



Anhui Expressway Company Limited

(A joint stock limited company incorporated in the People's Republic of China)

Stock Code: 0995



2023
INTERIM REPORT

CONTENTS

	Important Notice	2
Section I	Definitions	3
Section II	Corporate Profile and Main Financial Indicators	6
Section III	Management Discussion and Analysis	12
Section IV	Corporate Governance	36
Section V	Environmental and Social Responsibility	39
Section VI	Major Events	44
Section VII	Change of Shares and Shareholders	57
Section VIII	Related Information of Preference Shares	62
Section IX	Related Information of Bonds	63
Section X	Financial Report	64

Appendix	The original copy of the interim report signed by the Chairman;
	The accountant's report, signed by the legal representative, director in charge of accounting work, and director in charge of accounting firm and stamped with corporate seal;
	The original copies of corporate documents and announcements published in the Shanghai Securities News and China Securities Journal;
	The Articles of Association;
	The interim report disclosed in other securities markets.

IMPORTANT NOTICE

1. The Board of Directors, the Supervisory Committee and the Directors, Supervisors and the senior management of the Company hereby warrant that the contents of the interim report are true, accurate and complete, and that there are no false accounts, misleading statements or significant omissions of information and jointly and individually accept the legal responsibility.
2. All the Directors of the Company attend the Board meeting.
3. The interim report was unaudited but was reviewed by the audit committee of the Company.
4. Mr. Xiang Xiaolong, the Chairman of the Company, Mr. Tao Wensheng, responsible person for the accountant work and Mr. Huang Yu, the person in charge of an accounting institution (accountant in charge) hereby confirm that the financial statements contained in this interim report are true, accurate and complete.
5. The profit appropriation plan or the plan of transferring reserves to capital for the Reporting Period approved by the Board of Directors:

Nil
6. The forward-looking risk statement

Please refer to Section III, "Management Discussion and Analysis" for the potential risks of the Company. Forward looking statements, including the future plan and development strategy, contained in this report do not constitute a real commitment to investors by the Company. Investors should be reminded of such investment risks and invest rationally.
7. Whether there was any extraordinary use of funds by the controlling shareholder and its related parties for purposes other than for operations?

No
8. Whether there were any provisions of external guarantee in violation of specified decision-making procedures?

No
9. Whether more than half of the directors cannot guarantee the truthfulness, accuracy and completeness of this interim report?

No
10. Major Risk Notice

The major risks have been concretely described in the report. Please refer to Section III "Management Discussion and Analysis" for the possible risk factors and the corresponding tackling measures as set out in the discussion and analysis in respect of the future development of the Company.
11. Other

Unless otherwise specified, the currency used in this report is RMB.

In this report, if the sum of the sub-item value is inconsistent with the total number, it is due to rounding.

SECTION I DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below :

Definitions

“the Company”, “Company”	Means	Anhui Expressway Company Limited
“the Group”	Means	the Company, its subsidiaries and associated companies
“ATHC” or “Anhui Transportation Holding Group”	Means	Anhui Transportation Holding Group Company Limited (formerly known as Anhui Expressway Holding Group Company Limited and Anhui Expressway Holding Corporation)
“China Merchants Highway”	Means	China Merchants Highway Network Technology Holding Company Limited (formerly known as China Merchants Hua Jian Highway Investment Company Limited)
“SSE”	Means	Shanghai Stock Exchange
“SEHK” or “Hong Kong Stock Exchange”	Means	The Stock Exchange of Hong Kong Limited
“Xuanguang Company”	Means	Xuanguang Expressway Company Limited
“Expressway Media”	Means	Anhui Expressway Media Company Limited
“Xin’an Financial”	Means	Anhui Xin’an Financial Group Company Limited
“Xin’an Capital”	Means	Anhui Xin’an Capital Operating Management Group Company Limited
“Xuancheng Transportation Investment” or “XCIC”	Means	Xuancheng Transportation Investment Group Company Limited (formerly known as Xuancheng Highway Construction Management Company Limited, Xuancheng Transportation Investment Company Limited)
“Ningxuanhang Company”	Means	Anhui Ningxuanhang Expressway Investment Company Limited
“Guangci Company”	Means	Xuancheng City Guangci Expressway Limited Liability Company
“Anqing Bridge Company”	Means	Anhui Anqing Yangtze River Expressway Bridge Limited Liability Company
“Wantong MicroCredit”	Means	Hefei City Wantong MicroCredit Company Limited

Anhui Expressway Company Limited

“AEHK”	Means	Anhui Expressway (H.K.) Limited
“Anlian Company”	Means	Anhui Anlian Expressway Company Limited
“ATHC Capital”	Means	Anhui Transportation Holding Capital Investment Company Limited
“China Merchants Fund”	Means	Anhui Transportation China Merchants Industrial Fund (Limited Partnership)
“China Merchants Fund Management Company”	Means	Anhui Transportation China Merchants Investment Private Fund Management Company Limited
“Jinshi Merger and Acquisition Fund”	Means	Anhui Transportation Jinshi Merger and Acquisition Fund (Limited Partnership)
“Jinshi Equity Fund” or “Jinshi Fund II”	Means	Anhui Transportation Jinshi Equity investment Fund (Limited Partnership)
“Jinshi Fund Management Company”	Means	Anhui Transportation Jinshi Private Fund Management Co., Ltd.
“Information Industry Company”	Means	Anhui Transportation Information Industry Company Limited
“Network Company” or “AENO”	Means	Anhui Expressway Network Operations Company Limited
“Guangxuan Company”	Means	Anhui Province Guangxuan Expressway Liability Company
“Liuwu Company”	Means	Anhui Province Liuwu Expressway Company Limited
“General Meeting”	Means	a general meeting of Anhui Expressway Company Limited
“Board”	Means	the board of directors of Anhui Expressway Company Limited

“Directors”	Means	the directors of Anhui Expressway Company Limited
“Supervisory Committee”	Means	the supervisory committee of Anhui Expressway Company Limited
“Supervisors”	Means	the supervisors of Anhui Expressway Company Limited
“Reporting Period”	Means	the six-month period ended 30 June 2023
“Corporate Governance Code”	Means	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“Listing Rules”	Means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SFO”	Means	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CSRC”	Means	China Securities Regulatory Commission
“PRC” or “Mainland China”	Means	the People’s Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
“Company Law”	Means	the Company Law of the People’s Republic of China
“Securities Law”	Means	the Securities Law of the People’s Republic of China
“HKAS”	Means	Hong Kong Accounting Standards
“Articles of Association”	Means	the Amended and Restated Articles of Association of Anhui Expressway Company Limited

SECTION II CORPORATE PROFILE AND MAIN FINANCIAL INDICATORS

1. COMPANY INFORMATION

Official Chinese name of the Company	安徽皖通高速公路股份有限公司
Abbreviation (in Chinese)	皖通高速
English name of the Company	Anhui Expressway Company Limited
Abbreviation (in English)	Anhui Expressway
Legal representative of the Company	Xiang Xiaolong

2. CONTACT PERSON AND CONTACT DETAILS

	Secretary to the Board of the Company	Representative of Securities Affairs
Name	Wu Changming	Ding Yu
Contact address	520 Wangjiang West Road, Hefei, Anhui, the PRC	520 Wangjiang West Road, Hefei, Anhui, the PRC
Telephone	0551-65338697	0551-63738923、63738922、63738989
Fax	0551-65338696	0551-65338696
Email Address	wtgs@anhui-expressway.net	wtgs@anhui-expressway.net

3. INTRODUCTION OF BASIC INFORMATION

Registered address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
Historical changes of the company's registered address	In 1996, the registered address of the Company was "219, Anqing Road, Hefei, Anhui Province"; In 2001, the registered address of the Company was changed to "669, Changjiang West Road, Hefei City, Anhui Province"; In 2009, the registered address of the Company was changed to "520, Wangjiang West Road, Hefei City, Anhui Province"
Office address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
Postal code of office address	230088
Website of the Company	http://www.anhui-expressway.net
E-mail address of the Company	wtgs@anhui-expressway.net
Query index for changes	Nil

4. INFORMATION DISCLOSURE AND ADDRESSES FOR KEEPING REPORT

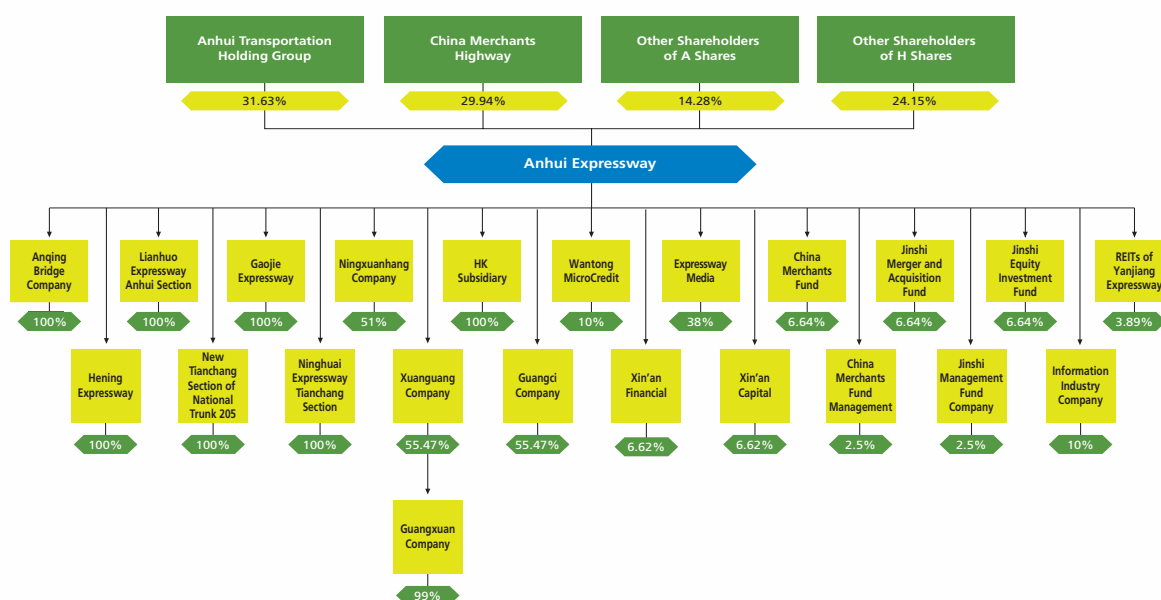
Newspapers for publishing report	China Securities Journal, Shanghai Securities News
Stock exchange websites for disclosure of the interim report	http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.net
Addresses designated for keeping the interim report	Shanghai Stock Exchange, 528 Pudong South Road, Shanghai Hong Kong Registrars Limited, 46th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong Company's head office at 520 Wangjiang West Road, Hefei, Anhui, the PRC
Query index for changes	Nil

5. COMPANY STOCK INFORMATION

Stock Category	Stock Exchange	Stock Abbreviations	Stock Code	Stock Abbreviations before alteration
A Shares	Shanghai Stock Exchange	Anhui Expressway	600012	–
H Shares	The Stock Exchange of Hong Kong Limited	Anhui Expressway	0995	–

6. OTHER RELATED INFORMATION

As of 30 June 2023, the structure of the Company, its subsidiaries and associated companies (the "Group") and other equity investments is as follows:



7. MAIN ACCOUNTING DATA AND FINANCIAL INDICATORS (IN ACCORDANCE WITH ACCOUNTING PRINCIPLE GENERALLY ACCEPTED IN THE PRC (“THE PRC ACCOUNTING STANDARDS”))

(1) Main Accounting Data

Unit: yuan Currency: RMB

Main Accounting Data	2023 (January–June)	2022 (January–June)	Change as compared
			to the corresponding period of last year (%)
Revenue	2,323,838,937.32	2,816,252,364.25	-17.48
Net profit attributable to shareholders of the Company	839,500,426.23	665,973,527.50	26.06
Net profit after extraordinary items attributable to shareholders of the Company	887,969,590.88	666,153,762.74	33.30
Net cash flows from operating activities	1,428,122,285.48	1,084,074,384.91	31.74

	As at 30 June 2023	As at the end of 2022	Change as compared
			to the end of last year (%)
Net assets attributable to shareholders of the Company	11,836,117,405.25	11,924,812,353.80	-0.74
Total assets	21,926,546,123.47	21,303,368,819.17	2.93

(2) Main Financial Indicators

Main Financial Indicators	2023 (January–June)	2022 (January–June)	Change as compared
			to the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.5061	0.4015	26.06
Diluted earnings per share (RMB/share)	0.5061	0.4015	26.06
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.5354	0.4016	33.32
Returns on net assets (weighted average) (%)	6.80	5.91	An increase of 0.89 percentage point
Returns on net assets after deduction of non-recurring profit or loss (weighted average) (%)	7.20	5.91	An increase of 1.29 percentage point

Explanation of the Company’s main accounting data and financial indicators

Applicable Not applicable

8. DIFFERENCES BETWEEN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH DIFFERENT DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(1) *Differences of net profit and net assets attributable to shareholders of the Company between international accounting standards and the PRC accounting standards*

Applicable Not applicable

(2) *Differences of net profit and net assets attributable to shareholders of the Company between the HKAS and the PRC accounting standards*

Unit: '000 Currency: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Amount of current period	Amount of previous period	Amount at the end of period	Amount at the beginning of the period
PRC accounting standards	839,501	665,974	11,836,117	11,924,812
Items and amounts adjusted in accordance with HKAS:				
Valuation, depreciation/ amortization of assets and related deferred taxes(i)	-1,102	-1,107	32,239	33,341
Withdrawal safety fund(ii)	0	2,643	0	0
HKAS	838,399	667,510	11,868,356	11,958,153

(3) *Explanation on the major differences between the PRC accounting standards and HKAS*

- (i) In order to issue and list "H" shares in Hong Kong, the highway franchise, fixed assets and related land use rights of the Company were valued by a PRC certified public valuer and an international certified public valuer on 30 April and 15 August 1996 respectively and the results were included in the relevant prescribed financial statements and the financial statements prepared in accordance with Hong Kong Financial Reporting Standards. As per the said valuation, the valuation result of the international certified public valuer is higher than that of the PRC certified public valuer's result by RMB319,000,000. Such differences have impacts on the business performance (i.e. the depreciation and amortization figures) of the highway franchise, fixed assets, and land use rights and the related deferred tax of the Group and the Company, which resulted in the above adjustments.
- (ii) According to the Interpretation of Accounting Standards for Enterprises No. 3 issued by the Ministry of Finance on 11 June 2009, the Group will include the safety production fee extracted in accordance with the national regulations into the operating cost, and at the same time recognize the special reserve, and prepare the financial statements under PRC accounting standards. No such inclusion was made in the financial statements prepared in Hong Kong Financial Reporting Standards and therefore there are differences.

9. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS INVOLVED

Unit: yuan Currency: RMB

Non-recurring profit or loss items	Amount	Note (if applicable)
Gains and losses from disposals of non-current assets	240,316.01	
Government subsidies charged to the current gains/losses, (excluding those closely related to the Company's normal operations, subsidized continuously in accordance with the applicable standards and in compliance with the government policies or regulations)	6,465,104.58	Being the income amount of construction funds subsidies of Ninghuai Expressway (Tianchang Section) provided by Jiangsu Provincial Expressway Construction Head quarter (attached to the Transportation Department of Jiangsu Province) in 2007, and the income amount of construction funds subsidies of Hening Expressway and Gaojie Expressway provided by Anhui Provincial Expressway Construction Headquarter (attached to the Transportation Department of Anhui Province) received in 2010 amortised in the Reporting Period
In addition to effective hedging business related to the normal business of the Company, investment returns from trading financial assets, derivative financial assets, profit or loss from changes in the fair value of the trading financial liabilities, derivative financial liabilities, and the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments	-70,800,367.39	The main reason is that the Company recognized the fair value change loss of CICC Anhui Transportation Expressway Closed Infrastructure Securities Investment Fund.
Other non-operating income and expenditure other than above	143,526.01	
Subtract: Effect of income tax	-16,220,072.95	
Effects of minority shareholders' interests (After tax)	737,816.81	
Total	<u><u>-48,469,164.65</u></u>	

Description of the situation in which the non-recurring profit and loss items listed in the Explanatory Notice on Information Disclosure of Companies Publicly Issuing Securities No. 1 – Non-Recurring Profit and Loss items are defined as recurring profit and loss items

Applicable Not applicable

10. OTHER

Main accounting data and indicators prepared in accordance with HKAS (unaudited)

Unit: '000 Currency: RMB

Abstract of Results	For the six months ended 30 June		Change(%)
	2023	2022	
Revenue	2,323,839	2,816,252	-17.48
Profit before income tax	1,170,321	922,642	26.84
Profit attributable to owners of the Company	838,399	667,510	25.60
Basic earnings per share attributable to owners of the Company (RMB)	0.5055	0.4025	25.60

Unit: '000 Currency: RMB

Abstract of Assets and Liabilities	As at 30	As at 31	Change(%)
	June	December	
	2023	2022 (audited)	
Total assets	21,968,907	21,345,566	2.92
Total liabilities	8,649,235	7,808,394	10.77
Total net assets (Capital and reserve attributable to owners of the Company)	11,868,356	11,958,153	-0.75
Net assets value per share (RMB)	7.16	7.21	-0.75

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

I. EXPLANATION ON THE PRINCIPAL BUSINESS ENGAGED BY THE COMPANY, OPERATING MODEL AND INDUSTRY INFORMATION DURING THE REPORTING PERIOD

1. *Principal business engaged by the Company during the Reporting Period*

The Company was incorporated in Anhui province, the People's Republic of China on 15 August 1996. It is the first highway company listed in Hong Kong and the only listed highway company in Anhui province. On 13 November 1996, 493.01 million H shares issued by the Company were listed on the Stock Exchange of Hong Kong Limited. On 7 January 2003, 250 million A-shares issued by the Company were listed on the Shanghai Stock Exchange. As of 30 June 2023, the total share capital of the Company is 1,658,610,000 shares with a par value of RMB1 per share.

The principal business of the Company include investment, construction, operation and management of toll roads within Anhui province. The Company acquires operating expressway assets through various means such as investment and construction, acquisition or co-operative operation. The Company provides toll service for vehicles, collects vehicles toll according to the charging standard and maintains, repairs and carries out safety maintenance for the operating expressways. Toll roads are large-scale transportation infrastructures with long payback cycle, the characteristics is capital intensive, the investment return period is long and the income is relatively stable.

The Company owns all or part of the toll road equity in Hening Expressway (G40 Hushan Expressway Hening Section), New Tianchang Section of National Trunk 205, Gaojie Expressway (G50 Huyu Expressway Gaojie Section), Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section), Guangci Expressway (G50 Huyu Expressway Guangci Section), Ninghuai Expressway Tianchang Section, Lianhuo Highway Anhui Section (G30 Lianhuo Expressway Anhui Section), Ningxuanhang Expressway, Anqing Yangtze River Expressway Bridge and Yuwu Expressway Anhui section etc., all of which are located in Anhui Province. As of 30 June 2023, the Company has 609 kilometers of operating highway with total assets of about RMB21,926,546 thousand. Moreover, the Company also provides entrusted management services for Anhui Transportation Holding Group and other operating road property rights entities in the province. As of now, the total mileage of toll roads managed by the Company has reached 5,126 kilometers.

II. ANALYSIS ON CORE COMPETENCY DURING THE REPORTING PERIOD

The Company was founded in 1996, and is the first PRC expressway company listed in Hong Kong, and also the only listed highway company of Anhui province.

1. The transportation infrastructure concession is the core business of the Group. Our operating region is located in Anhui province, having superior geographical location and the geographical advantages. Our road sections are major transit national trunks across Anhui regions. With the implementation of the Yangtze River Delta integration national strategy and the Yangtze River Economic Belt development strategy, the network economic efficiency of the roads managed by the Group shall become more apparent.
2. The performance of the Company remains outstanding and stable, with high credit rating, low debt to assets ratio and strong solvency. At the same time, the operation of the Company is steady, and the outcomes of management on relations with investors are significant, resulting in a sound guarantee for future development by equity financing, continuous improvement in financing structure, and further expansion with the help of capital market.
3. Since its listing, the Company has shown a corporate image of openness and integrity to investors with information disclosure that is sufficient, fair and in compliance with relevant regulations, and has gained a good social response and influence in the PRC and overseas through active investor relationship management. Our long-term high cash dividend ratio policy also gains favor and support from market and investors. The Company has a stable investor foundation and good market image in the domestic and overseas capital market.

III. MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, the overall traffic conditions on expressways in China showed a noticeable improvement compared with that of last year. The Group focused on the main business development of expressways, and the toll collection trend was generally in line with expectations, effectively accomplishing the set work objectives.

Focusing on core responsibilities and main business, and continuously enhancing management, maintenance, quality and effectiveness of operation. During the Reporting Period, the Group strengthened research and judgment on toll collection trend, coordinated with Anhui Provincial Department of Transportation to optimize and improve the differentiated toll collection operating rules for major port container transport vehicles in Anhui Province, and unified and standardized the execution criteria and inspection requirements for the “green channel” policy; leveraged the function of the AI audit integration platform and increased its efforts in audit for the whole network and on specific cases, while the case of plugging loopholes and combating toll evasion successfully selected as one of the “Top Ten Classic Audit Cases” nationwide; strengthened the maintenance of mechanical and electrical system and ensured network security to guarantee the stable operation of the online toll collection system; compiled the first local standard for the construction of intelligent expressways in Anhui Province, advanced the construction of the Hening Intelligent Expressway, innovated the construction and management model of intelligent toll stations, and successfully built and operated intelligent toll stations such as Quanjiao West and Xuancheng West.

Focusing on core mission and adhering to ensure safe and smooth road network. The Group diligently implemented the directives and requirements of the provincial Party committee and government regarding the smooth operation of expressways and comprehensively checked congestion points in road network, and efforts in addressing these issues have been affirmed; actively conducted special rectification campaigns to address major hazards in safety production of expressways, actively commenced the “Safe Production Month”, strengthened the joint forces and joint action of different parties to ensure the safe operation of road network, made orderly progress in specialized actions such as the “refined improvement of highway safety facilities and traffic order management”, and effectively strengthened the road construction approval and supervision.

Persisting in demand-oriented strategy and striving to serve for good journey. Firstly, enhancing the brand influence. The operation and management of the “Wanmei Expressway” brand has garnered significant attention and served as a reference for industry peers at the 10th National Expressway Brand Annual Conference. Secondly, improving the travel experience. Taking the “Sunshine Rescue” initiative of the Ministry of Transport as a carrier, the Group launched the “Wanmei Rescue” model featuring “own resources, external cooperation and rescue fund” and recognized by China Highway and Transportation Society, and proactively participated in volunteer services of “Full journey with love • warm traffic” during the Spring Festival travel rush. The Group continued to improve the road environment by addressing issues related to signage, greenery obstruction, and traffic safety facilities, maintaining a favorable travel environment. Thirdly, enhancing the reputation of road network services. The Group actively implemented various services such as the “farm machinery vehicles in summer harvest, planting and management” during the midday harvest season, and prioritized the efficient passage of farm machinery transportation vehicles, receiving positive feedback from the society.

Strengthening corporate governance and steadily enhancing the ability to create value. Firstly, having standardized and efficient corporate governance and being re-elected as the president unit of the Anhui Association for Public Companies. Secondly, actively carrying out capital injection. The Group ensured proper execution of decision-making processes and reinforced investor relations management through multiple initiatives, all of which were steadily progressing. The Group was dedicated to enhancing communication with investors and instilling confidence in the Company. Thirdly, accelerating the investment and construction of expressways. Xuanguang Expressway reconstruction and expansion PPP project followed a systematic and goal-oriented approach; the preliminary work for Gaojie Expressway reconstruction and expansion was officially commenced.

Major operation status during the Reporting Period

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.

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	Change (%)	First half of 2023	First half of 2022	Change (%)
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	/				2,098,285	1,835,694	14.30

Anhui Expressway Company Limited

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per kilometer per day (RMB)		Change (%)
		First half of 2023	First half of 2022	First half of 2023	First half of 2022	
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 Anqing 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 AENO and Chuzhou Expressway management center respectively.

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.

Major changes in the Company's operating conditions during the Reporting Period, and events occurring during the Reporting Period that have a significant impact on the Company's operating conditions are expected to have a significant impact in the future.

Applicable Not applicable

IV. MAJOR OPERATION STATUS DURING THE REPORTING PERIOD

(I) Analysis of Principal Business (in accordance with the PRC Accounting Standards)

1. Analysis of changes in certain items in the consolidated income statement and the consolidated cash flow statement

Unit: yuan Currency: RMB

Item	Reporting Period	Same period of last year	Increase/decrease (%)
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) Operating income

During the Reporting Period, the Group achieved an operating income of RMB2,323,839 thousand (corresponding period in 2022: RMB2,816,252 thousand). The toll income and construction service revenue are the main revenue source of the Group. The concrete analysis about the revenue is as follows:

Unit: '000 Currency: RMB

Operating income	The first half of		The first half of		Change(%)
	2023	Percentage (%)	2022	Percentage (%)	
Expressway business	2,061,869,418.72	89.72	1,803,921,769.42	64.53	14.30
– Toll income	2,036,389,772.22	88.61	1,781,735,013.40	63.74	14.29
– Service area income	25,479,646.50	1.11	22,186,756.02	0.79	14.84
Construction period revenue	236,174,410.82	10.28	991,634,424.08	35.47	-76.18
Total	2,298,043,829.54	100.00	2,795,556,193.50	100.00	-17.80

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

Unit: yuan Currency: RMB

In terms of industries	Principal businesses in terms of industries					
	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue income (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
Construction period revenue/cost	236,174,410.82	236,174,410.82	0.00	-76.18	-76.18	N/A

In terms of products	Principal businesses 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
Gaojie Expressway	468,790,801.95	95,657,715.13	79.59	6.27	-1.19	An increase of 1.54 percentage
Lianhuo Expressway Anhui Section	138,586,648.34	62,524,748.00	54.88	4.51	-13.62	An increase of 9.47 percentage
Ninghuai Expressway Tianchang Section	63,147,176.71	18,872,397.35	70.11	10.06	-16.40	An increase of 9.45 percentage
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
Xuanguang Expressway	261,183,868.80	71,224,510.35	72.73	-3.34	-3.41	An increase of 0.02 percentage
Guangci Expressway	56,626,569.40	9,925,324.41	82.47	-1.31	-8.52	An increase of 1.38 percentage
Ningxuanhang Expressway	116,545,915.36	140,540,905.43	-20.59	171.53	-3.88	An increase of 220.05 percentage
Anqing Bridge	155,182,668.05	35,826,941.10	76.91	1.51	-3.20	An increase of 1.12 percentage
Yuewu Expressway Anhui section	71,496,287.58	73,256,958.67	-2.46	3.36	-2.94	An increase of 6.64 percentage
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

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

(3) Expenses

Finance costs

During the Reporting Period, the Group's finance costs were RMB52,597 thousand (corresponding period in 2022: RMB65,504 thousand), representing a decrease of 19.70% as compared to the same period last year. The decrease was mainly because the conversion of shareholder loans to capital reserves of Ningxuanhang Company and the decrease in LPR interest rates;

Gain from fair value changes

During the Reporting Period, gain from fair value changes of the Group was RMB-70,800 thousand (corresponding period in 2022: RMB-7,031 thousand), representing a decrease of 906.97% as compared to the same period last year. The decrease in gain from fair value changes was mainly caused by changes in the fair value of CICC Anhui Transportation Holding Expressway Closed-end Infrastructure Securities Investment Fund during the Reporting Period.

Income tax

During the year, except for AEHK, the applicable PRC Corporate Income Tax rate for the Company, the Company's subsidiaries and associated companies was 25% (2022: 25%). During the Reporting Period, the Group's income tax expenses were RMB309,774 thousand (corresponding period in 2022: RMB275,743 thousand) with an increase of 12.34% compared to the same period last year. The increase in income tax expense was due to the increase in profit during the reporting period.

Value-Added Tax

The Company, Xuanguang Company, Anqing Bridge Company, Ningxuanhang Company and Guangci Company levied the value-added tax by 3% and 5% of the toll revenue by simple approach; 0% tax rate is applied to compensation income due to road damage; the road assistance service income, entrusted expressway management income, and operating lease income of service areas and gas stations were subject to value-added tax at 6%; the rentals for communication pipes, houses and venues were simply subject to value-added tax at 5%.

(4) Cash flows

During the Reporting Period, the Group's net cash inflows from operating activities were RMB1,428,122 thousand (the same period in 2022: RMB1,084,074 thousand), representing an increase of 31.74% in the same period last year. The increase was mainly due to the increase in toll income compared with the same period of last year during the reporting period.

During the Reporting Period, the Group's net cash outflows from investing activities were RMB-1,304,843 thousand (the same period in 2022: RMB-1,489,356 thousand), this is mainly due to the decrease in capital expenditure for Xuanguang Expressway reconstruction and expansion PPP project recognized by the Group compared with the same period of last year during the reporting period;

During the Reporting Period, the Group's net cash outflows from financing activities were RMB-427,969 thousand (the same period in 2022: 551,678 thousand), this is mainly due to the decrease in borrowings obtained from the same period last year.

2. Detailed explanation on major changes in business type, profit structure or profit source of the Company

Applicable Not Applicable

(II) Explanation on major changes in profits caused by non-core business

Applicable Not Applicable

(III) Analysis of assets and liabilities

1. Assets and Liabilities

Unit: yuan Currency: RMB

Item	Amount at the end of the Reporting Period	Percentage of amount at the end of the Reporting Period to the total assets (%)	Amount at the end of last period	Percentage of amount at the end of last period to the total assets (%)	Percentage of amount at the end of the Reporting Period as compared to that of last year (%)	explanations
Monetary fund	5,254,456,203.97	23.96	4,731,499,274.61	22.21	11.05	
Other current assets	17,408,599.64	0.08	4,753,195.72	0.02	266.25	
Tax payable	85,944,300.41	0.39	43,013,435.60	0.20	99.81	
Other payables	994,184,704.02	4.53	92,790,029.18	0.44	971.43	

Other explanations:

The increase in monetary funds was mainly due to the operating accumulation of this year;

The increase in other current assets was mainly caused by the increase in the input tax to be deducted for Xuanguang Expressway reconstruction and expansion project;

The increase in taxes payable was mainly due to the increase in the balance of enterprise income tax payable at the end of the Reporting Period;

The increase in other payables is mainly caused by the Company's declaration of dividend distribution for 2022.

2. Overseas assets

(1) *Asset scale*

Including: overseas assets in the amount of RMB2,088,739.90, accounting for 0.01% of the total assets.

(2) *Explanation of high proportion of overseas assets*

Applicable Not Applicable

3. Restrictions on major assets as at the end of the Reporting Period

Applicable Not Applicable

4. Other explanation

The funds deposited abroad are current Hong Kong dollar deposits in Hong Kong dividend paying accounts, and the current Hong Kong dollar deposits and fixed Hong Kong dollar deposits of AEHK.

(IV) *Investment Analysis*

1. Overall analysis of external equity investments

During the Reporting Period, the Company has paid the initial investment of RMB19,925 thousand for China Merchants Fund and RMB33,208.3 thousand for Jinshi Equity Fund.

(1) *Material equity investments*

Applicable Not Applicable

Anhui Expressway Company Limited

(2) Material non-equity investments

Unit: '000,000,000 Currency: RMB

Project name	Basic Information of the project	Estimated amount of project	Project schedule	Input amount for the current year	The accumulated actual investment amount	Project situation
PPP Project for the Reconstruction and Expansion of Xuanguang Expressway	The total length is about 91.554 kilometers	131.07	The Project began in February 2022.	2.36	16.54	It is scheduled for completion in 2024

(3) Financial assets measured at fair value

Unit: yuan Currency: RMB

Item	Opening balance	Profit and loss from changes in fair value in the current period	Cumulative changes in fair value recognized in equity	Current purchase amount	Current sale/redemption amount	Ending balance
Trading financial assets-structured deposits	0.00	788,194.44	0.00	100,000,000.00	100,788,194.44	0.00
Equity instruments – shares of unlisted companies						
–Xin'an Financial	57,443,039.61	0.00	9,316,960.39	0.00	0.00	66,760,000.00
–Xin'an Capital	39,110,529.94	0.00	-28,210,529.94	0.00	0.00	10,900,000.00
–Wantong MicroCredit	15,000,000.00	0.00	-2,792,770.00	0.00	0.00	12,207,230.00
–China Merchants Fund Management Company	1,105,617.50	0.00	257,573.74	0.00	0.00	1,254,550.26
–Jinshi Fund Management Company	2,849,685.87	0.00	148,932.76	0.00	0.00	3,107,259.61
Other non-current financial assets – Fund Investment						
–China Merchants Fund	103,820,042.89	1,968,914.99	0.00	19,925,000.00	3,320,833.33	122,393,124.55
–Jinshi Merger and Acquisition Fund	128,943,542.37	23,535,805.49	0.00	0.00	0.00	152,479,347.86
–Jinshi Equity Investment Fund	70,424,699.36	-5,561,582.31	0.00	33,208,333.34	0.00	98,071,450.39
CICC Anhui Transportation Holding Expressway Closed-end Infrastructure Securities Investment Fund	408,411,100.00	-91,531,700.00	0.00	0.00	0.00	316,879,400.00
Total	827,108,257.54	-70,800,367.39	-21,279,833.05	153,133,333.34	104,109,027.77	784,052,362.67

In 2023, the Company confirmed and received equity dividends of RMB187,123,900, including RMB147,595,600 from Xuanguang Company and RMB39,528,300 from Guangci Company.

Securities investment situation

Applicable Not Applicable

Explanations of securities investment situation

Applicable Not Applicable

Private fund investment situation

Applicable Not Applicable

Investment in derivatives

Applicable Not Applicable

(V) Material Asset and Equity Interest Disposal

Applicable Not Applicable

Anhui Expressway Company Limited

(VI) Analysis of Main Shares Holding Companies and Joint Stock Companies

Unit: '000 Currency: RMB

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 management, and operation.
Ningxuanhang Company	51%	300,000	4,065,927.74	114,010.38	118,085.09	-108,351.16	Expressway enterprises; The business scope is highway construction, Currently, the main business is construction, management, and operation of the Ningxuanhang Expressway (Anhui Section)
Guangci Company	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
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
China Merchants Fund	6.64%	3,000,000	1,881,965.36	1,842,807.40	0.00	29,674.89	Investment in are as such as energy conservation and environmental protection in transportation services
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
China Merchants Private Fund Management Company	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
Jinshi Private Fund Management Company	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 Fund
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 Company	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.

(VII) Status of the Structured Entity controlled by the Company

Applicable Not Applicable

V. OTHER DISCLOSURE

1. Possible risk factors

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.

Responding 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.

2. Other disclosure

In the second half of the year, the Group will align with the new economic development situation, endeavor to advance various initiatives, and strive to achieve the annual targets and tasks in terms of quality and quantity.

1. With “safety operation of road network” as the core, the Group will concentrate on troubleshooting prominent safety hazards on expressways; adhere to the principle of “one policy for one spot” governance and strengthen the joint forces and joint action of different parties; continue to monitor key indicators such as online toll lanes and overloaded vehicle governance data, and enhance the maintenance of operation of mechanical and electrical system as well as network safety management.
2. With the goal of “putting annual tasks in place”, the Group will continue to carry out initiatives focused on intelligent traffic flow and plugging loopholes and combating toll evasion; devote full efforts to advancing the subsequent work related to the project of issuing shares to purchase assets; adopt a scientific approach to budgeting and adjusting investment plans for the year; prioritize the timely implementation of preventive maintenance and other specialized construction projects, and meet the requirements of inspection of “monitoring of the technical status of the national highway network”.
3. With “innovation-driven development” as the guiding principle, the Group will boost the digitization of operation and construction of intelligent expressway, and complete the intelligent enhancement project for Wuzhuang to Quanjiao West interchange section of Hening Expressway; accelerate the construction of the expressway network management and control dispatching service system, with the aim of completing the data center and integrated application platform before the Spring Festival travel rush; optimize the operation of “USTC Silicon Valley • Wantong Smart Transportation Industrial Park”, actively collaborate with the high-tech zone and Institute of Advanced Technology, University of Science and Technology of China, so as to seize strategic opportunities in the development of emerging industries.
4. On the basis of “enhancing governance capabilities”, the Group will constantly push forward the enhancement initiative of compliance management and special initiative of “Compliance Year for Institutional Construction”; conduct specialized audits on road damage rescue and other areas, aiming to promote and deepen auditing rectification in the later part; organize and implement post-evaluation work in investment projects to comprehensively put risk management and control measures into effect.
5. With the standards of “driver, passenger and employee satisfaction”, the Group will extensively promote the travel service system of the road network of “Wanmei Expressway”, and establish a robust assessment and evaluation system for the “five major service carriers”; conduct regular road environment improvement, and optimize and enhance road signs and markings; carry out the project of connecting parks where operating units located with the municipal pipe network, and upgrade sewage treatment equipment.

3. Liquidity, financial resources and capital structure (in accordance with Hong Kong Accounting Standards)

The objectives of the Group's capital management policies are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders while at the same time maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group uses the gearing ratio to monitor its capital. This ratio is calculated as net debt divided by total capital. Net debt equals to total borrowings (including short-term borrowings, long-term borrowings and long-term payables) minus cash and cash equivalents. Total capital is the sum of shareholders' equity and net debt as presented in the consolidated balance sheet. As of 30 June 2023, the Group's capital liability ratio was 23.00% (as of 31 December 2022: 22.08%).

During the Reporting Period, the net cash flow from operating activities of the Group was RMB1,302,860 thousand (corresponding period in 2022: RMB971,608 thousand), representing an increase of 34.09% as compared with the same period last year, which was mainly due to the increase in toll revenue of the Group during the Reporting Period.

During the Reporting Period, the net cash flow from investing activities of the Group was RMB-1,293,808 thousand (corresponding period in 2022: RMB-1,489,356 thousand), which was mainly due to the decrease in capital expenditure of the Group for the reconstruction and expansion project of Xuanguang Expressway during the Reporting Period as compared with the corresponding period of last year.

During the Reporting Period, the net cash flow from financing activities of the Group was RMB-313,751 thousand (corresponding period in 2022: 664,144 thousand), which was mainly due to the decrease in borrowings as compared with the corresponding period of last year.

During the Reporting Period, the accumulated bank loans of the Group amounted to RMB80 million (January to June 2022: RMB1,793 million). As at the end of the Reporting Period, the outstanding balance of bank loans amounted to RMB6.499 billion yuan (December 31, 2022: RMB6.643 billion), which were mainly long-term borrowings. Among them, the floating rate loans borrowed from banks for the construction of Ningxuanhang Expressway, the special funds borrowed from the State Development Bank for the expansion of Hening Expressway, the long-term loans obtained for the acquisition of Anqing Bridge and the engineering loans for Xuanguang Reconstruction and Expansion Project have annual interest rates ranging from 1.20% to 4.55% (December 31, 2022: 1.20% to 4.90%). The principal will be repaid between 2023 and 2052.

In terms of the currency units of the Group's borrowings, the composition and distribution of cash held are approximately the same as those as at 31 December 2022.

As the Group's income and expenses are mainly denominated in RMB, the Group does not expect significant currency risk arising from its operating activities. The Group also has no foreign exchange hedging arrangements to manage foreign exchange risk (the same period in 2022: Nil).

4. *Charges on assets and contingent liabilities*

As at 30 June 2023, the bank borrowings of approximately RMB340 million were pledged with the toll revenue to be enjoyed by the Group upon completion of the reconstruction and expansion project of Hening Expressway (31 December 2022: RMB380 million).

The bank borrowings of approximately RMB744 million were pledged with the toll revenue of Liqiao-Xuancheng section of Ningxuanhang Expressway (Anhui Section) to which the Group is entitled (31 December 2022: RMB764 million).

The bank borrowings of approximately RMB179.6 million were pledged with the toll revenue from Xuancheng-Ningguo section of Ningxuanhang Expressway (Anhui Section) to which the Group is entitled (31 December 2022: RMB173.4 million).

The bank borrowings of approximately RMB560 million were secured by the toll revenue from Ningxuanhang Expressway (Anhui Section) to which the Group is entitled (31 December 2022: RMB566 million).

As at 30 June 2023, the Group had no contingent liabilities (31 December 2022: Nil).

5. *Major investments, acquisitions and sales*

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the Reporting Period (corresponding period in 2022: Nil).

SECTION IV CORPORATE GOVERNANCE

I. BRIEF INTRODUCTION OF THE GENERAL MEETING OF SHAREHOLDERS

Meeting Session	Date of convening	Query index of the designated website where the resolution is published	Disclosure date of the publication of the resolution	Resolution of the meeting
2022 Annual General Meeting	2023-06-09	Shanghai Securities News China Securities Journal http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.net	2023-06-10	Consideration and approval of the "2022 Work Report of the Board of Directors", the "2022 Work Report of the Supervisory Committee", the "Audited Financial Report for the Year 2022", "Profit Distribution Plan for the Year 2022", "Proposal in relation to the 2023 Comprehensive Budget", "Proposal in relation to the Projected 2023 Daily Related Party Transactions" and "Proposal in relation to the re-appointment of the auditors for the year 2023 and to authorize the Board to fix their remuneration".

The reinstated preferred Shareholders requested an extraordinary general meeting

Applicable Not Applicable

Description of the General Meeting of Shareholders

On June 9, 2023, the Company held the 2022 annual general meeting. The Meeting was convened by the board of directors of the Company and chaired by Mr. Xiang Xiaolong, the chairman of the board of directors of the Company. Some directors, supervisors and the secretary to the board attended the Meeting. Director Yang Xudong and independent Directors Liu Hao, Fang Fang and Supervisor Jiang Yue were unable to attend the Meeting due to business commitments. Other senior managers, lawyers and accountants attended the meeting. The meeting adopted a combination of on-site voting and online voting. The convening, holding and voting of the Meeting were in compliance with the relevant requirements of the Company Law and the Articles of Association. A total of 39 shareholders and proxies attended the meeting, representing 1,207,042,064 shares of the total voting shares held by them, accounting for 72.78% of the total voting shares of the Company. A total of seven resolutions were considered at the meeting, of which resolutions 4, 6 and 7 were counted separately for small and medium investors. As more than half of the votes were cast in favour of each of Resolutions 1 to 7, the Resolutions were duly passed as ordinary resolutions. No proposal was added or changed at the meeting.

II. Changes in Directors, Supervisors and Senior Management of the Company

Applicable Not Applicable

Description of changes in directors, supervisors and senior management of the Company

Applicable Not Applicable

III. PROFIT DISTRIBUTION OR CAPITAL RESERVE CONVERSION PLAN

Profit distribution and capital reserve conversion of equity plan prepared in the half-year period

To allocate or convert

No

IV. THE COMPANY'S EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACT

1. *Relevant equity incentive matters have been disclosed in the interim announcement and there is no progress or change in the follow-up implementation*

Applicable Not Applicable

2. *Incentives not disclosed in the interim announcement or with follow-up progress*

Equity incentive

Applicable Not Applicable

Other Notes

Applicable Not Applicable

Employee stock ownership plan

Applicable Not Applicable

Other incentives

Applicable Not Applicable

V. Disclosure of Interests of Directors, Supervisors and Chief Executives

On June 30, 2023, none of the Directors, Supervisors, chief executives of the Company or their associates has any interest in any shares, has or is deemed to have any interests or short positions in the underlying Shares and debentures which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests held or deemed to be held pursuant to such provisions of the SFO); or in the register referred to in section 352 of the SFO; or required to be disclosed in this report pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

VI. 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.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION

(I) *Explanation on the environmental situation of the Company and the subsidiaries which are engaged in heavily polluted industries as specified by the national environmental protection authorities*

Applicable Not Applicable

(II) *Explanation on the environmental situation for companies other than key polluters*

Applicable Not Applicable

1. Circumstances in which administrative penalties are imposed for environmental problems

Applicable Not Applicable

2. Disclosure of other environmental information with reference to key pollutant discharge units

During the Reporting Period, the Company strictly abided by the national regulations on the emission of noise, waste gas, waste water and greenhouse gases generated in the course of business operation. Relevant regulations on the disposal of hazardous and non-hazardous wastes (including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Air Pollution Prevention and Control Law and the Measures for the Management of Greening and Maintenance of Expressways).

As at 30 June 2023, the Group was not a major pollutant discharging entity as announced by the environmental protection department, nor was there any violation of pollutant discharge or administrative penalty received due to environmental problems.

3. The reason for not disclosing other environmental information

Applicable Not Applicable

(III) *Description of subsequent progress or changes in the disclosure of environmental information content during the Reporting Period*

Applicable Not Applicable

(IV) Information conducive to ecological protection, pollution prevention and performance of the environmental protection responsibility

During the Reporting Period, the Company actively fulfilled its social responsibilities for environmental protection, such as ecological protection and pollution prevention, as follows:

Firstly, regularly carry out road environmental renovation work to maintain a good traffic environment. Regularly carry out road environment maintenance and improvement, distinguish key sections and general sections according to geographical location and traffic flow, and optimize patrol frequency according to the characteristics of large traffic flow during holidays, more throwing objects and vigorous growth of plants in summer. In view of the problems found in the inspection, such as garbage, greenery obstruction and defective traffic safety facilities, the corresponding units are urged to do a good job in rectifying the problems.

Secondly, explore the combined noise reduction technology of pilot sound barrier and noise reduction pavement, so as to effectively solve the worries and troubles of the masses in their good travel and life. Arrange special fees to add or renovate sound barriers in some sections close to cities and villages where complaints are frequent. At the same time, comprehensive treatment measures such as sound barrier + noise reduction pavement measures, promotion and application of new environmental friendly and low noise expansion joints, and removal of transverse shock markings on pavement are adopted to solve the noise problem of residents along the line.

Thirdly, the strengthen road preventive maintenance and green maintenance to maintain a good level of road conditions. Annual maintenance management meeting was held to deploy and arrange pavement prevention and maintenance work plan tasks. It is planned to implement preventive maintenance projects such as low-noise thin layer overlay on a large scale in key sections such as expressways around Hefei. At present, pavement maintenance has entered the stage of large-scale construction.

Fourthly, water pollution control should be strengthened, and sewage discharge pipelines in toll stations, service areas and maintenance areas should be connected to the municipal sewage pipe network. Set up and improve the bridge deck water collection system, and collect the bridge deck water to the sedimentation tank for filtration and discharge; Comprehensive promotion of environmental protection snow-melting agent to remove ice and snow, installation of ice warning and disposal system at sensitive points of bridges that can automatically start spraying liquid non-chlorine environmental protection snow-melting agent, to minimize pollution to water sources and soil.

Fifthly, strengthen air pollution control, install automatic washing devices at entrances and exits of construction areas, install spraying dust suppression devices in forklift operation areas, and use water mist washing and self-priming cleaning equipment at maintenance construction sites to minimize production and construction dust. Strictly implement the management of closed coverage transportation, reduce the odor leakage caused by inadequate coverage in the transportation process, and affect the lives of residents along the highway; Supervise and urge the construction unit to increase the frequency of sprinkling water on the construction site and access road; Strengthen the linkage with traffic police and road administration, organize timely guidance and diversion of traffic congestion, minimize the time vehicles stay on the road, and reduce vehicle exhaust emissions.

(V) Measures taken to reduce their carbon emissions during the Reporting Period and their results

During the Reporting Period, the Company earnestly implemented the national strategy of “carbon peak and carbon neutralization” and actively took a series of measures to reduce carbon emissions, as follows:

Firstly, actively promote preventive maintenance technologies such as thin overlay and fine anti-skid protective layer, as well as trenchless maintenance technologies such as polymer grouting and welding, so as to significantly reduce the amount of road waste and carbon emissions in the maintenance process.

Secondly, actively advocate green intelligent paperless office, formulate water-saving, electricity-saving and material-saving system, and create a low-carbon office environment in an all-round way. To formulate water-saving and electricity-saving systems and indicators, implement intelligent paperless office, and create a comprehensive and economical office environment; To formulate a mechanism for booking and using company vehicles, standardize the management of vehicles, and guide employees to travel green; Increase the transformation of facilities and equipment in the office buildings, such as steam valves, water supply pipelines and energy-saving lamp replacement, to reduce the consumption of resources in the office buildings.

Thirdly, firmly promote the construction of intelligent high-speed. The Company compiled the first local standard for the construction of intelligent expressway in Anhui Province, Guidelines for the Construction of Intelligent Expressway, revised the Management Specification of Expressway Electromechanical System in Anhui Province, and organized and completed the review of the project outline of the Integrated Application Research of Anhui Province Expressway Toll Collection and Monitoring System. The construction of intelligent toll stations has achieved initial results. Innovate the intelligent construction and management mode of toll stations, adopt the “cloud, edge and end” toll collection system architecture, and realize the quasi-free flow of vehicles through the ramp pre-transaction, pre-prompt, integrated and few-person operation and management mode. Intelligent toll stations such as Quanjiao West and Xuancheng West have been built and operated. Combining with the current situation of Hening Expressway and drawing lessons from the achievements of intelligent expressway construction in the surrounding provinces and cities of the Yangtze River Delta, the feasibility study report of Hening Expressway Yangtze River Delta Intelligent Highway Demonstration Corridor Construction Project has been compiled and evaluated, and the preliminary design of the project is being carried out.

Fourthly, innovate the charging mode and solve the problem of congestion. On the one hand, during the Spring Festival, the traffic volume increased sharply, and the existing exit lanes were difficult to meet the traffic demand. Wuzhuang Station of Hening Expressway strengthened special situation handling and square guidance, and adopted the way of adding duplex toll collection terminals and handheld mobile toll collection terminals to realize the simultaneous toll collection of multiple vehicles in one lane, which is conducive to ensuring that the exit traffic conditions are always in good condition. On the other hand, we will vigorously promote the issuance and promotion of ETC, reduce the time for vehicles to pass through crossings and improve traffic efficiency. In the first half of 2023, ETC vehicles passing through entrances and exits at toll stations under the management of the Company reached approximately 24,000,000 vehicle journeys, saving about 770,000 litres of fuel and reducing exhaust emissions by about 140 tons, equivalent to planting about 5,400 adult trees.

II. Specific information of consolidating and expanding the achievements of poverty alleviation and rural revitalization

The Company has earnestly implemented the decision and deployment of the state on consolidating and expanding the achievements of poverty alleviation and comprehensively promoting rural revitalization, focusing on the objectives of rural revitalization during the “14th Five-Year Plan” period and the revitalization tasks of industry, talent, culture, ecology and organization, accelerating the modernization of agriculture and rural areas, and building momentum for rural revitalization. Since 2017, the Company has assisted Lishu Village, Liufan Township, Taihu County for seven consecutive years, and appointed village cadres to assist Lishu Village at designated locations, consolidating and expanding the achievements of poverty alleviation and effectively linking up the strategy of rural revitalization.

(I) Consolidating and expanding the achievements of poverty alleviation

1. Fully implement all assistance policies during the transition period. We will continue to do a good job in helping Lishu Village. Every year, according to the assistance plan, we will allocate funds in time to help Lishu Village develop its special farming industry, implement the project of upgrading village roads and cultural and sports facilities, and promote the effective link between poverty alleviation and rural revitalization.
2. Improve the dynamic monitoring and assistance mechanism to prevent returns to poverty. Eight monitoring grids have been set up in the whole village, and full coverage has been carried out in strict accordance with the monitoring scope and procedures. For poverty alleviation population and monitoring objects, we should adhere to the normalization of direct household visits and clarify the responsibility of helping. We should take various measures to increase the income of the people who have been lifted out of poverty, strengthen the guarantee of compulsory education, consolidate and expand the achievements of compulsory education in controlling dropouts, and do a good job in subsidizing students with financial difficulties and the “Rain and Dew Plan”. Strengthen housing security, focus on the transformation of dangerous houses in rural areas, and there were no increase in dangerous houses. We should strengthen the safety of drinking water and improve the maintenance and management mechanism of rural drinking water projects.
3. Help to implement the “five prevention” mechanism. Actively guard against and defuse risks. Focusing on the five risks of natural disasters, market fluctuations, chain breakage, unemployment and family accidents, we should strengthen investigation, consultation, real-time analysis and judgment, and intervene in advance to ensure that all kinds of potential risks are nipped in the bud. Effectively respond to the epidemic and disaster situation, achieve early deployment and early warning, rapid response and disposal, overall planning and consolidation, increase policy efforts, strengthen the effectiveness of relief and assistance, effectively eliminate the impact of the epidemic and disaster situation, and there were no returns to poverty due to the epidemic. Strive for industrial reward and subsidy funds, improve the mechanism of interest linkage, and pay wages. Emergency relief funds should be implemented to prevent poverty caused by illness and disasters and to ensure basic livelihood. Comprehensive insurance of “poverty prevention insurance” should be purchased for the people who have been lifted out of poverty to build a strong risk prevention barrier.

4. Continuously improve infrastructure and basic public service conditions. Vigorously implement the action of upgrading infrastructure in poverty alleviation areas. With the implementation of rural road quality improvement project, the hardening rate of natural village (group) roads and household roads is 99%. Continuously improve the quality of rural education, improve the conditions of small-scale rural schools, strive for support from various parties, and implement the new Lishu Village Primary School Project as planned.
5. Deepening consumption assistance. Over the years, we have continued to increase consumer assistance, formulated and promulgated guidance on normalized consumer assistance, arranged procurement for company canteens, encouraged trade unions and employees to purchase the villages products, and expanded the effectiveness of consumer assistance. Widely strive for social forces to help the village, Xingye Futures, Ping An Insurance, Xinneng Photovoltaic and other enterprises to carry out donation assistance to the village.

(II) Effectively linking up the strategy of Rural Revitalization

1. Promote industrial revitalization. Integrating the resources of the whole village, adapting measures to local conditions, focusing on the development of ecological livestock and poultry breeding, cash crop planting, agricultural products processing and asset-income industrial development projects, driving the stable income increase of poverty alleviation households, selling nearly 1 million yuan of agricultural products of private cooperatives and poverty alleviation households on a commission basis, encouraging and guiding industry leaders to optimize development ideas, exploring industrial transformation, agricultural products storage, bamboo and wood processing industries.
2. Promote the revitalization of talents. In view of the actual situation of agricultural production in the village, large industrial households and poverty-stricken households are organized to learn the cultivation technology and enhance the technical ability of industrial development. Establish an external talent pool and integrate and revitalize human resources.
3. Promote cultural revitalization. Guided by 's socialist ideology with Chinese characteristics in the new era, we should thoroughly study and implement the spirit of the 20th National Congress of the Communist Party of China, vigorously cultivate and practice socialist core values, and strengthen law popularization education and ideological and moral construction. We will vigorously inherit and develop Anhui's red culture and excellent traditional rural culture, and strengthen the propaganda of grass-roots theories and policies for the benefit of the people. We will carry out activities such as delivering operas to villages, movies to villages, "village Spring Festival Gala" and red song competitions, and strive to prosper rural public culture.
4. Promote ecological revitalization. We will continue to increase investment in infrastructure and vigorously promote the construction of unimpeded projects and the "three revolutions" of water improvement, toilet improvement and garbage treatment. Complete the widening of the main road in the village and the restoration of water damage. We will vigorously implement rural construction actions, strengthen the improvement of rural human settlements, and achieve full coverage of the collection, transportation and disposal system of domestic waste in natural villages.

SECTION VI MAJOR EVENTS

I. FULFILLMENT OF COMMITMENTS

(I) *The commitments for the Company's actual controllers, shareholders, related persons, purchasers, the Company and other related parties during the Reporting Period or lasting until the Reporting Period*

Background of Commitment	Type of commitment	Commitment party	Content of commitment	Time and term of commitment	Whether there is time limit for performance	Whether strictly comply in a timely 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	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

II. THE CONDITION OF NON-BUSINESS FUND APPROPRIATION BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES

Applicable Not Applicable

III. THE CONDITION OF PROVISION OF GUARANTEES IN VIOLATION OF SPECIFIED DECISION-MAKING PROCEDURE

Applicable Not Applicable

IV. THE AUDITED CONDITION OF THE INTERIM REPORT

Applicable Not Applicable

V. THE CHANGES AND TREATMENT OF THE MATTERS INVOLVED ARE SET OUT IN THE NON-STANDARD AUDIT OPINION IN LAST YEAR'S ANNUAL REPORT

Applicable Not Applicable

VI. BANKRUPTCY OR REORGANIZATION

Applicable Not Applicable

VII. SIGNIFICANT LITIGATIONS AND ARBITRATION EVENTS

The Company had significant litigations and arbitrations during the Reporting Period. The Company did not have significant litigations and arbitrations during the Reporting Period.

VIII. SUSPECTED VIOLATION OF LAWS AND REGULATIONS, PUNISHMENT AND RECTIFICATION FOR LISTED COMPANIES AND THEIR DIRECTORS, SUPERVISORS, SENIOR MANAGERS, CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS

Applicable Not Applicable

IX. EXPLANATION OF THE CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND EFFECTIVE CONTROLLER DURING THE REPORTING PERIOD

Applicable Not Applicable

During the Reporting Period, the Company and its controlling shareholder and effective controller were in good standing, there were no events such as unsatisfied judgements and unsatisfied debt of substantial amounts.

X. MAJOR RELATED PARTY TRANSACTIONS

(I) Related Party transactions in relation to daily operations

1. 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》)
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》)

Summary of Items

Query index

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	1 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. Items which have been disclosed in temporary announcement and with developments or changes in subsequent implementation

Applicable Not Applicable

3. Items which have not been disclosed in temporary announcement

Applicable Not Applicable

(II) Related party transactions in relation to assets or equity acquisition and disposal

1. Items which have been disclosed in temporary announcement and without further developments or changes in subsequent implementation

Applicable Not Applicable

2. 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 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 twentysecond 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 on April 18, 2023 (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 20, 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 report, 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 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. Items which have not been disclosed in temporary announcement

Applicable Not Applicable

4. If the performance agreement is involved, the performance realization during the reporting period shall be disclosed.

Applicable Not Applicable

(III) Major related party transactions of joint external investment

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

Item overview

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.

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.

During the Reporting Period, the Company paid the investment amount of RMB19,925 thousand to China Merchants Industrial Fund Phase II.

Indexes of announcements

Announcement on the Progress of Participating on the Phase of Investment and Signing of Supplementary 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) on 8 April 2022

2. Items which has been disclosed in announcements without further changes

Applicable Not Applicable

3. Items which has been disclosed in announcements with further changes

Applicable Not Applicable

(IV) Related debtor and creditor account

1. Items which has been disclosed in announcements without further changes

Applicable Not Applicable

2. Items which has been disclosed in announcements with further changes

Applicable Not Applicable

3. Items which has not been disclosed in announcements

Unit: '000 Currency: RMB

Related parties	Connected relation	The Company provides capital to related parties			Related parties provide capital to the Company		
		Initial Balance	Amount incurred	Closing Balance	Initial Balance	Amount incurred	Closing Balance
ATHC	Controlling shareholder	0.00	0.00	0.00	97,060	-19,500	77,560
Total		0.00	0.00	0.00	97,060	-19,500	77,560

The circumstances under which the related debt is formed The total investment of ATHC exceeding the project capital of Ningxuanhang Company is included in the long-term payables and repaid according to the agreed period.

Impact of related debts and claims

(V) The financial business between the Company and affiliated financial companies, the financial companies held by the Company and affiliated parties

Applicable Not Applicable

(VI) Other significant related party/connected transactions

Applicable Not Applicable

(VII) Others

Applicable Not Applicable

XI. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

1. *Entrusted management, subcontracting and leasing items*

Applicable Not Applicable

2. *The major guarantees performed or not yet performed during the reporting period*

Applicable Not Applicable

3. *Other major contracts*

Applicable Not Applicable

XII. 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 AnqingYangtze 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 0:00 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 or 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 Company 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, 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 VI "Major Events – X. Major elated Party/ Connected Transactions – (II) Related transactions in relation to assets or equity acquisition and disposal".

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 report, 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.

XIII. 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 partnership enterprise (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 report, from 30 June 2023 to the date of this report, there are no events that have a significant impact on the Group.

SECTION VII CHANGE OF SHARES AND SHAREHOLDERS

I. Change of ordinary share capital

(I) Change of ordinary shares

1. Change of ordinary shares

During the Reporting Period, the total number of ordinary shares and capital structure of the Company's ordinary shares was not changed.

2. Explanation of Change of ordinary share capital

Applicable Not Applicable

3. The Influence of change of share capital from the time after the Reporting Period to the date of this interim report to financial indicators like earnings per share and net assets per share (If any)

Applicable Not Applicable

4. Other Disclosures that the Company deems necessarily or required by the Securities Regulatory Authority.

Applicable Not Applicable

(II) Change of restricted shares

Applicable Not Applicable

II. Shareholders

(I) Number of shareholders

Number of shareholders of ordinary shares as at the end of the Reporting Period

20,948

(II) The top ten shareholders and top ten tradable shareholders (or unrestricted shareholders) with the highest shareholding percentage as at the end of the Reporting Period

Unit: shares

Name of shareholder (Full Name)	Change during the Reporting Period	The ten largest shareholders		Number of Restricted shares	Shares pledged or locked-up Share status	Number	Nature of shareholders
		Shareholding as at the end of the Reporting period	Shareholding percentage (%)				
Anhui Transportation Holding Group Co., Ltd.	0	524,644,220	31.63	0	None		State-owned shares
HKSCC NOMINEES LIMITED	106,000	489,009,899	29.48	0	Unknown		Foreign legal person
China Merchants Highway Network Technology Holdings Co., Ltd	0	404,191,501	24.37	0	None		State-owned legal person
Hong Kong Securities Clearing Company Limited	-9,241,157	18,281,068	1.10	0	None		Foreign legal person
New China Life Insurance Company Limited – Dividends – Group Dividends – 018L-FH001 Shanghai	6,202,841	6,202,841	0.37	0	None		Other
China Universal Asset Management Co., Ltd. – Social Security Fund 1103 Portfolio	5,950,200	5,950,200	0.36	0	None		Other
Ding Xiuling	-480,700	4,930,735	0.30	0	None		Domestic natural person
Everbright Securities Co., Ltd.	136,995	4,603,398	0.28	0	None		State-owned legal person
Industrial and Commercial Bank of China Limited – Rongtong Domestic Demand Driven Equity Securities Investment Fund	4,559,544	4,559,544	0.27	0	None		Other
China Life Insurance Company Limited – Traditional – General Insurance Products – 005L-CT001 Shanghai	4,280,000	4,280,000	0.26	0	None		Other

Shareholding of the ten largest unrestricted shareholders

Name of shareholder	Number of unrestricted circulating shares held	Type and number of shares	
		Type	Number
Anhui Transportation Holding Group Co., Ltd.	524,644,220	Renminbi-denominated ordinary shares	524,644,220
HKSCC NOMINEES LIMITED	489,009,899	Overseas listed foreign shares	489,009,899
China Merchants Highway Network Technology Holdings Co., Ltd	404,191,501	Renminbi-denominated ordinary shares	404,191,501
Hong Kong Securities Clearing Company Limited	18,281,068	Renminbi-denominated ordinary shares	18,281,068
New China Life Insurance Company Limited – Dividends – Group Dividends – 018L-FH001 Shanghai	6,202,841	Renminbi-denominated ordinary shares	6,202,841
China Universal Asset Management Co., Ltd. – Social Security Fund 1103 Portfolio	5,950,200	Renminbi-denominated ordinary shares	5,950,200
Ding Xiuling	4,930,735	Renminbi-denominated ordinary shares	4,930,735
Everbright Securities Co., Ltd.	4,603,398	Renminbi-denominated ordinary shares	4,603,398
Industrial and Commercial Bank of China Limited-Rongtong Domestic Demand Driven Equity Securities Investment Fund	4,559,544	Renminbi-denominated ordinary shares	4,559,544
China Life Insurance Company Limited – Traditional-General Insurance Products – 005L-CT001 Shanghai	4,280,000	Renminbi-denominated ordinary shares	4,280,000
The top ten shareholders of the buyback account information	Nil		
The above explanation of shareholders' entrustment voting right, entrusted voting right and abandonment of voting right	Nil		
Explanations of connected relationship or action in concert between the above-mentioned shareholders	There are no connected relationship between the State-owned shareholders and the legal person shareholders in the above chart. Moreover, the Company does not know if there is any connected relationship amongst other shareholders, or whether they belong to persons acting in concert as stipulated under the "Measures for the Administration of Information Disclosure of Shareholder Equity Changes of Listed Companies (《上市公司股東持股變動信息披露管理辦法》)."		
Description of the reinstated preferred shareholders and the number of shareholdings	Nil		

Note:

1. As at the end of the reporting period, the total number of holders of A shares was 20,885, and the total number of holders of H shares was 63.
2. The H Shares held by the HKSCC NOMINEES LIMITED (HKSCC Nominees Limited) were held on behalf of a number of clients.

shareholdings and restrictions of top ten restricted shareholders

Applicable Not Applicable

(III) Strategic investor or ordinary legal person who became top ten shareholders due to investors issuance of new shares

Applicable Not Applicable

III. Directors, supervisors and senior management

(I) Change in shareholdings of Directors, Supervisors and senior management (current or resigned during the Reporting Period)

Applicable Not Applicable

Information on other issues

Applicable Not Applicable

(II) Equity incentives awarded to Director, Supervisor, senior management during the Reporting Period

Applicable Not Applicable

(III) Information on other issues

Applicable Not Applicable

IV. Change of controlling shareholders and effective controllers

Applicable Not Applicable

V. Persons (other than the directors, supervisors or chief executive of the company) who have interests or short positions disclosable under divisions 2 and 3 of part xv of the securities and futures ordinance

As at 30 June 2023, so far as is known to the Directors, or as can be ascertained after reasonable enquiry by the Directors, the persons (other than the Directors, Supervisors or chief executive of the Company) who had, directly or indirectly, interests or had short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were set out as follows:

Name of shareholder	Capacity	Number of shares	Class of Shares	% of H shares	Pledged or locked-up
China Merchants Highway Network Technology Holdings Co., Ltd	Interests in controlled corporation	92,396,000 (long position)	H shares	18.74%	Pledged
HSBC Holdings plc	Interests in controlled corporation	98,525,221 (long position) 99,825,933 (short position)	H shares	19.98% 20.25%	Unknown

Name of shareholder	Capacity	Number of shares	Class of Shares	% of A shares	Pledged or locked-up
Anhui Transportation Holding Group Co., Ltd.	Beneficial owner	524,644,220	A shares	45.01%	No
China Merchants Highway Network Technology Holdings Co., Ltd	Beneficial owner	404,191,501	A shares	34.68%	No

Notes: Save as disclosed in this report, as at 30 June 2023, according to the register required to be stored under the provisions of section 336 of Part XV of the SFO, the Company has not received any notice that the persons were interested or had short position in the shares or underlying shares of the Company on 30 June 2023.

SECTION VIII RELATED INFORMATION OF PREFERENCE SHARES

Applicable Not Applicable

SECTION IX RELATED INFORMATION OF BONDS

I. Enterprise bonds, corporate bonds and non-financial corporate debt financing instruments

Applicable Not Applicable

II. Convertible corporate bonds

Applicable Not Applicable

SECTION X FINANCIAL REPORT

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

		Six months ended 30 June	
	Notes	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
REVENUE	5	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	5	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	7	(106,230)	(118,045)
Share of gain of associates		<u>8,002</u>	<u>8,196</u>
PROFIT BEFORE INCOME TAX	6	1,170,321	922,642
Income tax expenses	8	<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)	10	<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	
Notes		2023	2022
		RMB'000	RMB'000
		(unaudited)	(unaudited)
	Profit for the period	860,914	647,267
	Other comprehensive income:		
	<i>Items that will not be reclassified subsequently to profit or loss</i>		
	Change in value of financial assets at fair value through other comprehensive income ("FVOCI"), net of tax	13 (15,960)	319
	Total comprehensive income for the period	844,954	647,586
	Attributable to:		
	Owners of the Company	822,439	667,829
	Non-controlling interests	22,515	(20,243)
		844,954	647,586

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

	Notes	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
ASSETS			
NON-CURRENT ASSETS			
Concession intangible assets	11	13,834,832	13,497,875
Right-of-use assets	11	57,893	6,045
Property, plant and equipment	11	1,183,111	1,216,473
Investment properties	11	304,974	352,289
Intangible assets	11	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")	12	689,823	711,599
Financial assets at fair value through other comprehensive income	13	94,229	115,509
Total non-current assets		16,426,178	16,131,606
CURRENT ASSETS			
Inventories		4,200	4,706
Receivables and prepayments	14	386,619	537,733
Time deposits with original maturity over three months	15	2,552,752	1,767,673
Cash and cash equivalents	15	2,599,158	2,903,848
Total current assets		5,542,729	5,213,960
TOTAL ASSETS		21,968,907	21,345,566

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

	Notes	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary share capital	16	1,658,610	1,658,610
Share premium	16	1,415,593	1,415,593
Other reserves	17	(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	18	77,560	77,560
Borrowings	19	6,029,148	6,201,986
Deferred income tax liabilities		34,662	36,798
Deferred income	20	107,388	113,853
Total non-current liabilities		<u>6,248,758</u>	<u>6,430,197</u>
CURRENT LIABILITIES			
Trade and other payables	21	1,771,925	835,269
Current income tax liabilities		78,600	30,160
Provision	22	79,385	71,005
Borrowings	19	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)

	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 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)	13	-	-	(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)	9	-	-	-	(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)		<u>1,658,610</u>	<u>1,415,593</u>	<u>(743,920)</u>	<u>9,538,073</u>	<u>1,451,316</u>	<u>13,319,672</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

	Notes	Attributable to owners of the Company					Total RMB'000
		Ordinary share capita 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)	13	<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)	9	-	-	-	(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)		-	-	(20)	20	-	-
As at 30 June 2022 (unaudited)		<u>1,658,610</u>	<u>1,415,593</u>	<u>(727,879)</u>	<u>8,833,923</u>	<u>778,521</u>	<u>11,958,768</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

		Six months ended 30 June	
	Notes	2023 RMB'000 (unaudited)	2022 RMB'000 (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)
		<u>1,302,860</u>	<u>971,608</u>
Net cash generated from operating activities			
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,115)	(23,930)
Additions of intangible assets		(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	26	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	12	–	13,283
Dividends received from financial assets at FVOCI		–	10,384
		<u>(1,293,808)</u>	<u>(1,489,356)</u>
Net cash used in investing activities			
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	18	(19,500)	(19,500)
Capital injection by non-controlling interests		–	444,841
Dividends paid to non-controlling interests of subsidiaries relating to 2022		(150,218)	(201,246)
Acquisition of a subsidiary under common control		–	(1,105,000)
		<u>(313,751)</u>	<u>664,144</u>
Net cash (used in)/generated from financing activities			
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		2,903,848	3,359,918
Exchange gains on cash and cash equivalents		9	–
		<u>2,599,158</u>	<u>3,506,314</u>
Cash and cash equivalents at end of the period			

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

1. GENERAL INFORMATION

Anhui Expressway Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 15 August 1996 as a joint stock limited company. The Company and its subsidiaries (the “Group”) are principally engaged in the construction, operation, management and development of the toll roads and associated service sections in the Anhui Province.

The Company’s H shares and A shares have been listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange since November 1996 and January 2003 respectively. The address of its registered office is No. 520, West Wangjiang Road, Hefei, Anhui, the PRC.

As at 30 June 2023, the Group’s toll roads and concession periods granted are shown as follows:

Toll road	Length (kilometres)	Concession periods granted
Hening Expressway (i)	134	From 16 August 1996 to 15 August 2031
National Trunk 205 Tianchang Section	30	From 1 January 1997 to 31 December 2026
Xuanguang Expressway	67	From 25 July 1998 to 24 July 2028
Gaojie Expressway	110	From 1 October 1999 to 30 September 2029
Lianhuo Expressway Anhui Section	54	From 1 January 2003 to 30 June 2032
Xuanguang Expressway Nanhuan Section	17	From 27 March 2002 to 24 July 2027
Ninghuai Expressway Tianchang Section	14	From 18 December 2006 to 17 June 2032
Guangci Expressway	14	From 20 July 2004 to 20 July 2029
Ningxuanhang Expressway Xuancheng to Ningguo Section	46	From 8 September 2013 to 7 September 2043
Ningxuanhang Expressway Ningguo to Qianqiuguan Section	40	From 19 December 2015 to 18 December 2045
Ningxuanhang Expressway Liqiao to Xuancheng Section	27	From 30 December 2017 to 29 December 2047
Yuewu Expressway Anhui Section	46	From 31 December 2015 to 30 December 2045
Anqing Yangtze River Bridge	6	From 26 December 2004 to 25 December 2033

- (i) The expansion project of Hening Expressway was officially opened to traffic in December 2019 and the temporary granted concession period for the expansion is 5 years since the end of the original concession period (15 August 2026). Concession intangible assets are amortised over 25 years starting January 2020 before the grant of formal concession period, which is estimated by the Group and will be determined according to future assessment and relevant provisions.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group 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.

3. 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (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.

4. OPERATING SEGMENT INFORMATION

The Group's revenue and contribution to the interim consolidated results are mainly derived from the management and operation of expressways, which is regarded as a single reportable segment. Segment performance reported internally to the Group's directors for the purposes of resource arrangement and performance assessment is consistent with the measurement of the Group's revenue and results presented in the interim condensed consolidated income statement and the interim condensed consolidated statement of other comprehensive income. In addition, all of the Group's operations are located in Mainland China. Accordingly, no operating segment information is presented, other than the entity-wide disclosures.

Entity-wide disclosures

Geographical information

All of the Group's external revenue is derived from customers based in Mainland China, and all of the non-current assets of the Group are located in Mainland China. Accordingly, no further geographical information is presented.

Information about major customers

During the six months ended 30 June 2023 (During the six months ended 30 June 2022: nil), no revenue derived from a single customer accounted for 10% or more of the Group's total revenue.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Toll roads income, rental income and others	2,087,665	1,824,618
Revenue from construction or upgrade work under Service Concessions	236,174	991,634
	<u>2,323,839</u>	<u>2,816,252</u>

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(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 (Note 20)	6,465	6,465
Fair value losses on financial assets at FVPL (Note 12)	(70,800)	(7,031)
Net gains from disposal of property, plant and equipment	240	270
Donations	(1)	(4)
Others	145	249
	<u>16,574</u>	<u>66,540</u>
Other income and gains		

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(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
	106,230	118,045

8. INCOME TAX

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

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

(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%.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

8. INCOME TAX (Continued)*(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.

9. 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).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, 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
	RMB’000	RMB’000
	(unaudited)	(unaudited)
Profit attributable to equity holders of the Company	838,399	667,510
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.5055	0.4025

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

11. CAPITAL EXPENDITURES

	Concession intangible assets RMB'000	Intangible assets RMB'000	Property, plant and equipment RMB'000	Investment properties RMB'000	Right-of-use assets RMB'000
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 (Note 6)	(370,465)	(363)	(68,549)	(9,878)	(382)
Closing net book amount as at					
30 June 2022 (unaudited)	<u>13,843,185</u>	<u>382</u>	<u>1,191,674</u>	<u>360,361</u>	<u>6,426</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 (Note 6)	(375,711)	(2,815)	(74,069)	(8,185)	(820)
Closing net book amount as at					
30 June 2023 (unaudited)	<u>13,834,832</u>	<u>3,151</u>	<u>1,183,111</u>	<u>304,974</u>	<u>57,893</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

11. CAPITAL EXPENDITURES (Continued)

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 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.

12. FINANCIAL ASSETS AT FVPL

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Non-current assets		
Investments in limited partnerships ("LP"s)		
Anhui Transportation Goldstone Buy-out Fund LP ("ATGBF")	152,479	128,943
Anhui Transportation Zhaoshang Industry Investment Fund LP ("ATZIIF")	122,393	103,820
Anhui Transportation Goldstone Equity Investment Fund LP ("ATGEIF")	98,072	70,425
Others		
CICC Anhui Transportation Holding Expressway Closed-end Infrastructure Securities Investment Fund	<u>316,879</u>	<u>408,411</u>
	<u>689,823</u>	<u>711,599</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

12. FINANCIAL ASSETS AT FVPL (Continued)

(a) Amounts recognised in profit or loss

During the period, the following gains were recognised as “other income and gains – net” in profit or loss:

	As at 30 June 2023 RMB'000 (unaudited)	As at 30 June 2022 RMB'000 (unaudited)
Fair value losses on financial assets at FVPL (Note 5)	(70,800)	(7,031)
Dividends from investments at FVPL recognised in profit or loss in other gains – related to investments held at the end of the period	26,592	13,283

13. FINANCIAL ASSETS AT FVOCI

Financial assets at FVOCI comprise equity investments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in the category. These are strategic investments and the Group considers this classification to be more relevant.

Equity investments at FVOCI comprise the following individual investments:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)	Cumulative fair value change recognised in other comprehensive income
Anhui Xin'an Financial Group Co., Ltd. ("AXFG")	66,760	57,443	(59,068)
Anhui Xin'an Capital Operation Management Co., Ltd. ("AXCM")	10,900	39,110	(63,272)
Hefei Wan Tong Microcredit Co., Ltd. ("WTMC")	12,207	15,000	(2,793)
Anhui Transportation Zhaoshang Private Fund Management Co., Ltd. ("ATZFM")	1,255	1,106	880
Anhui Transportation Goldstone Private Fund Management Co., Ltd. ("ATGFM")	3,107	2,850	2,732
	<u>94,229</u>	<u>115,509</u>	<u>(121,521)</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

13. FINANCIAL ASSETS AT FVOCI (Continued)

Equity investments at FVOCI comprise the following individual investments: (Continued)

On disposal of these equity investments, any related balance within the financial assets at FVOCI reserve is reclassified to retained earnings.

(a) Amounts recognised in profit or loss and OCI

During the period, the following (losses)/gains were recognised in profit or loss and OCI:

	As at 30 June 2023 RMB'000 (unaudited)	As at 30 June 2022 RMB'000 (unaudited)
(Losses)/gains recognised in OCI – related to equity investments	(21,280)	425
Dividends from equity investments at FVOCI recognised in profit or loss in other gains – related to investments held at the end of the period	–	4
	<u> </u>	<u> </u>

(b) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

14. RECEIVABLES AND PREPAYMENTS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Receivables:		
Toll road income receivable (a)	140,380	59,930
Interest receivable	102,541	59,979
Receivables for construction	62,928	62,928
Pawn loans to customers (b)	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 (b)	13,750	13,750
Provision for impairment of others (c)	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>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

14. RECEIVABLES AND PREPAYMENTS (Continued)

The ageing analysis of the receivables is as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (unaudited)
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 AENO of RMB140,380 thousand (31 December 2022: from AENO 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 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (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>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

14. RECEIVABLES AND PREPAYMENTS (Continued)

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

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

15. CASH AND CASH EQUIVALENTS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Cash and bank balances	5,151,910	4,671,521
Time deposits	<u>(2,552,752)</u>	<u>(1,767,673)</u>
Cash and cash equivalents	<u>2,599,158</u>	<u>2,903,848</u>

At the end of the reporting period, cash and bank balances were denominated in RMB and HKD. At the end of the reporting period, the cash and bank balances of the Group denominated in HKD amounted to RMB2,440,461.43 (31 December 2022: RMB2,363,938.18).

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

15. CASH AND CASH EQUIVALENTS (Continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the deposit rates of the respective periods. The bank balances are deposited with creditworthy banks with no recent history of default. The Group expects no significant credit risk associated and that there would not be any significant losses due to non-performance by these counterparties.

The weighted average interest rate per annum on cash at bank in the six months ended 30 June 2023 was approximately 3.35% (31 December 2022: 3.39%).

16. SHARE CAPITAL

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Issued and fully paid	<u>1,658,610</u>	<u>1,658,610</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue RMB'000	Share capital RMB'000
At 1 January 2022, 31 December 2022, 1 January 2023(audited) and 30 June 2023 (unaudited)	<u>1,658,610</u>	<u>1,658,610</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

17. OTHER RESERVES

	Capital surplus	Statutory surplus reserve fund	Discretionary surplus reserve fund	Enterprise safety fund	Merger reserve	Excess of the consideration over carrying amount of the non-controlling interests acquired	Fair value change of financial assets at FVOCI, net of tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022 (audited)	2,243	955,881	658	46,677	(948,061)	(710,116)	(75,460)	(728,178)
Usage of enterprise safety fund	-	-	-	(20)	-	-	-	(20)
Changes in fair value of financial assets at FVOCI, net of tax (Note 13)	-	-	-	-	-	-	319	319
Balance at 30 June 2022 (unaudited)	<u>2,243</u>	<u>955,881</u>	<u>658</u>	<u>46,657</u>	<u>(948,061)</u>	<u>(710,116)</u>	<u>(75,141)</u>	<u>(727,879)</u>
Balance at 1 January 2023 (audited)	2,243	955,881	658	46,637	(948,061)	(710,116)	(75,182)	(727,940)
Usage of enterprise safety fund	-	-	-	(20)	-	-	-	(20)
Changes in fair value of financial assets at FVOCI, net of tax (Note 13)	-	-	-	-	-	-	(15,960)	(15,960)
Balance at 30 June 2023 (unaudited)	<u>2,243</u>	<u>955,881</u>	<u>658</u>	<u>46,617</u>	<u>(948,061)</u>	<u>(710,116)</u>	<u>(91,142)</u>	<u>(743,920)</u>

The Company appropriates discretionary surplus reserve after the approval of the Board of Directors' proposal by shareholders in the shareholders' meeting. The discretionary surplus reserve can be used to make up for the loss or increase capital after approval.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

18. LONG-TERM PAYABLES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Long-term payables to XCIC(a)		
Beginning of the period/year	–	81,730
Debt conversion	–	(15,400)
Repayments	–	(68,848)
Amortisation – charged to income statement	–	2,518
	<hr/>	<hr/>
End of the period/year	–	–
	<hr/>	<hr/>
Long-term payables to ATHC		
Beginning of the period/year	97,060	279,100
Repayments	(19,500)	(21,890)
Debt conversion	–	(182,040)
Amortisation – charged to income statement	–	21,890
	<hr/>	<hr/>
End of the period/year	77,560	97,060
	<hr/>	<hr/>
Total long-term payables	77,560	97,060
Less: Current portion of long-term payables	–	19,500
	<hr/>	<hr/>
	77,560	77,560
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

18. LONG-TERM PAYABLES (Continued)

(a) Xuancheng Communication Investment Co., Ltd

The principal of the payables was repayable from 2023 to 2027 with the interest rate of 4.90%.

The carrying amounts and fair values of long-term payables (including current portion) are as follows:

	Carrying amounts		Fair values	
	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Long-term payables to ATHC	77,560	97,060	77,560	97,060

The undiscounted amounts of long-term payables (including current portion) are as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Long-term payables to ATHC	77,560	97,060
	77,560	97,060

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

19. BORROWINGS

	30 June 2023 (unaudited)			31 December 2022 (audited)		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
Long-term bank borrowings						
Denominated in RMB						
Guaranteed and unsecured (a)	3.05%-3.55%	2023-2052	3,060,000	3.05%-3.90%	2023-2052	3,200,000
Pledged (b)	1.20%-4.55%	2023-2040	<u>3,439,715</u>	1.20%-4.90%	2023-2040	<u>3,443,749</u>
			<u>6,499,715</u>			<u>6,643,749</u>
Less: current portion						
Denominated in RMB						
Guaranteed and unsecured (a)	3.05%-3.45%	2023-2052	(294,000)	3.05%-3.90%	2023-2052	(282,633)
Pledged (b)	1.20%-4.55%	2023-2040	<u>(176,567)</u>	1.20%-4.90%	2023-2040	<u>(159,130)</u>
			<u>(470,567)</u>			<u>(441,763)</u>
Non-current borrowings			<u>6,029,148</u>			<u>6,201,986</u>

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Analysed into:		
Bank loans repayable:		
Within 1 year	470,567	441,763
Between 1 and 2 years	815,652	512,214
Between 2 and 5 years	2,079,261	2,421,837
Over 5 years	<u>3,134,235</u>	<u>3,267,935</u>
	<u>6,499,715</u>	<u>6,643,749</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

19. BORROWINGS (Continued)

- (a) As at 30 June 2023, the bank credit loan of RMB2,110,000 thousand was borrowed by the Group for the acquisition of equity and related claims of AQDQ Company, with interest paid quarterly, and the principal amount will be repaid between 2023 and 2028. The above-mentioned long-term borrowing interest rate is adjusted annually in accordance with the loan market quotation rate ("LPR") published by the National Interbank Lending Center in accordance with the provisions of the loan contract (31 December 2022: RMB2,250,000 thousand).

The bank credit loan of RMB200,000 thousand is a loan used by the Group for daily business turnover needs, with interest paid quarterly, and the principal will be repaid between 2024 and 2025. The above-mentioned long-term borrowing interest rate is adjusted annually in accordance with the loan market quotation rate ("LPR") published by the National Interbank Lending Center in accordance with the provisions of the loan contract (31 December 2022: RMB200,000 thousand).

The bank credit loan of RMB50,000 thousand was borrowed by the Group for the reconstruction and expansion project of the Guangde to Xuancheng section of the G50 Shanghai-Chongqing Expressway, with interest paid quarterly, and the principal will be repaid between 2025 and 2042. The above-mentioned long-term borrowing interest rate is adjusted annually in accordance with the loan market quotation rate ("LPR") published by the National Interbank Lending Center in accordance with the provisions of the loan contract (31 December 2022: RMB50,000 thousand).

The bank credit loan of RMB700,000 thousand was borrowed by the Group for the reconstruction and expansion project of G50 Shanghai-Chongqing Expressway Guangde to Xuancheng Section, with interest paid quarterly, and the principal will be repaid between 2025 and 2052 (31 December 2022: RMB700,000 thousand).

The above-mentioned long-term borrowing interest rate is adjusted annually in accordance with the loan market quotation rate ("LPR") published by the National Interbank Lending Center in accordance with the provisions of the loan contract.

- (b) As at 30 June 2023, bank borrowings of RMB340,000 thousand were pledged by estimated future toll road cash inflow from the completion of reform and expansion of Hening Expressway (31 December 2022: RMB380,000 thousand), bank borrowings of RMB743,834 thousand were pledged by estimated future toll road cash inflow from Liqiao to Xuancheng Section of Ningxuanhang Expressway (31 December 2022: RMB763,747 thousand), bank borrowings of RMB1,796,060 thousand were pledged by estimated future toll road cash inflow from Xuancheng to Ningguo Section of Ningxuanhang Expressway (31 December 2022: RMB1,733,560 thousand), and bank borrowings of RMB559,822 thousand were pledged by estimated future toll road cash inflow from Ningguo to Qianqiuguan Section of Ningxuanhang Expressway (31 December 2022: RMB556,441 thousand).

As at 30 June 2023 and 31 December 2022, the fair values of current and non-current borrowings approximated their carrying amounts as the discounting impact is not significant.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

20. DEFERRED INCOME

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Government grants	107,388	113,853

Deferred income represents government grants relating to assets and is amortised over 7 to 30 years.

For the six months ended 30 June 2023, Amortisation of RMB6,465 thousand (during the six months ended 30 June 2022: RMB6,465 thousand) has been charged in "other income and gains – net" (Note 5).

21. 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 (Note 18)	–	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
	1,771,925	835,269

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

22. PROVISION

30 June 2023 (unaudited)

	Total RMB'000
At 1 January 2023 (audited)	71,005
Additional provision	106,613
Amounts utilised during the period	(98,233)
	<hr/>
At 30 June 2023 (unaudited)	<u>79,385</u>

30 June 2022 (unaudited)

	Total RMB'000
At 1 January 2022 (audited)	77,844
Additional provision	43,838
Amounts utilised during the year	—
	<hr/>
At 30 June 2022 (unaudited)	<u>121,682</u>

23. CONTINGENT LIABILITIES

At the end of the period, the Group did not have any significant contingent liabilities.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

24. 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>

25. RELATED PARTY TRANSACTIONS

The Company's parent company is ATHC, a state-owned enterprise established in Anhui Province, the PRC, and is controlled by the PRC government. It owns a significant portion of the expressway assets in Anhui Province.

In accordance with HKAS 24 (Revised), "Related Party Disclosures", government related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include ATHC and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and ATHC as well as their close family members. The Group believes that these transactions are carried out on terms that are similarly and consistently applied to all other customers or suppliers. However, due to the complex ownership structure, the PRC government may hold indirect interests in many companies. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests which may not be known to the Group. As a result, these transactions with other government-related entities and their subsidiaries are exempted from the related party transaction disclosure requirements as set out in HKAS 24 (Revised).

The Company's directors believe that information in respect of related party transactions has been adequately disclosed in the consolidated financial statements and are of the view that the following companies are related parties that had material transactions or balances with the Group during the period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (Continued)

(a) Information about related parties

Name	Relationships with the Group
ATHC	Parent company
ALEC	Subsidiary of ATHC
AEPC	Subsidiary of ATHC
YTMC	Subsidiary of ATHC
WTMC	Subsidiary of ATHC
AENO	Subsidiary of ATHC
ATCD	Subsidiary of ATHC
ATZFM	Significantly influenced by ATHC
ATGFM	Significantly influenced by ATHC
XCIC	Non-controlling interest of Xuan Guang, Ningxuanhang and Guangci
AEAC	Associate
ATII	Associate
China Merchants Expressway Network Technology Holdings Co., Ltd. (“招商局公路網絡科技控股股份有限公司”, “ENTH”)	the second-largest shareholder
Anhui Transportation Construction Management Co., Ltd. (“安徽省交控建設管理有限公司”, “ATCMC”)	Subsidiary of ATHC
Anhui Transportation Property Management Co., Ltd. (“安徽交控物業服務有限公司”, 原名“合肥市邦寧物業管理有限公司”, “ATPMC”)	Subsidiary of ATHC
Anhui Expressway Experiment Research Centre Co., Ltd. (“安徽省高速公路試驗檢測科研中心有限公司”, “AERC”)	Subsidiary of ATHC
Anhui Transportation Engineering Group Co., Ltd. (formerly named Anhui Gaolu Construction Co., Ltd.) (“安徽交控工程集團有限公司”, 原名“安徽省高路建設有限公司”, “ATEGC”)	Subsidiary of ATHC
Anhui Expressway Finance Lease Co., Ltd. (“安徽高速融資租賃有限公司”, “AWFC”)	Subsidiary of ATHC
Anhui Qixing Project Testing Co., Ltd. (“安徽省七星工程測試有限公司”, “AQPT”)	Subsidiary of ATHC
Anhui Transportation Road Maintenance Co., Ltd. (“安徽交控道路養護有限公司”, “ATRCM”)	Subsidiary of ATHC
Anhui Transportation Material Technology Co., Ltd. (“安徽交控材料科技有限公司”, 原名“安徽省環宇公路建設開發有限責任公司”, “ATMT”)	Subsidiary of ATHC
Anhui Zhongxing Project Management Co., Ltd. (“安徽省中興工程監理有限公司”, “AZPMC”)	Subsidiary of ATHC
Anhui Jiaoyun Group Automobile Sales Co., Ltd. (“安徽交運集團汽車銷售有限公司”, “AJASC”)	Subsidiary of ATHC

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (Continued)

(a) Information about related parties (Continued)

Name	Relationships with the Group
Anhui Transportation United Card Holding Co., Ltd. (“安徽交通一卡通控股有限公司”, “ATUCC”)	Subsidiary of ATHC
Anhui Expressway Qingfeng Media Co., Ltd. (“安徽高速清風傳媒有限公司”, “AEQMC”)	Subsidiary of ATHC
Anhui Wangqian Expressway Co., Ltd. (“安徽望潛高速公路有限公司”, “AWQEC”)	Subsidiary of ATHC
Anhui Yangji Expressway Co., Ltd. (“安徽省揚績高速公路有限公司”, “AYEC”)	Subsidiary of ATHC
Anhui Liguang Expressway Co., Ltd. (“安徽省溧廣高速公路有限公司”, “ALGEC”)	Subsidiary of ATHC
Anhui Wuyan Expressway Co., Ltd. (“安徽省蕪雁高速公路有限公司”, “AWEC”)	Subsidiary of ATHC
Anhui Shengxuan Municipal Garden Engineering Co., Ltd. (“安徽省盛軒市政園林工程有限公司”, “ASGEC”)	Subsidiary of ATHC
Anhui Traffic Survey and Design Institute Co., Ltd. (“安徽省交通勘察設計院有限公司”, “ATSDC”)	Subsidiary of ATHC
Anhui Transportation Resource Co., Ltd. (“安徽交控資源有限公司”, “ATRC”)	Subsidiary of ATHC
Anhui High-way Real Estate Group Co., Ltd. (“安徽省高速地產集團有限公司”, “AHREC”)	Subsidiary of ATHC
Anhui Hezong Expressway Co., Ltd. (“安徽省合縱高速公路有限責任公司”, “AHEC”)	Subsidiary of ATHC
Anhui Jinggong Materials Co., Ltd. (“安徽省經工物資有限公司”, “AJQMC”)	Subsidiary of ATHC
Anhui Yuehuang Expressway Co., Ltd. (“安徽省嶽黃高速公路有限責任公司”, “AYHEC”)	Subsidiary of ATHC
Anhui Jinggong Construction General Company (“安徽省經工建設集團有限公司”, “AJCG”)	Subsidiary of ATHC
Anhui Transportation Capital Investment Management Co., Ltd. (“安徽交控資本投資管理有限公司”, “ATCIM”)	Subsidiary of ATHC
Anhui Transportation Group Feiyuan Tourism Passenger Transport Co., Ltd (“安徽交運集團飛雁旅遊客運有限公司”, “ATFTC”)	Subsidiary of ATHC
Anhui Bihao Ecology Technology Co., Ltd. (“招商智廣科技(安徽)有限公司”, “ABETC”)	Subsidiary of ENTH
CICC Anhui Transportation Holding Expressway Closed-end Infrastructure Securities Investment Fund (“中金安徽交控高速公路封閉式基礎設施證券投資基金”, “ATHF”)	Subsidiary of ATHC

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (Continued)

(b) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Service income from management of toll roads:		
ATHC	5,226	4,877
ALEC	292	292
AHEC	755	–
AYEC	104	110
AWQEC	71	71
ALGEC	52	52
AWEC	24	24
AYHEC	50	–
	6,574	5,426
Rental income from:		
AEPC	15,563	14,284
YTMC	6,191	5,736
ATHC	11	2,738
ATCMC	–	843
ALEC	–	315
ATRC	12	221
AWFC	211	211
ATCIM	–	58
WTMC	106	54
ATGFM	–	50
ABETC	384	–
ATZFM	–	50
AWQEC	14	14
ATEGC	14	–
AHREC	–	10
ATRCM	555	–
AHEC	122	–
ATII	121	–
ATFTC	8	–
	23,349	24,584

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (Continued)

(b) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period: (Continued)

	Note	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Purchases, construction, testing services and property management:	(i)		
ATCD		12,029	816
ATEGC		27,549	557
AJCG		2,958	23,496
ATII		–	263
AJASC		1,254	–
ATPMC		1,093	1,109
AEAC		147	404
ASGEC		290	–
AQPT		445	–
AERC		–	57
AHREC		28	–
ATMT		7,990	–
ATFTC		185	–
		<u>53,968</u>	<u>26,702</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (Continued)

(b) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period: (Continued)

	Note	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Toll road income received on behalf of the Group:			
AENO		2,036,390	1,776,897
Service fees for the collection of toll road income:			
ATUCC		5,752	3,065
AENO		4,076	4,797
		9,828	7,862
Interest expenses for interest-bearing long-term payables:			
ATHC		2,093	6,852
XCIC		-	1,129
		2,093	7,981
Key management compensation:			
Salaries and other short-term employee benefits		1,927	1,475

Note:

- (i) It mainly represented payable to these related parties for the purchases, construction and testing services in connection with expressway and service areas and the property management service in connection with High-tech Park, which is owned by the Company.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Trade payables		
ATCD	20,263	61,490
ATEGC	9,275	24,097
AJCG	3,650	6,614
ATMT	4,542	4,731
ATII	709	1,298
AQPT	1,046	1,117
AZPMC	833	846
AEAC	553	715
ASGEC	72	465
AERC	144	356
YTMC	13	124
AJASC	113	113
ATSDC	1	1
	<u>41,214</u>	<u>101,967</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties (Continued)

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Other payables		
AEPC	48,070	34,317
ATHC	301,427	12,870
ENTH	222,305	–
XCIC	10,885	13,039
YTMC	6,161	7,276
ATUCC	3,767	4,395
AENO	2,430	3,231
ATEGC	2,098	2,214
ATCD	745	852
ATRCM	562	–
ABETC	434	434
AJCG	230	3,847
ATII	104	12
WTMC	100	156
AZPMC	40	40
ATRC	36	36
AWFC	30	141
AJASC	–	310
AEAC	–	87
ASGEC	–	40
ATPMC	–	20
AWQEC	–	2
	599,424	83,319

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties (Continued)

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Long-term payables (including current portion)		
ATHC	77,560	97,060

As at 30 June 2023 and 31 December 2022, amounts due from and due to the aforementioned related parties, except for long-term payables to ATHC as disclosed, mainly arose from the above transactions and payments made by the Group and related parties on behalf of each other. These amounts are unsecured, interest-free and are repayable within one year.

(d) Receivables

	As at 30 June 2023 (unaudited)		As at 31 December 2022 (audited)	
	Book value RMB'000	Provision for impairment RMB'000	Book value RMB'000	Provision for impairment RMB'000
AENO	140,380	(450)	59,930	(282)
ALEC	310	(1)	384	(3)
ATHF	26,592	–	–	–
YTMC	–	–	329	(2)
	167,282	(451)	60,643	(287)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Financial liabilities				
Borrowings (Note 19)	6,499,715	6,643,749	6,501,199	6,641,624
Long-term payables (Note 18)	77,560	97,060	77,560	97,060

Management has determined that the carrying amounts of cash and cash equivalents, receivables and prepayments, other financial assets at amortised cost, trade and other payables based on their notional amounts, reasonably approximate to their fair values because these financial instruments are mostly short term in nature.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of the unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the interest-bearing banks and other borrowings and the non-current portion of other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk, and remaining maturities. The changes in fair value because of the Group's own-performance risk for borrowings and the non-current portion of other payables as of 30 June 2023 and 31 December 2022 were assessed to be insignificant.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2023 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable input (Level 3) RMB'000	
Financial assets at FVPL	316,879	–	372,944	689,823
Financial assets at FVOCI	–	–	94,229	94,229
	<u>316,879</u>	<u>–</u>	<u>467,173</u>	<u>784,052</u>

As at 31 December 2022 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable input (Level 3) RMB'000	
Financial assets at FVPL	408,411	–	303,188	711,599
Financial assets at FVOCI	–	–	115,509	115,509
	<u>408,411</u>	<u>–</u>	<u>418,697</u>	<u>827,108</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2023 and 31 December 2022:

	Financial assets at FVOCI RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
30 June 2023 (unaudited)			
Opening balance	115,509	303,188	418,697
Acquisitions	-	53,133	53,133
Disposals	-	(3,320)	(3,320)
Gains recognised in profit or loss	-	19,943	19,943
Losses recognised in other comprehensive losses	(21,280)	-	(21,280)
Closing balance	94,229	372,944	467,173

Quantitative information about fair value measurements using significant unobservable inputs (level 3)

	Fair value as at 30 June 2023 (unaudited)	Valuation technique	Unobservable input
Financial assets at FVOCI	94,229	Asset-based approach	Net book assets

Financial assets at FVPL are the fund shares of ATGBF, ATZIF and ATGEIF subscribed by the Company. The fair value of such investment was determined by reference to the net assets of ATGBF, ATZIF and ATGEIF as of June 30, 2023, which have applied the HKFRS 9 Financial Instruments, based on the proportion of fund shares to which the Company is entitled.

The nominal value less impairment provision of receivables, trade and other payables and current borrowings is assumed to approximate their fair value due to short period of maturity dates. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.



Anhui Expressway Company Limited