announcement in relation to Contemplated 2023 Daily Related Party Transactions”* (《關於預計2023年度日常關聯交易的公告》)

Summary of Items

Query index

To receive construction inspection services	19 January 2023 “Continuing Connected Transactions: (1) Cement Procurement Contract; (2) Civil Engineering Construction Contract; And (3) Central Laboratory Contract”, 31 March 2023 “Announcement in relation to Contemplated 2023 Daily Related Party Transactions”* (《關於預計2023年度日常關聯交易的公告》)
To provide the house rental services	31 March 2023 “Announcement in relation to Contemplated 2023 Daily Related Party Transactions”* (《關於預計2023年度日常關聯交易的公告》)
To provide gas stations rental services	30 December 2022 “Announcement – Continuing Connected Transaction: Lease of Operating Rights of Gas Stations”, 31 March 2023 “Announcement in relation to Contemplated 2023 Daily Related Party Transactions”* (《關於預計2023年度日常關聯交易的公告》)
To provide service area rental services	29 April 2022 “Continuing Connected Transactions: Operating Right Lease Agreement”, 31 March 2023 “Announcement in relation to Contemplated 2023 Daily Related Party Transactions”* (《關於預計2023年度日常關聯交易的公告》)
To provide land lease	31 March 2023 “Announcement in relation to Contemplated 2023 Daily Related Party Transactions”* (《關於預計2023年度日常關聯交易的公告》)
To purchase products and service	19 January 2023 “Continuing Connected Transactions: (1) Cement Procurement Contract; (2) Civil Engineering Construction Contract; And (3) Central Laboratory Contract”, 31 March 2023 “Announcement in relation to Contemplated 2023 Daily Related Party Transactions”* (《關於預計2023年度日常關聯交易的公告》)

(2) *Related transactions arising from the acquisition of assets or the acquisition or sale of equity*

a. *Items that have been disclosed in the interim announcement and have no progress or change in subsequent implementation*

Applicable Not applicable

b. *Items that have been disclosed in the interim announcement but have subsequent progress or changes in implementation*

Applicable Not applicable

Item overview

The Company proposed to purchase 100% equity interest in Liuwu Company from Anhui Transportation Holding Group Company Limited (“Anhui Transportation Holding Group”) by way of issuing A Shares and paying cash (the “Transaction”), and the transaction price of the Target Company is RMB3,666,003.9 thousand. At the same time, the Company proposed to issue shares to no more than 35 qualified specific investors by way of inquiry to raise supporting funds.

The trading of A Shares of the Company was suspended from the market opening on April 3, 2023 and resumed from the market opening on April 18. Trading in the H Shares was halted from 9:00 a.m. on 3 April 2023 and resumed at 9:00 a.m. on 4 April 2023.

On April 17, 2023, the Company held the thirtieth meeting of the ninth board of directors and the twenty-second meeting of the ninth supervisory committee, deliberated and adopted the “Anhui Expressway Co., Ltd.’s Plan on the Acquisition of Assets and Raising of Matching Funds by way of Cash and Shares and Related Party Transaction”* (《安徽皖通高速公路股份有限公司發行股份及支付現金購買資產暨關聯交易方案》). It also disclosed the Plan of Anhui Expressway Co., Ltd. for Issuing Shares and Paying Cash to Purchase Assets and Raising Matching Funds and Related Transactions* (《安徽皖通高速公路股份有限公司發行股份及支付現金購買資產並募集配套資金暨關聯交易預案》) and its summary.

Indexes of announcements

On April 4, 2023, Announcement on Suspension of Trading Regarding Planning to Issue Shares and Pay Cash to Purchase Assets and Raise Matching Funds and Related Transactions (Lin 2023-006)

Announcement on the Progress of Suspension of Trading on Planning to Issue Shares and Pay Cash to Purchase Assets and Raise Matching Funds and Related Transactions on April 11, 2023 (Lin 2023-007)

Announcement on Resolutions of the Thirtieth Meeting of the Ninth Session of the Board of Directors (Lin 2023-008), Announcement on Resolutions of the Twenty-second Meeting of the Ninth Session of the Supervisory Committee (Lin 2023-009), Announcement on Special Arrangements for Future Cash Dividends Distribution of the Company (Lin 2023-010), General Risk Warning on Issuing Shares and Paying Cash to Purchase Assets and Raise Supporting Funds and Indicative Announcement on Resumption of Trading of Shares of the Company (Lin 2023-011), Announcement on Shareholdings of Top Ten Shareholders and Top Ten Circulating Shareholders on the Trading Day Prior to Suspension of Trading (Lin 2023-012), Plan of Anhui Expressway Co., Ltd. for Issuing Shares and Paying Cash to Purchase Assets and Raising Matching Funds and Related Transactions and its summary, etc.

Item overview

During the Reporting Period, the Company revised the plan and disclosed the plan (revised draft) and its summary.

On June 21, 2023, the Company convened the thirty-second meeting of the ninth board of directors and the twenty-fourth meeting of the ninth supervisory committee, and reconsidered and approved the “Anhui Expressway Co., Ltd.’s Plan on the Acquisition of Assets and Raising of Matching Funds by way of Cash and Shares and Related Party Transaction. It also disclosed the Report of Anhui Expressway Co., Ltd. on Issuing Shares and Paying Cash to Purchase Assets and Raising Matching Funds and Related Transactions (Draft)* (《安徽皖通高速公路股份有限公司發行股份及支付現金購買資產並募集配套資金暨關聯交易報告書(草案)》) and its summary.

Indexes of announcements

Announcement on Receipt of Inquiry Letter from Shanghai Stock Exchange on the Company’s Issuance of Shares and Payment of Cash to Purchase Assets and Raise Matching Funds and Related Transaction Plan on April 28, 2023 (Lin 2023-014)

Announcement on the Reply of Shanghai Stock Exchange to the Inquiry Letter on the Company’s Issuance of Shares and Payment of Cash to Purchase Assets and Raise Matching Funds and Related Transaction Plan on May 17, 2023 (Lin 2023-016), Announcement on the Revision of the Plan for Issuing Shares and Paying Cash to Purchase Assets and Raise Supporting Funds and Related Transactions (Lin 2023-017), Announcement on the Disclosure of the Progress of the Plan for Issuing Shares and Paying Cash to Purchase Assets and Raise Supporting Funds and Related Transactions (Lin 2023-018), Anhui Expressway Co., Ltd. Plan for Issuing Shares and Paying Cash to Purchase Assets and Raising Matching Funds and Related Transactions (Revised Draft) and its Summary

Announcement on Resolutions of the Thirty-second Meeting of the Ninth Session of the Board of Directors on 21 June 2023 (Lin 2023-022), Announcement on Resolutions of the Twenty-fourth Meeting of the Ninth Session of the Supervisory Committee (Lin 2023-023), Announcement on Dilution of Current Returns in the Transaction and Measures Taken to Fill in Current Returns in the Transaction (Lin 2023-024), General Risk Warning Announcement on Issuing Shares and Paying Cash to Purchase Assets and Raising Matching Funds and Related Transactions (Lin 2023-025), Indicative Announcement on Changes in Shareholders’ Equity (Lin 2023-026), Report of Anhui Expressway on Issuing Shares and Paying Cash to Purchase Assets and Raising Matching Funds and Related Transactions (Draft) and its summary, etc.

Item overview

On July 21, 2023, in order to improve and increase the dividend per share of the Company's shareholders after the Transaction and effectively protect the interests of small and medium-sized shareholders, the Company convened the 33rd meeting of the 9th Board of Directors to consider and adopt the Bill on Adjusting the Special Arrangement for the Company's Future Cash Dividend, which will be implemented after the plan for the Transaction is implemented. During the period from 2023 to 2025, the company's annual cash dividend ratio will be increased to not less than 75% of the net profit attributable to the owner of the parent company in the consolidated statement realized in that year.

As of the disclosure date of this announcement, the plan for the Transaction has yet to be submitted to the general meeting and/or class meeting of the Company for consideration, and shall be subject to the approval, approval, registration or consent of the relevant competent authorities. The special arrangement for future cash dividends of the Company shall be submitted to the shareholders' meeting of the Company for consideration and shall be implemented after the implementation of the plan for the Transaction. There is uncertainty as to whether the necessary approvals will be obtained and when they will ultimately be obtained.

Indexes of announcements

Announcement on Adjustment of Special Arrangements for Future Cash Dividends of the Company (Lin 2023-029) and Announcement on Resolutions of the Twenty-fifth Meeting of the Ninth Session of the Supervisory Committee on July 22, 2023 (Lin 2023-030)

Notice of the First Extraordinary General Meeting of Shareholders in 2023, the First Class Meeting of Shareholders of a Shares in 2023 and the First Class Meeting of Shareholders of H Shares in 2023 on July 26, 2023 (Lin 2023-031)

Announcement on Cancellation of the First Extraordinary General Meeting of Shareholders in 2023, the First Class Meeting of Shareholders of a Shares in 2023 and the First Class Meeting of Shareholders of H Shares in 2023 and Re-convention at a Selected Date on August 12, 2023 (Lin 2023-032)

(3) Major related party transactions of joint external investment

- a. *Items that have been disclosed in the interim announcement and have no progress or change in subsequent implementation*

Item overview	Indexes of announcements
<p>The Company held the eighteenth meeting of the ninth Board of Directors on 10 March 2022, deliberating and approving the Proposal on participating in phase II investment and Signing the Supplementary Agreement of Anhui Transportation China Merchants Industrial Fund. According to the relevant terms of the partnership agreement and supplementary agreement, the Company needs to contribute a total of RMB100 million.</p> <p>On 7 April 2022, the Company signed a supplementary agreement with Anhui Transportation Capital Investment Management Co., Ltd., Anhui Anlian Expressway Co., Ltd., and China Merchants Zhiyuan Capital Investment Co., Ltd., confirming matters related to this investment fund.</p> <p>During the Reporting Period, the Company paid the investment amount of RMB19,925.0 thousand to China Merchants Industrial Fund Phase II.</p>	<p>Announcement on the Progress of Participating in the Second Phase of Investment and Signing of Supplementary Agreement of Anhui Transportation China Merchants Industrial Fund* 《皖通高速關於參與安徽交控招商產業基金二期出資暨簽訂補充協議的進展公告》(Lin 2022-015) dated 8 April 2022</p>

6. Material Contracts and their Implementation

(1) Material custody, subcontracting and leasing items

During the Reporting Period, the Company did not have any significant custody, subcontracting and leasing items.

(2) Implementation of guarantee

During the Reporting Period, the Company did not have any material guarantee that has not been fulfilled or has not been completely fulfilled.

7. Fulfillment of commitments

Commitments made by the Company's actual controllers, shareholders, related parties, acquirers, the Company and other related parties during the Reporting Period or continuing to the Reporting Period

Commitment background	Promise Type	Promising Party	Promise Content	Time and duration of commitment	Is there a time limit for performance?	Whether it is performed in a timely and strict manner
Commitment related to the share reform	Other	Anhui Transportation Holding Group	Continue to support the Company's acquisition of the good road assets owned by the Anhui Expressway Holding Group in the future and focus on the protection of shareholders' interests as always.	13 February 2006, long-term effective	No	Yes
	Other	Anhui Transportation Holding Group, China Merchants Highway Network Technology Holding Company Limited ("China Merchants Highway")	After the completion of the split-equity reforming, the Board of Directors are recommended to develop a long-term incentive plan with equity incentive structure included. In accordance with the relevant provisions of the State, the Board of Directors or after approved at the General Meeting of Shareholders, the long-term incentive plan shall be implemented.	13 February 2006, long-term effective	No	Yes
Commitment related to IPO	Solve the competition within the industry	Anhui Transportation Holding Group	Promise not to participate in any of the Company's actual businesses or other business activities from time to time which may constitute direct or indirect competition to the Company.	12 October 1996, long-term effective	No	Yes

5. OTHER MAJOR EVENTS

Payment of toll for Wan R and Wan H licenses small passenger cars Passing Through Anqing Yangtze River Highway Bridge

On 24 January 2022, the People's Government of Chizhou City, the People's Government of Anqing City (hereinafter referred to as the "Two Municipal Governments"), Anhui Transportation Holding Group and Anqing Bridge Company signed the Cooperation Agreement on the Reduction and Exemption of Toll by Anqing Yangtze River Highway Bridge for Local Small passenger cars through Financial Subsidies. By means of financial subsidies, the Two Municipal Governments will provide financial subsidies for Wan R and Wan H licenses small passenger cars with 9 seats and below under ETC package commuting between Anqing Bridge Toll Station and Dadukou Toll Station. The subsidy is granted on the basis of RMB21 per vehicle in accordance with the relevant policies of Anhui Province on expressway toll. Vehicles that meet the subsidy conditions will be toll free when passing through Anqing Yangtze River Highway Bridge effective for a tentative term of three years commencing from 00:00 on 25 January 2022, For details, please refer to the Company's announcement on January 25, 2022 headed "Announcement on the Questions relating to Payment of Tolls for Wan Rand Wan H Licences Small Passenger Cars Passing Through Anqing Yangtze River Highway Bridge"* 《關於皖R、皖H牌照小型客車行駛安慶長江公路大橋通行費繳納有關問題的公告》(Lin 2022-004).

Shares issuance and cash payment for purchasing assets and raising matching funds

The Company intends to purchase 100% equity interest in Liuwu Comapny from Anhui Transportation Holding Group by way of issuance of a Shares and payment of cash. The transaction price of the underlying assets is RMB3,666,003.9 thousand. At the same time, it intends to issue shares to no more than 35 qualified specific investors by way of inquiry to raise supporting funds. Due to the uncertainty of relevant items, in order to protect the interests of investors and prevent significant impact on the Company's share price, the Company's A Shares were suspended from the opening of the market on April 3, 2023, and resumed trading on April 18; Trading in the H Shares was halted from 9:00 a.m. on 3 April 2023 and resumed at 9:00 a.m. on 4 April 2023.

During the Reporting Period, the Company held three meetings of the Board of Directors and the Supervisory Committee on the Transaction, in which relevant resolutions were considered and approved. Disclosures had been made on the websites of stock exchanges. For details, please refer to Section IV “Major Events – 5. Major Related Party/Connected Transactions – (2) Related transactions arising from the acquisition of assets or the acquisition or sale of equity”.

The plan for the Transaction shall be submitted to the general meeting and/or class meetings of the Company for consideration and approval, and approval, ratification, registration or consent shall be obtained from the competent authority. There is uncertainty as to whether the necessary approvals will be obtained and when they will ultimately be obtained.

The postponement of the election of the new session of the Board of Directors and the Supervisory Committee of the Company.

The terms of the ninth session of the board of directors and the supervisory committee of the Company expired on 16 August 2023. As the election of the new session of the board of directors and the supervisory committee is still in proactive preparation, in order to ensure the continuity of relevant work of the Company, the election of the new session of the board of directors and the supervisory committee of the Company will be postponed, and the terms of special committees of the Board and senior management of the Company will also be extended correspondingly.

Before the completion of the election of the new session of the board of directors and the supervisory committee, all the members of the ninth session of the Board, the supervisory committee of the Company, special committees of the Board and the aforementioned senior management of the Company will continue to perform their respective obligations and duties required for directors, supervisors and senior management in accordance with laws, regulations, regulatory documents and the articles of association of the Company, as well as other applicable requirements. The postponement of the election of the new session of the Board and the Supervisory Committee will not affect the normal operation of the Company. The Company will proactively proceed with relevant work, complete the election of the new session of the board of directors and the supervisory committee as soon as possible, and fulfill its obligations of information disclosure in a timely manner. For details, please refer to the Company’s announcement dated 12 July 2023 and headed “Announcement on the Postponement of the Election of the New Session of the Board of Directors and the Supervisory Committee”.

Corporate Governance Code

During the Reporting Period, save and except that both the duties of the remuneration committee and the nomination committee are performed by the Company's Human Resources and Remuneration Committee (as the Company considers the long established mode of Human Resources and Remuneration Committee has so far been effective and suits the needs of the Company better, and most of the members of the Human Resources and Remuneration Committee are independent directors, which can ensure the protection of the interests of shareholders), the Company has always complied with the Corporate Governance Code as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "CG Code") in order to maintain a high standard of corporate governance so as to improve the corporate transparency and protect the interests of the Company.

Diversification Policy of the Members of the Board

According to the requirements of the CG Code, the Company has amended the work duties of the Human Resources and Remuneration Committee of the Board. The Company has also adopted a diversification policy of the board members, which was passed at the twentieth meeting of the 6th session of the Board.

Liability Insurance for Directors, Supervisors and Senior Executives

According to the requirements of the CG Code, during the Reporting Period, the Company has selected insurance providers of liability insurance and completed insurance arrangements for directors, supervisors and senior executives in 2023, thereby providing protection for the directors, supervisors and senior executives in their performance of duties.

Audit Committee

From 1 January 2023 to the date of this announcement, the audit committee of the Company has held three meetings. Having reviewed the 2022 annual results report and financial report, the 2023 first quarterly financial report and the 2023 interim results announcement of the Group prepared in accordance with PRC GAAP and Hong Kong Accounting Standards and the unaudited 2023 interim financial report prepared in accordance with PRC GAAP and Hong Kong Accounting Standards.

Independent Non-executive Directors

The Company has appointed sufficient independent non-executive directors with professional knowledge in accordance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The ninth session of the Board contained 3 independent non-executive directors, two of whom has expertise in accounting or related financial management.

Model Code for Securities Transactions by Directors and Supervisors of the Company

For the six months ended 30 June 2023, the Company has adopted a code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules of the Hong Kong Stock Exchange. The Company has made specific enquiry of all Directors and Supervisors, and the Directors and Supervisors have confirmed that they have complied with the Model Code for Securities Transactions by Directors of Listed Issuers and its code of conduct regarding Directors' securities transactions as set out in Appendix 10 to the Listing Rules of the Hong Kong Stock Exchange for the six months ended 30 June 2023.

Purchase, Sale and Redemption of the Company's Securities

During the six months ended 30 June 2023, neither the Company nor any of the subsidiaries and joint ventures purchased, sold or redeemed any of the Company's listed securities.

VI. EVENTS AFTER THE REPORTING PERIOD

Investment and equity participation in the establishment of Anhui Conch Jinshi Innovation and Development Investment Fund

The Company intends to establish the Anhui Conch Jinshi Innovation and Development Investment Fund with Jinshi Investment Co., Ltd. (Hereinafter referred to as “Jinshi Investment”, which is the general partner, executive partner and fund manager of the innovation fund) and other partners. The target total size of the investment fund is RMB5 billion, with each capital contributor contributing in cash.

On August 23, 2023, the Company held the thirty-fourth meeting of the ninth board of directors and approved the establishment of Anhui Conch Jinshi Innovation and Development Investment Fund (Limited Partnership) (tentative name, subject to registration) with its own capital of RMB500 million. It also authorizes the management of the Company to handle, revise and sign the partnership agreement and related legal documents for this investment. For details, please refer to the Announcement of the Company on the Proposed Investment and Equity Participation in the Establishment of Anhui Conch Jinshi Innovation and Development Investment Fund* (《關於擬投資參股設立安徽海螺金石創新發展投資基金的公告》) on August 24, 2023 (Lin 2023-033).

Save as disclosed in this announcement, from 30 June 2023 to the date of this announcement, there are no events that have a significant impact on the Group.

VII. PROSPECTS AND OUTLOOK

In the future strategic development, the Company will pay high attention to the following risks and actively take effective countermeasures:

Changes in the macroeconomic situation and changes in industrial policies

The toll road industry is sensitive to macroeconomic changes. Changes in the macro economy directly affect the demand for road transportation, which in turn affects the traffic flow performance of various toll projects and the operating results of the Group. Under the background of the optimization of epidemic prevention and control policies and the stabilization and recovery of the economy in the first half of 2023, China's GDP grew by 5.5% year-on-year, and the economy showed a significant recovery. The 2023 National Transportation Work Conference pointed out that this year is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. We should strive to speed up the construction of a strong transportation country, strive to be a pioneer of Chinese-style modernization, take the lead in realizing transportation modernization in the process of Chinese-style modernization, and take the lead in building a strong transportation country in the construction of a strong country. We should maintain our strategic determination, insist on steady progress, adhere to high-quality development, speed up the implementation of the Five-Year Plan of Action for Accelerating the Construction of a Strong Transportation Country (2023–2027) with higher standards and requirements, build a comprehensive transportation system with strong security, provide people with satisfactory transportation services, and possess the world's leading transportation. Form a smart and green mode of transportation development, build an interconnected transportation network, and provide a stronger service guarantee for realizing Chinese-style modernization and building a strong socialist modernization country in an all-round way. In addition, the implementation of policies such as grid-connected switching of national road network, improvement of ETC utilization rate, adjustment of toll charging methods for trucks and differentiated toll collection for expressways is conducive to improving the efficiency of toll roads in the long run, but in the short and medium term, it will lead to a continuous increase in the cost of expressway investment, which is expected to have an impact on the Company's operating results.

Response measures: The Group adheres to the implementation of various work requirements, focuses on the main business of expressways, further ensures the high-quality and sustainable development of the Company, actively promotes the operation and development work, and ensures the completion of various objectives and tasks. Actively face the reform of operation management, carefully study the characteristics of changes in road network traffic flow and vehicle type structure, deeply study the key points of policy, improve toll management mode, improve traffic capacity, and reduce the management cost of policy implementation through fine management.

The growth space of main business income is narrowed

With the further increase in density and improvement of the expressway network, parallel lines and alternative lines will continue to increase, and the diversion of the expressway network will have a negative impact on the Company's toll revenue growth. The total mileage of high-speed railway in Anhui Province has entered the first tier in China, the integration of private cars and urban and rural passenger transport has also developed rapidly, the diversion of highway passenger transport is serious, and the diversification of freight transport has a negative impact on the Company. At present, most of the road sections of the Group have been open to traffic for a long time and have entered a mature period, resulting in increasingly serious damage to road conditions and increased road maintenance costs in the later period. The operating results of the Group's toll road projects have been affected by the continuous increase in the amount of reduction and exemption under various policies.

Response measures: The road sections under the management of the Group are all national trunk roads passing through the Anhui region. The Group will strengthen communication with the government and major shareholders to keep abreast of information such as road network planning and project construction progress. Carry out special analysis on the road network in advance and reasonably predict the impact of relevant projects on the traffic volume of the existing projects of the Company. Make full use of Anhui's location and transportation advantages, through improving road signs, expanding route publicity and promotion, change from passive to active, and actively use the advantages of information technology to carry out road marketing.

Expiration risk of franchise

Toll road assets are relatively monopolistic because of the way of franchise, but its franchise has a certain limit of toll years, and the sustainable development of road management enterprises is facing major challenges after the expiration of the toll period. The Company's main road property resources have entered a mature period. If the Company's existing expressway toll period expires without timely replenishment of other newly built or acquired operational expressway projects, it will adversely affect the Company's sustainable development.

Response measures: The Group will seize the national strategic opportunity of Yangtze River Delta integration, accelerate the reconstruction and expansion of some expressway sections, and promote the sustainable development of the Company. After the epidemic, the State accelerated the construction progress of new infrastructure such as 5G and data centers, and set off a new round of infrastructure investment boom nationwide, which provided new development opportunities for the Company to carry out related diversified development.

By Order of the Board
安徽皖通高速公路股份有限公司
Anhui Expressway Company Limited
Xiang Xiaolong
Chairman

Hefei, Anhui, the PRC
30 August 2023

As at the date of this announcement, the Board comprises: Xiang Xiaolong (chairman), Yang Xiaoguang, Tao Wensheng, Chen Jiping, being the executive directors; Yang Xudong and Du Jian, being the non-executive directors; and Liu Hao, Zhang Jianping and Fang Fang, being the independent nonexecutive directors.

This announcement is originally prepared in Chinese. If there is any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

* For identification purpose only