Anhui Expressway Company Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stcok Code : 0995)

2010
ANNUAL REPORT

Contents

Section I Important Notice

The Board of the Directors, the Supervisory Committee and the Directors, Supervisors and the Senior Management of Anhui Expressway Company Limited ("the Company") hereby warrant that there are no false accounts, misleading statements or significant omissions of information contained in this report, and jointly and individually accept responsibility as to the truthfulness, accuracy and completeness of its contents.

All the directors attended the Board meetings.

PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co.,Ltd (the PRC Accountant of the Company) and PricewaterhouseCoopers Certified Public Accountants (Hong Kong Accountant of the Company) issued unqualified opinion for the Company.

Mr. Zhou Renqiang, Chairman, Mr. Li Yungui, Director and General Manager and Ms. Liang Bing, Manager of the Financial Department of the Company hereby confirm that the financial statement contained in this Annual Report is true and complete. The Audit Committee of the Company reviewed the financial accounts.

If there were extraordinary use of funds by the controlling shareholder and its related parties? No

If there was offering for security in violation of specified procedure? No

(I) General 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
Official English name of the Company	Anhui Expressway Company Limited
Abbreviation in English	Anhui Expressway
Legal representative of the Company	Zhou Renqiang

(II) Contact persons and contact address

	Secretary to the Board of the Company	**Representative of Securities Affairs**
Name	Xie Xinyu	Han Rong, Ding Yu
Contact address	520 Wangjiang West Road, Hefei, Anhui Province	520 Wangjiang West Road, Hefei, Anhui Province
Telephone	0551-5338681	0551-5338697, 3738923, 3738922, 3738989
Fax	0551-5338696	0551-5338696
E-mail address	wtgs@anhui-expressway.cn	wtgs@anhui-expressway.cn

(III) Corporate Profile

Registered address	520 Wangjiang West Road, Hefei, Anhui Province
Postal code of registered address	230088
Business address	520 Wangjiang West Road, Hefei, Anhui Province
Postal code of business address	230088
Business address in Hong Kong	5th Floor, Jardine House, 1 Connaught Place, Hong Kong
Website of the Company	http://www.anhui-expressway.cn
E-mail address of the Company	wtgs@anhui-expressway.cn

(IV) Addresses for information disclosure and keeping annual report

Newspapers designated for publishing report	China Securities Post and Shanghai Securities Post
Websites designated for disclosure of annual report	http://www.sse.com.cn, http://www.hkex.com.hk, http://www.anhui-expressway.cn
Addresses designated for keeping annual report	Shanghai Stock Exchange, 528 Pudong South Road, Shanghai; Hong Kong Registrars Limited, 46th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong; Company's head office at 520 Wangjiang West Road, Hefei, Anhui Province

(V) Profile of the Company's shares

		Profile of the Company's shares		
Type of shares	**Stock Exchange on which the Company's shares are listed**	**Short name**	**Stock code**	**Short name before change**
A Shares	Shanghai Stock Exchange	Wantong Expressway	600012	—
H Shares	The Stock Exchange of Hong Kong Limited	Anhui Expressway	0995	—

(VI) Other related information

Date of initial registration of the Company		15 August 1996
Place of initial registration of the Company		219 An'qing Road, Hefei, Anhui Province
The first change	Date of registration of the Company	12 December 1996
	Place of registration of the Company	219 An'qing Road, Hefei, Anhui Province
	Registration number of enterprise legal person business license	3400001300169
	Tax registration number	Di Shui Zhi Zi 340103148973087
	Organizational institution code	14897308-7
The last change	Date of registration of the Company	20 July 2010
	Place of registration of the Company	520 Wangjiang West Road, Hefei, Anhui Province
	Registration number of enterprise legal person business license	340000400002623 (1-1)
	Tax registration number	340103148973087
	Organizational institution code	14897308-7

PRC Accountant	PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co.,Ltd (11th Floor, PricewaterhouseCoopers Center, Hubin Road, Shanghai)
Hong Kong Accountant	PricewaterhouseCoopers Certified Public Accountants (22nd Floor, Prince's Building, Central, Hong Kong)
PRC Legal Adviser	Anhui Expressway Law Office (19th Floor, Wangcheng Mansion, 248 Changjiang West Road, Hefei, Anhui, the PRC)
Hong Kong Legal Adviser	Gallant Y.T.Ho & Co (5th Floor, Jardine House, 1 Connaught Place, Hong Kong)
Domestic share registrar	China Securities Central Clearing and Registration Corporation, Shanghai Branch (36th Floor, China Insurance Mansion, 166 Lujiazui East Road, Shanghai)
Overseas share registrar	Hong Kong Registrars Limited (46th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong)

Section II Corporate Profile

(VII) Corporate Profile:

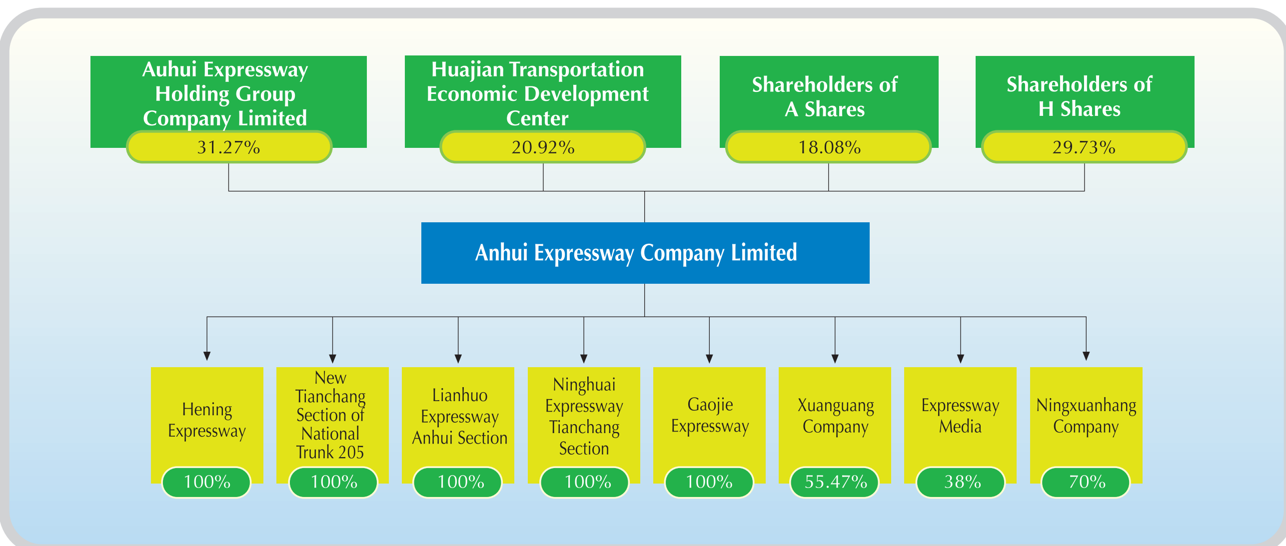
Anhui Expressway Company Limited (the "Company") was reorganized and incorporated on 15 August 1996 as a joint stock limited company in Anhui Province, the People's Republic of China (the "PRC"). At present, the Company's registered capital was RMB1,658,610,000.

The Company is principally engaged in the operation and management of toll expressways and relevant business in Anhui Province.

The Company is the first PRC highway company listed in Hong Kong. It is also the only listed highway company in Anhui Province. On 13 November 1996, H Shares issued by the Company were listed on The Stock Exchange of Hong Kong Limited (Stock code: 0995). On 7 January 2003, A Shares issued by the Company were listed on Shanghai Stock Exchange (Stock code: 600012).

The core business of the Company is the investment, construction, operation and management of toll roads. The Company owns total or partial equities of 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), Ninghuai Expressway Tianchang Section and Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section), which are toll highways in Anhui Province. As of 31 December 2010, the Company held the total mileage of 426 km with a total assets of RMB9,411,388 thousand .

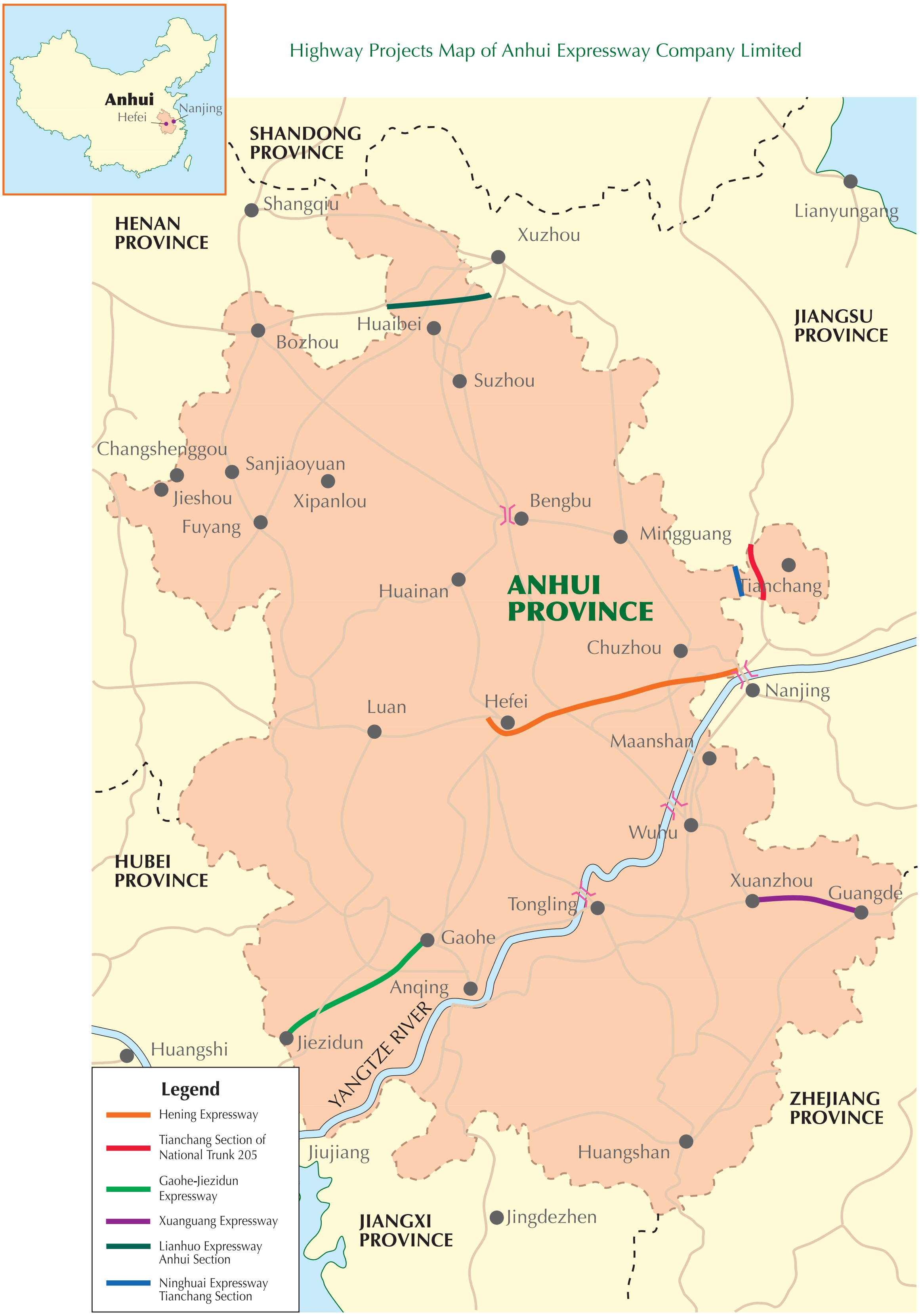
As of 31 December 2010, the structure of the Company, its subsidiaries and associated companies (the "Group"):



Notes:

"The Company", "Company"	Means	Anhui Expressway Company Limited
"The Group"	Means	The Company, its subsidiaries and associated companies
"AEHC","Anhui Expressway Group"	Means	Anhui Expressway Holding Group Company Limited (formerly known as Anhui Expressway Holding Corporation), the two companies are the same enterprise legal person
"Shanghai Stock Exchange"	Means	Shanghai Stock Exchange
"The Stock Exchange of Hong Kong Limited"	Means	The Stock Exchange of Hong Kong Limited
"Xuanguang Company"	Means	Xuanguang Expressway Company Limited
"Kangcheng Pharmaceutical"	Means	Anhui Kangcheng Pharmaceutical Company Limited
"Expressway Media"	Means	Anhui Expressway Media Company Limited
"Information Investment"	Means	Hefei Information Investment Company Limited
"Xuancheng Highway Management"	Means	Xuancheng Highway Construction and Management Company Limited
"Anlian Company"	Means	Anhui Anlian Expressway Company Limited
"Expressway Investment"	Means	Anhui Expressway Investment Company Limited
"Ningxuanhang Company"	Means	Anhui Ningxuanhang Expressway Investment Company Limited
"Xuancheng Transportation and Construction"	Means	Xuancheng City Transportation and Construction Investment Company Limited
"Yida Company"	Means	Anhui Provincial Yida Expressway Service Area Operating Management Company Limited
"Liuqian Expressway"	Means	Anhui Provincial Liuqian Expressway Company Limited
"Hehuaifu Company"	Means	Anhui Provincial Hehuaifu Expressway Company Limited
"Yanjiang Expressway"	Means	Anhui Provincial Yanjiang Expressway Company Limited
"Fuzhou Expressway"	Means	Anhui ProvincialFuzhou Expressway Company Limited
"Highway Project Supervision Company"	Means	Anhui Provincial Highway Project Supervision Company Limited
"Bangning Property"	Means	Hefei City Bangning Property Management Company Limited
"Inspection and Scientific Research Center"	Means	Anhui Provincial Expressway Experiment Inspection and Scientific Research Center
"Xiandai Transportation"	Means	Anhui Provincial Xiandai Transportation Facilities Project Company Limited

Highway Projects Map of Anhui Expressway Company Limited



The 2010 financial statements of the Group were audited by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Company Limited and PricewaterhouseCoopers Certified Public Accountants respectively who issued unqualified audit opinions on these financial statements.

I. PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE PRC ("the PRC Accounting Standards")

1. Key accounting data of the Group (Unit: RMB'000)

(1) Key financial indicators during the reporting period.

Indicators	Amount
Operating profit	1,133,189
Total profit	1,126,768
Net profit attributable to shareholders of listed company	782,917
Net profit after extraordinary items attributable to shareholders of listed company	786,551
Net cash flows from operating activities	1,543,382

(2) Key accounting data and financial indicators of the Group for the past three years up to the end of the reporting period:

Key accounting data	**2010**	2009	Increase/decrease of the reporting period compared with that of last year (%)	2008
Operating income	**2,109,565**	1,771,562	19.08	1,683,543
Total profit	**1,126,768**	950,796	18.51	990,325
Net profit attributable to shareholders of listed company	**782,917**	673,449	16.25	693,212
Net profit after extraordinary items attributable to shareholders of listed company	**786,551**	679,737	15.71	665,902
Net case flows from operating activities	**1,543,382**	1,142,737	35.06	1,033,543

	At the end of 2010	At the end of 2009	Increase/decrease of the reporting period compared with that of last year (%)	At the end of 2008
Total assets	**9,411,388**	9,573,686	-1.70	8,591,447
Holders' equities (or shareholders' equities)	**5,756,707**	5,294,541	8.73	5,002,958

Key accounting data	2010	2009	Increase/decrease of the reporting period compared with that of last year (%)	2008
Basic earnings per share (RMB)	**0.472**	0.406	16.25	0.418
Diluted earnings per share (RMB)	**0.472**	0.406	16.25	0.418
Basic earnings per share after extraordinary items (RMB)	**0.474**	0.410	15.61	0.401
Returns on net assets (weighted average) (%)	**13.60**	13.08	An increase of 0.52 percent point	14.37
Returns on net assets after extraordinary items (weighted average) (%)	**13.66**	13.20	An increase of 0.46 percent point	13.80
Net case flows from operating activities per share(RMB)	**0.9305**	0.6890	35.05	0.6231

	At the end of 2010	At the end of 2009	Increase/decrease of the reporting period compared with that of last year (%)	At the end of 2008
Net asset per share attributable to shareholders of listed company (RMB)	**3.47**	3.19	8.78	3.02

(3) *Extraordinary items deducted and amounts involved: (Unit: RMB'000)*

Extraordinary items	Amount	Explanation
Net loss from disposals of non-current assets	-14,260	Scrap loss of fixed assets
Government subsidies charged to the current gains/losses	2,028	Received the 2010 amortization amount of construction funds subsidies of Ninghuai Expressway (Tianchang Section) provided by Jiangsu Provincial Expressway Construction Headquarter in 2007, which is under Transport Department of Jiangsu province. And received the 2010 amortization amount of toll station construction of Hening Expressway and Gaojie Expressway provided by Anhui Provincial Road Administrative Bureau, which is under Transport Department of Anhui province.
Other non-operating income	12,926	Mainly the road damage compensation income
Other non-operating expenses	-7,114	Mainly the road damage expenditure
Impact of income tax on the extraordinary items	1,605	
Minority interests effect amount (after taxatio)	1,182	
Total	-3,633	

II. PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN HONG KONG ("the Hong Kong Accounting Standards")

Summary of results

For the year ended 31 December 2010

Unit: RMB'000

	2010	2009	2008	2007	2006
Turnover	**2,541,014**	2,528,640	2,963,462	2,480,808	1,604,891
Operating profit before taxation	**1,135,030**	946,516	969,642	1,115,823	1,035,043
Equity holders of the Company	**789,154**	667,434	670,700	543,243	931,424
Basic earnings per share (RMB)	**0.4758**	0.4024	0.4044	0.3275	0.5616

Summary of Assets

As at 31 December 2010

Unit: RMB'000

	2010	2009	2008	2007	2006
Total assets	**9,545,560**	9,714,830	8,739,408	7,555,858	7,711,396
Total liabilities	**3,400,149**	4,060,146	3,387,759	2,542,526	2,249,935
Total equity (excluding minority interests)	**5,874,814**	5,417,382	5,131,428	4,792,450	5,396,351
Equity per share (excluding minority interests) (RMB)	**3.542**	3.2662	3.0938	2.8894	3.2535

III. MAJOR DIFFERENCE BETWEEN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH DIFFERENT ACCOUNTING STANDARDS

Reconciliation between PRC and HKGAAP Accounts

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

Reconciliation items

In order to issue "H" share in Hong Kong, the toll roads and related land use rights were valued by a PRC certified public valuer and an international certified public valuer on 30th April and 15th August 1996 respectively. The fair value valuated by the international certified public valuer is higher than the PRC certified public valuer's result by RMB 319,000,000, which was included in the financial statements prepared in accordance with HKFRS. The above difference will have impact on operating results (depreciation/ amortization) and related deferred taxes during useful life of concession intangible assets, fixed assets and land use rights of the Group and Company. These differences lead to the reconciliation items presented above.

I. CHANGE OF SHARE CAPITAL

(I) Change of shares

During the reporting period, the total share capital and capital structure of the Company was not changed.

(II) Change of restricted shares

During the reporting period, there were no restricted shares.

(III) Issue of share and listing

According to the approval document (Zheng Jian Xu Ke No. [2009] 1074) issued by China Securities Regulatory Commission ("CSRC"), the Company successfully issued Corporate Bonds of RMB2 billion on 17 -22 December 2009 through the internet and other ways. The carrying amount of such Bond is RMB100 each. Such Corporate Bonds were issued at par with a term of 5 years, the interest of which is calculated at a fixed simple interest rate of 5% per annum and is payable annually. The principal of the Bond shall be redeemed in full on maturity. According to the approval document (Shang Zheng Zhai Zi No. [2010] 9) issued by the Shanghai Stock Exchange, such Corporate Bonds have been listed in the Shanghai Stock Exchange since 21 January 2010 (Stock Name: "09 Wangtongzhai"; Stock Code: 122039). Details relation to Corporate Bonds see "Issue of Corporate Bonds" in Section XII Major Events.

Type of share and its derivative security	Date of Issuance	Issue Price	Number of Corporate Bonds	Date of Listing	Approved Number of Corporate Bonds listed	Closing Date
Corporate Bonds	17 – 22 December 2009	RMB100 each	20,000,000	21 January 2010	20,000,000	16 December 2014

In May 2010, Zhongchengxin Securities Appraisal Company Limited made follow-up rating on the Company's "09 Wangtongzhai", and maintained the credit rating of AAA of Company's Corporate Bonds, the main credit rating of AA+ and the rating outlook of stable.

In December 2010, the Company paid annual interests of RMB50 (tax included) per bond (face value RMB1000) according to contract.

1. For three years as at the end of the reporting period, the Company did not issue new shares.

2. The change of total number of shares and share structure

   During the reporting period, the total number of shares and share structure of the Company did not change.

3. Employees shares

   The Company did not issue employees shares.

(IV) Purchase, Sale and Redemption of the Company's Shares

During the reporting period, the Company did not repurchase any of its listed shares, nor purchase or resold any listed shares of the Company.

(V) Sufficiency of Public Float

Based on the publicly available information known to the Directors, the Board believes that the Company has maintained sufficient public float as at the latest practicable date prior to the printing of this annual report.

II. SHAREHOLDERS AND REAL CONTROLLER

1. Number of shareholders as at the end of the reporting period.

As of 31 December 2010, the total number of shareholders, the ten largest shareholders and the ten largest shareholders of unrestricted circulating shares in accordance with the shareholders' register provided by the Hong Kong and domestic registrars of the Company were as follows:

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

The ten largest shareholders of the Company

Name of Shareholders	Nature of shareholders	Percentage	Total holding shares at the end of 2010	Change during the reporting period	Number of restricted shares	Shares pledged or locked-up
Anhui Expressway Holding Group Company Limited	State-owned shares	31.27%	518,581,000	0	0	No
HKSCC NOMINEES LIMITED (agent)	Overseas shareholders	29.58%	489,949,898	-690,000	0	Not clear
Huajian Transportation Economic Development Center	State-owned legal person shares	20.92%	347,019,000	0	0	No
Bank of China-Jiashi Stable Open-end Securities Investment Fund	Others	0.57%	9,503,159	Newly added	0	Not clear
Templeton Investment Consultant Company Limited	Others	0.33%	5,486,628	Newly	0	Not clear
Beijing International Trust Company Limited - Zhongyinjinglin First Phase Securities Investment Single Fund Trust	Others	0.30%	4,899,362	Newly	0	Not clear
Pictet Asset Management - Pictet Funds (LUX)	Others	0.24%	3,999,970	0	0	Not clear
Taikang Life Insurance Company Limited - Dividend — Individual Dividend - 019L - FH002 Hu	Others	0.22%	3,700,000	Newly	0	Not clear
Taikang Life Insurance Company Limited - Universal - Personal Insurance Universal	Others	0.18%	3,000,000	Newly	0	Not clear
China Resources SZITIC Trust Company Limited - Jinglin Sharing Structural Securities Investment Assembled Fund Trust	Others	0.14%	2,270,077	Newly	0	Not clear

The ten largest shareholders of unrestricted circulating shares of the Company

Name of shareholders	The Number of unrestricted circulating shares	Type of shares
Anhui Expressway Holding Group Company Limited	518,581,000	Renminbi-denominated ordinary shares
HKSCC NOMINEES LIMITED (agent)	489,949,898	Overseas listed foreign shares
Huajian Transportation Economic Development Center	347,019,000	Renminbi-denominated ordinary shares
Bank of China-Jiashi Stable Open-end Securities Investment Fund	9,503,159	Renminbi-denominated ordinary shares
Templeton Investment Consultant Company Limited	5,486,628	Renminbi-denominated ordinary shares
Beijing International Trust Company Limited - Zhongyinjinglin First Phase Securities Investment Single Fund Trust	4,899,362	Renminbi-denominated ordinary shares
Pictet Asset Management - Pictet Funds (LUX)	3,999,970	Renminbi-denominated ordinary shares
Taikang Life Insurance Company Limited - Dividend - Individual Dividend - 019L - FH002 Hu	3,700,000	Renminbi-denominated ordinary shares
Taikang Life Insurance Company Limited - Universal - Personal Insurance Universal	3,000,000	Renminbi-denominated ordinary shares
China Resources SZITIC Trust Company Limited - Jinglin Sharing Structural Securities Investment Assembled Fund Trust	2,270,077	Renminbi-denominated ordinary shares

Explanations of connected relationship between the above-mentioned shareholders and consistent action	There are no connected relationship between the State-owned Shareholders and the State-owned legal person Shareholders in the above chart. The connected relationship amongst other shareholders cannot be ascertain, nor be known whether they belong to the consistent action stipulate in "Provisions on Information disclosure Management of Shareholders' Shareholding changes of Listed Companies.

Note: According to the shareholders' register provided by HKSCC NOMINEES LIMITED, H Shares held by which represented the holding of many clients.

2. Persons who have interests of short positions disclosable under divisions 2 and 3 of Part XV of the Securities and Futures Ordinance

As at 31 December 2010, so far is known to, or can be ascertained after reasonable enquiry by the Directors, the persons who were, directly or indirectly, interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities of Futures Ordinance, was directly or indirectly, to be interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were set out as follows:

Names	At end of period (shares)	Increase/ decrease during the reporting period	Type of shares	As a % of total share capital	Pledged or locked-up
Anhui Expressway Holding Group Company Limited	518,581,000 (L)	—	State-owned shares	31.27%	No
Huajian Transportation Economic Development Center	347,019,000 (L)	—	State-owned legal person shares	20.92%	No

Names	At the end of period (shares)	Increase/ decrease during the reporting period	Type of shares	As a % of total H Shares	Pledged or locked-up
Commonwealth Bank of Australia	29,924,000(L)	-43,572,000	H Shares	8.84%	Not known
Colonial First State Group Ltd	33,358,000(L)	Not clear	H Shares	6.77%	Not known
Colonial Holding Company (No.2) Pty Limited	33,358,000(L)	Not clear	H Shares	6.77%	Not known
Colonial Holding Company Pty Ltd.	33,358,000(L)	Not clear	H Shares	6.77%	Not known
Colonial Ltd	33,358,000(L)	Not clear	H Shares	6.77%	Not known
First State Investment Managers (Asia) Ltd	33,358,000(L)	Not clear	H Shares	6.77%	Not known
First State Investments (Bermuda) Ltd	33,358,000(L)	Not clear	H Shares	6.77%	Not known
The Colonial Mutual Life Assurance Society Ltd	33,358,000(L)	Not clear	H Shares	6.77%	Not known
First State (Hong Kong) LLC	32,166,000(L)	Not clear	H Shares	6.52%	Not known
First State Investments (Hong Kong) Limited	30,712,000(L)	Not clear	H Shares	6.23%	Not known
First State Investments (Singapore)	30,608,000(L)	Not clear	H Shares	6.21%	Not known
First State Investments Holdings (Singapore) Limited	30,608,000(L)	Not clear	H Shares	6.21%	Not known
Deutsche Bank Aktiengesellschaft	29,734,047(L) 7,595,486(P)	Not clear	H Shares	6.03% 1.54%	Not known
JPMorgan Chase & Co.	29,417,985(L) 0(P) 26,639,985 (Shares attributable to lend)	-7,044,000 Not clear -9,032,000	H Shares	5.97% 0.00% 5.40%	Not known
The Real Return Group Limited	24,694,000(L)	Not clear	H Shares	5.01%	Not known

L = long Position
P = Lending Pool

Save as disclosed herein, the Directors are not aware of any person who was, directly or indirectly, interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, was directly or indirectly, to be interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or any options in respect of such capital as at 31 December 2010.

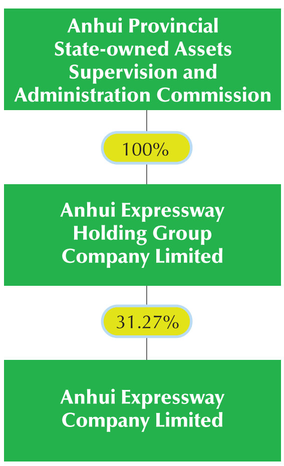
3. The controlling shareholder of the Company

Accordind to "The Reply on Corporate Reform Implementation Scheme of Anhui Expressway Holding Corporation" issued by Anhui Provincial State-owned Assets Supervision and Administration Commission, Anhui Expressway Holding Corporation implemented corporate reform. After the reform, the name of Anhui Expressway Holding Corporation changed to Anhui Expressway Holding Group Company Limited in January 2010, still wholly state-owned company. After change, apart from the change of name and governance structure, AEHC and Anhui Expressway Group are the same enterprise legal person and Anhui Provincial State-owned Assets Supervision and Administration Commission is the only legal shareholder.

Name	Anhui Expressway Holding Group Company Limited
Legal representative	Zhou Renqiang
Date of establishment	27 April 1993
Registered capital	RMB4,525,819,000
Business scope	Planning, design, supervision, technical consultation and ancillary service of highway construction, Real Estate investment and motor vehicles fittings and storage.

4. Information of the real controller of the controlling shareholder of the Company

The controlling shareholder of the Company - Anhui Expressway Holding Group Company Limited is a state-owned enterprise and is under the control of Anhui provincial State-owned Assets Supervision and Administration Commission.



5. Other legal person shareholders who hold more than 10% of the share capital as at of the reporting period

Name	:	Huajian Transportation Economic Development Center
Legal representative	:	Fu Yuning
Date of establishment	:	18 December 1993
Registered capital	:	RMB500,000,000
Nature of company	:	Collectively-owned enterprise
Business scope	:	Huajian Center is principally engaged in the comprehensive development and contracting construction of roads, wharves, harbors and sea-lanes; development, research and production of new technologies, new products and new materials for transportation infrastructure facilities and sales of products; sales of building materials, mechanical and electrical equipment, automobiles (except cars) and fittings, hardware and daily necessities; economic information consultation and personnel training.

I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Basic information of directors, supervisors and senior management during the year

Name	Sex	Age	Position	Terms of office	Rewards drawn from the Company of the year (RMB ten thousand)
Zhou Renqiang	M	56	Chairman	March 2010- August 2011	45
Li Yungui	M	59	Director, General Manager	August 2008-August 2011	45.5
Tu Xiaobei	M	57	Deputy Chairman	August 2008-August 2011	45.5
Li Junjie	M	51	Director, Deputy General Manager	August 2008-August 2011	45.5
Liu Xianfu	M	47	Non-executive Director	August 2008-August 2011	8
Meng Jie	M	34	Non-executive Director	August 2008-August 2011	8
Leung Man Kit	M	58	Independent Director	August 2008-August 2011	12
Guo Shan	F	45	Independent Director	August 2008-August 2011	8
Li Mei	F	47	Independent Director	August 2008-August 2011	8
Wang Weisheng	M	57	Chairman of Supervisory Committee	March 2010- August 2011	31.5
Yang Yicong	M	55	Supervisor	August 2008-August 2011	29.25
Dong Zhi	M	31	Supervisor	August 2008-August 2011	6
Xie Xinyu	M	44	Deputy General Manager, Company Secretary	August 2008-August 2011	28.6
Wang Changyin	M	48	Deputy General Manager	August 2008-August 2011	28.6
Liang Bing	F	44	Manager of Financial Department	December 2002 up to now	20
Wang Shui	M	62	Chairman	August 2008-March 2010	15
Li Huaijie	M	63	Chairman of Supervisory Committee	August 2008-March 2010	10.5

The above persons did not hold, buy nor sell shares of the Company during the reporting period.

2. Positions held by Directors, Supervisors and Senior Management in Anhui Expressway Group and Huajian Center in 2010

Name	Name of shareholders	Position	Term of office	Whether draw their rewards and allowance (yes or no)
Zhou Renqiang	Anhui Expressway Holding Group Company Limited	Chairman	From November 2009 up to now	No
		Secretary of the Party Committee	From June 2008 up to now	No
Wang Weisheng	Anhui Expressway Holding Group Company Limited	Deputy Secretary of the Party Committee	From August 2009 up to now	No
Li Yungui	Anhui Expressway Holding Group Company Limited	Deputy Chairman	From May 2010 up to now	No
Tu Xiaobei	Anhui Expressway Holding Group Company Limited	Deputy Chairman	From May 2010 up to now	No
Li Junjie	Anhui Expressway Holding Group Company Limited	Deputy General Manager	From October 2009 up to now	No
Liu Xianfu	Huajian Transportation Economic Development Center	Chief Financial Officer	From April 2007 up to now	Yes
Meng Jie	Huajian Transportation Economic Development Center	General Manager of First Department of Shares Management	From October 2009 up to now	Yes
Dong Zhi	Huajian Transportation Economic Development Center	First Department of Shares Management	From April 2004 up to now	Yes

3. Positions held by Directors, Supervisors and Senior Management in Other Units

Name	Other units in which they hold post	Position	Term of office	Whether draw their rewards and allowance (yes or no)
Tu Xiaobei	Xuanguang Expressway Company Limited	Chairman	From July 1998 up to now	No
	Anhui Ningxuanhang Expressway Investment Company Limited	Chairman	From April 2008 up to now	No
	Anhui Liuqian Expressway Company Limited	Chairman	From March 2004 to August 2010	No
	Anhui Hehuaifu Expressway Company Limited	Chairman	From April 2004 to August 2010	No
	Anhui Guangci Expressway Company Limited	Chairman	From February 2005 up to now	No
	Anhui Provincial Highway project Supervision Company Limited	Chairman	From November 2005 up to now	No
Li Junjie	Anhui Expressway Media Company Limited	Chairman	From January 2010 up to now	No
Liu Xianfu	Guangxi Wuzhou Transportation Company Limited	Deputy Chairman	From August 2003 up to now	Yes
	Hubei Chutian Expressway Company Limited	Director	From May 2006 up to now	Yes
	Northeast Expressway Company Limited	Chairman of Supervisory Committee	From June 2008 to February 2010	Yes
Meng Jie	Guangxi Wuzhou Transportation Company Limited	Director	From May 2005 up to now	Yes
	North China Expressway Company Limited	Director	From August 2008 up to now	Yes
	Zhongyuan Expressway Company Limited	Director	From November 2009 up to now	Yes
	Northeast Expressway Company Limited	Director	From June 2008 to February 2010	Yes
Leung Man Kit	China Ting Group Holdings Company Limited	Independent Non-executive Director	From November 2005 up to now	Yes
	Netease.Com Inc	Independent Non-executive Director	From July 2002 up to now	Yes
	Junefield Department Store Group Limited	Independent Non-executive Director	From December 2002 up to now	Yes
	Orange Sky Golden Harvest Entertainment (Holdings) Limited	Independent Non-executive Director	From January 2008 up to now	Yes
Li Mei	Jiahe Life Insurance Company Limited	General Manager of Financial Department	From February 2006 up to now	Yes
Guo Shan	Beijing S & P Law Firm	Partner, Deputy Director	From June 1998 up to now	Yes

Name	Other units in which they hold post	Position	Term of office	Whether draw their rewards and allowance (yes or no)
Yang Yicong	Xuanguang Expressway Company Limited	Chairman of Supervisory Committee	From July 1998 up to now	No
	Anhui Expressway Media Company Limited	Chairman of Supervisory Committee	From August 2008 up to now	No
	Anhui Ningxuanhang Expressway Investment Company Limited	Supervisor	From April 2008 up to now	No
Dong Zhi	Northeast Expressway Company Limited	Supervisor	From July 2008 to February 2010	Yes
	Jilin Expressway Company Limited	Supervisor	From February 2010 up to now	Yes
	Sichuan Expressway Company Limited	Supervisor	From October 2009 up to now	Yes
Xie Xinyu	Anhui Kangcheng Pharmaceutical Company Limited	Chairman	From July 2008 to December 2010	No
	Hefei Information Investment Company Limited	Director	From March 2007 to November 2010	No
	Anhui Ningxuanhang Expressway Investment Company Limited	Director	From April 2008 up to now	No
Wang Changyin	Xuanguang Expressway Company Limited	Director	From March 2006 up to now	No
Liang Bing	Xuanguang Expressway Company Limited	Chief Financial Officer	From July 1998 up to now	No
	Anhui Kangcheng Pharmaceutical Company Limited	Chief Financial Officer	From September 2002 to December 2010	No
	Anhui Ningxuanhang Expressway Investment Company Limited	Chief Financial Officer	From April 2008 up to now	No

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Name	Position	Leaving reason
Wang Shui	Chairman	Retirement
Li Huaijie	Chairman of Supervisory Committee	Retirement

Mr. Wang Shui, Chairman of the Company and Mr. Li Huaijie, Chairman of the Supervisory Committee of the Company applied for resignation for retirement, the resign application was approved at the 13th meeting of the 5th Board of the Directors and 7th meeting of 5th Supervisory Committee held on 29 January 2010 and became effective from the date of electing new director and supervisor at the Extraordinary General Meeting held on 26 March 2010.

Mr. Zhou Renqiang and Mr. Wang Weisheng were elected as the new director and supervisor respectively at the 2010 First Extraordinary General Meeting held on 26 March 2010. Mr. Zhou Renqiang was elected as the Chairman of the Company at the 14th meeting of 5th Board of Directors and appointed as the Chairman of Strategic Development and Investment Committee of the Company; Mr. Wang Weisheng was elected as the Chairman of the Supervisory Committee of the Company at the 8th meeting of 5th Supervisory Committee.

III. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The emoluments of the directors and supervisors were considered and approved in accordance with the State's relevant regulations and the Company's actual conditions and submitted to the General Meeting for approval after the consideration of the Board of Directors and the Supervisory Committee of the Company.

During the reporting period, the Board of Directors and the Supervisory Committee of the Company respectively gave advice about the adjustment of emoluments of internal directors and supervisors and submitted to the 2009 Annual General Meeting for approval.

During the year, all of the five highest paid individuals of the Company were directors and supervisors of the Company.

IV. SENIOR MANAGEMENT'S PERFORMANCE APPRAISAL AND INCENTIVE

The Human Resources and Remuneration Committee of the board of the company is responsible for the performance appraisal of senior management and for formulating and implementing medium- and long-term incentive plans to offer corresponding incentives to those with outstanding performance. The Company will also actively explore a long-term incentive mechanism based on shareholding for implementation in due course.

V. OTHER INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGERMENT

1. Service contract of directors and supervisors

Each of the executive directors and supervisors has entered into a service contract with the Company for a term of three years starting from their respective dates of appointment. Terms of such contracts are identical in all material respects and are set out as follows:

(1) Each service contract was in effect from 17 August 2008 for a term of three years.

(2) From 1 January 2010 to the end of the term, the chairman will receive a remuneration of RMB600 thousand annually. Every executive director will receive a remuneration of RMB420 thousand annually. In addition, the chairman and other executive directors will be entitled to receive bonuses of RMB50 thousand respectively and RMB35 thousand respectively after every year of completed service.

(3) For the three years commencing from 17 August 2008, each of the non-executive directors will receive an annual transportation allowance/director's fee of RMB80 thousand respectively, each of the domestic independent non-executive directors will receive an annual transportation allowance/director's fee of RMB80 thousand respectively and each of the overseas independent non-executive directors will receive an annual transportation allowance/director's fee of RMB120 thousand respectively. Non-executive directors were not entitled to receive any bonus. Non-executive directors and independent non-executive directors were not entitled to receive any bonus nor required to enter into any service contract with the Company.

(4) From 1 January 2010 to the end of the term, the chairman of the Supervisory Committee and the worker supervisor will receive a remuneration of RMB420 thousand and RMB270 thousand respectively annually. In addition, the chairman of the Supervisory Committee and the worker supervisor will be entitled to receive bonuses of RMB35 thousand respectively and RMB22.5 thousand respectively after every year of completed service.

(5) For the three years commencing from 17 August 2008, other supervisors will receive an annual transportation allowance/ supervisor's fee of RMB60 thousand respectively.

Save as disclosed above, no service contract which is terminable within one year without compensation (other than general statutory compensation) have been or proposed to be entered into between the Company and the directors or supervisors.

2. Directors' and supervisors' interests in contracts

During the reporting period, no director or supervisor was materially interested in any contract entered into by the Company, Anhui Expressway Group or any of its subsidiaries.

3. Interests held by directors and supervisor in competitive business

During the reporting period, according to the Listing Rules of the Stock Exchange of Hong Kong Limited, no director, supervisor or senior management was interested in any competitive business or potential competitive business.

4. Model code for securities transactions by directors and supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as the code governing the transactions of securities by the Directors and Supervisors. After making specific enquiry to all Directors and Supervisors, it is confirmed by the Company that the Directors and Supervisors of the Company had complied with the relevant standard as provided in such mode referred to above.

5. Independence of Independent Directors

The confirmations as prepared by all independent directors as to their independence were received by the Board of Directors. It was considered by the Board of Directors that the existing independent directors were complied with the relevant guidance as set out in Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and were still independent parties.

6. During the reporting period, the Group did not directly or indirectly provide loans or guarantee for loans for the directors, supervisors and senior management of the Company and controlling shareholders and their connected persons.

7. Interests to be disclosed

As at 31 December 2010, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in any shares, or underlying shares or debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests which he was taken or deemed to have under such provisions of the Securities and Futures Ordinance or which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein or which were required to be disclosed herein pursuant to the Model Code for Securities Transactions by Directors of Listed Companies and the Takeovers Code.

VI. BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Biography of Directors, Supervisors and Senior Management during the year

(1) Directors

Executive Directors

Mr. Zhou Ren Qiang, Born in 1955, Senior Economist and Senior Political Engineer. He was graduated from Anhui University majored in Chinese Language &Literature in 1982 and subsequently obtained his master degree in arts from Guangxi Normal University in 1984. Mr. Zhou had been the Monitor, the Head and the Assistant to Director of the Policy Inspection Bureau of the Policy Research Office of the Provincial Committee of Anhui Province, the Assistant to the Mayor of Tongling Municipal Government, the Deputy Director of the Municipal Office of the Provincial Committee of Anhui Province, the Deputy Secretary of the Provincial Committee of Anhui Province and the Director of the Policy Research Office of the Provincial Committee of Anhui Province. He is currently the Chairman and Secretary of the Party Committee of Anhui Expressway Holding Group Company Limited and a member of the Eighth Provincial Committee of the Communist Party of the PRC of Anhui Province. He was appointed as the new director of the Company on 26 March 2010 and elected as the Chairman of the Company at the 14th meeting of the 5th Board of Directors.

Mr. Li Yun Gui, Born in 1952, Director and General Manager, Senior Economist. He Graduated with a bachelor degree from Anhui Workers University in 1979 and subsequently obtained qualification of economic management studies from Central Party University. He was the deputy chief of the administrative office of Anhui Department of Communications and the secretary of the Communist Party Committee of Anhui Expressway Administration Bureau.He has over 30 years of experience in the field of transportation. He was elected as the chairman of the first and second Supervisory Committee, and he was a director of the third and fourth Board and appointed as the General Manager of the Company. In 2008, he was awarded the Anhui Provincial "May 1 Labor Medal" and the title of "Labor Competition Advanced Individual". Mr. Li is currently the Deputy Chairman of Anhui Expressway Holding Group Company Limited.

Mr. Tu Xiao Bei, Born in 1954, Deputy Chairman of the Company, Senior Engineer. Mr. Tu graduated from Hefei Industrial University in 1984. Mr. Tu has held such positions as the head of the infrastructure division of Anhui Department of Communications and director of Anhui Expressway Administration Bureau successively. And he has over 30 years of experience in the field of transportation. Mr. Tu was appointed as a director of the first Board and the General Manager of the Company, he was elected as the deputy Chairman of the Company by the second, third and fourth Board. Mr. Tu is now the Deputy Chairman of Anhui Expressway Holding Group Company Limited, the Chairman of Xuanguang Expressway Company Limited, Anhui Ningxuanhang Expressway Investment Company Limited and Anhui Provincial Highway Project Supervision Company Limited.

Mr. Li Jun Jie, Born in 1959, Director and Deputy General Manager of the Company, Postgraduate Diploma. He has held positions as deputy director of Organization Department and director of Propaganda Department of Anhui Communist Youth League, deputy director of Operation Division and Secretary of Party General Branch of Bengbu Administration Office of AEHC, Deputy General Manager of the Company. He is now the Deputy General Manager of Anhui Expressway Holding Group Company Limited and the chairman of Anhui Expressway Media Company Limited.

Non-Executive Directors

Mr. Liu Xian Fu, Born in 1964, Senior Accountant. Mr. Liu graduated from Changsha Communications University in 1984. He has held positions as staff member, deputy staff member, principal staff member, deputy director and director of Audit Bureau of the State Ministry of Communications, the Manager of Planning and Financial Department of Huajian Transportation Economic Development Center, Chief of Financial Department of China Merchants Group, the Supervisor of Hubei Chutian Expressway Company Limited and Northeast Expressway Company Limited and Director of Sichuan Expressway Company Limited. He is now the Chief Finance Officer of Huajian Transportation Economic Development Center and serves concurrently as the Deputy Chairman of Guangxi Wuzhou Transportation Company Limited the Director of Hubei Chutian Expressway Company Limited.

Mr. Meng Jie, Born in 1977, Master of Engineering, Master of Business Administration, Senior Engineer, Registered Consultation Engineer (Investment) Postgraduate Diploma. From August 2001 up to now, he has held the positions as project manager, assistant of manager and deputy general manager of First Department of Shares Management of Huajian Transportation Economic Development Center, and as the Supervisor of North China Expressway Company Limited and Guangxi Wuzhou Transportation Company Limited. Mr. Meng now holds the post as general manager of the First Department of Shares Management of Huajian Transportation Economic Development Center and serves concurrently as the Director of North China Expressway Company Limited ,Guangxi Wuzhou Transportation Company Limited and Zhongyuan Expressway Company Limited.

Independent Non-executive Directors

Mr. Leung Man Kit, Born in 1953, has been an independent non-executive director, and has over 25 years of experience in project finance and corporate finance. He has held senior positions with Peregrine Capital (China) Limited, SG Securities (HK) Limited, Swiss Bank Corporation, Hong Kong Branch, and Ke Capital (Hong Kong) Limited. Mr. Leung Man Kit was a director of Emerging Markets Partnership (Hong Kong) Limited. He is also an independent non-executive director of NetEase, Junefield Department Store Group Limited, China Ting Group Holdings Limited and Orange Sky Golden Harvest Entertainment (Holdings) Limited.

Ms. Li Mei, Born in 1964. She is a Senior Accountant, a Non-practiced Registered Accountant and Registered Tax Officer. Ms. Li graduated from the Institute of Systems Engineering of the University of Tianjin in 1989 with a master's degree. Ms. Li has worked for the Renmin University of China, Stone Group and Centergates Securities Company Limited. She is now the General Manager of the Financial Department of Jiahe Life Insurance Company Limited.

Ms. Guo Shan, Born in 1966, solicitor. Ms. Guo graduated from the Law Department of the branch of the University of Beijing in 1988 with a Bachelor of Law. Ms. Guo has worked for Legal Bureau of Beijing, Legal Department of the Intellectual Property of China, as well as Everbright Securities Company. Ms. Guo is currently a partner and the Deputy Manager of Beijing S & P Law Firm.

(2) ***Supervisors***

Mr. Wang Wei Sheng, Born in 1954, Senior Political Engineer. He was graduated from Anhui Workers University majored in Philosophy in 1979. Mr. Wang had been the Monitor, the First Class Monitor, the Deputy Head and the Head of the chief tribunal of the organization division of the Provincial Committee of Anhui Province. He had also been a member of the Party Committee, deputy general manager and the Secretary of the Disciplinary Committee of the group of Ahui Wanneng and was the director, the vice chairman of the board of directors and the chairman of the supervisory committee of Anhui Wanneng Company Limited. He is the Deputy Secretary of Party Committee and the Secretary of the Disciplinary Committee of Anhui Expressway Holding Group Company Limited. He was appointed as the new supervisor of the Company on 26 March 2010 and elected as the Chairman of the supervisory committeeof the Company at the 8th meeting of the 5th Supervisory Committee.

Mr. Yang Yi Cong, Born in 1956, Supervisor of the Company, Senior Political Engineer. Mr. Yang was graduated from Anhui Industrial Institute in 1982. He has been the secretary of the Disciplinary and Examination Committee of the Communist Party Committee of Anhui Transportation Administration Bureau. He has extensive experience in personnel management. Mr. Yang was elected as a supervisor representing the employees in the second, third and fourth Supervisory Committee. He is now the Chairman of Supervisory Committee of Xuanguang Expressway Company Limited and Anhui Expressway Media Company Limited and the convener of Supervisory Committee of Anhui Ningxuanhang Expressway Investment Company Limited.

Mr. Dong Zhi, Born in 1980, Postgraduate Diploma. He graduated from Capital University of Economics and Business in 2005. Mr. Dong has held post in China Road and Bridge Corporation International Company Limited. He now holds post in the First Department of Shares Management of Huajian Transportation Economic Development Center and serves concurrently as the Supervisor of Jilin Expressway Company Limited and Sichuan Expressway Company Limited.

(3) ***Other Senior Management***

Mr. Xie Xin Yu, Born in 1967, Deputy General Manager and Company Secretary, Senior Engineer, an associated member of the Hong Kong Institute of Company Sectaries. He was the Deputy General Manager and Company Secretary from 1996 to 1999, director, Deputy General Manager and Company Secretary from 1999 to 2002 and holds the post as the director of Anhui Ningxuanhang Expressway Investment Company Limited.

Mr. Wang Chang Yin, Born in 1963, Deputy General Manager, Senior Engineer, Registered Supervision Engineer. He held the post in Anhui Zongyang County Communications Bureau, Hetong Road Administration Office of Anhui Expressway Holding Corporation and the Director and General Manager of Anhui Gaojie Expressway Company Limited. He is now the director of Xuanguang Expressway Company Limited.

Ms. Liang Bing, Born in 1967, Manager of the Financial Department, Senior Accountant, Postgraduate Diploma. Ms. Liang joined the Company in 1996 and held the post as the Manager of the Financial Department from December 2002. She is now the Chief Executive Officer of Xuanguang Expressway Company Limited and Anhui Ningxuanhang Expressway Investment Company Limited. In 2008, she was named as the Anhui Provincial Advanced Accountant Worker.

2. Biography of Retired Director and Supervisor

Mr. Wang Shui, Born in 1949, Senior Engineer, Chairman of the Company from August 1996 to March 2010. He was graduated from Hehai University in 1978 and held post as the Deputy Commander of Anhui Expressway Engineering and Constructions Office and Deputy Chairman of Anhui Department of Communications, he held post as the General Manager and Deputy Secretary of the Party Committee of Anhui Expressway Holding Group Company Limited etc. commencing from July 1998 to November 2009, he has 30 years of rich experience in transportation. In 2000, his outstanding performance in corporate management was recognized by the provincial government and was awarded the "Contribution Prize" Golden Award and the "Provincial Model Worker". In 2003, Mr. Wang was awarded " The Second Anhui Ten Largest Economic Persons".

Mr. Li Huai Jie, Born in 1948, Senior Economist, Chairman of the Supervisory Committee of the Company from October 2006 to March 2010. Mr. Li has worked for Anhui Provincial Planning Economy Commission, Anhui Provincial Energy Group Company Limited, Anhui Provincial Investment Group Company Limited, Anhui Wanneng Company Limited and China Anhui International Economic and Technology Cooperation Corporation with post of Deputy Director, Deputy General Manager, Deputy Chairman, Secretary to the Party Committee and General Manager respectively. He was the Deputy Secretary to the Party Committee of Anhui Expressway Holding Group Company Limited from August 2006 to December 2008.

VII. STAFF

As of 31 December 2010, the Company had 1,562 staff and the retired employees were 23.

1. Profession composition

Profession type	Number
Management and professional staff	450
Toll collection and production staff	1112

2. Education

Education type	Number
Postgraduate diploma	44
University diploma	175
College graduate	653
Secondary vocational diploma	268
Senior high school and below	422

Staff Wages

As for staff wages, the Company pursued "the wages' linking with their results". In accordance with the principles of "distribution according to work" and "wages determination according to post", the Company closely linked staff's wages with post responsibility, working skill, working conditions and working contributions and established the incentive system of "post depending on competition and wages relying on contributions".

Staff Insurance and Welfare Protecting

The Company takes care of staff, protects the staff's legal interests and strictly complies with the State's social insurance policies. According to the relevant State's stipulation, the Company has arranged the old-age insurance, basic medical insurance, unemployment insurance, injury insurance and child-bearing insurance for the staff and paid the above insurance fee in full. The Company paid RMB15,147,700 of various social insurance fee. At the same time, the Company has arranged the complement medical insurance and accident injury insurance for the staff.

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

In addition to the above social security plans, the Company established a multi-level social security system, which protects the benefits of staff and strengthens the cohesion, unity and competitiveness of the Company. In 2008, the Company had completed the establishment of enterprise annuity plan according to the actual situation of the Company and relevant requirements of the Enterprise Annuity Tentative Procedures. In 2010, the total enterprise annuity expenses was RMB4,949,800.

Staff Training

The Company pays great attention to staff training and establishes actual, applicative and effective plan according to the Company's demands.The training mainly includes improving the Management' overall management level, improving staff's post skill, professional technical staff's continuous education and special staff's working with certificate. During the reporting period, the Company held different special trainings to continuously renew and rich staff's theory and business knowledge.

I. Corporate Governance

A well-established corporate governance is for meeting the basic requirements of regulatory authorities on listing companies and, more importantly, the inherent needs for the development of the Company. A scientific and standardized system, mutual supervisory regime and effective enforcement are essential to the healthy and sustainable development of the Company.

The Company has established a corporate governance structure procured by the general meeting, the Board, the supervisory committee and the management since its establishment and continuously reviewed and improved it during the course of practice. Up to present, the Company has established the separate positions of chairman and general manager and set up three specialized committees under the Group to work effectively and established a relatively sound internal control system. The Company has also formulated multi-level governance rules on the basis of the Articles of Association to specify the duties, authority and standards of conduct of all parties. The shareholders, the Board and the supervisory committee and the management of the Company carry out their duties, coordinate with each other and effectively check and balance each other in accordance with the relevant governance rules to continuously improve the governance standard of the Company.

The Company is concurrently listed in Shanghai Stock Exchange and Hong Kong Stock Exchange and complies with relevant laws and regulations. In practicing corporate governance, the Company strictly complies with the Code of Corporate Governance for Listed Companies of CSRC and the Code of Corporate Governance Practices of Hong Kong Stock Exchange. During the reporting period, there were no differences between the actual conditions of the Company's corporate governance and the requirements of the CSRC's related laws and regulations. The Company had also fully adopted the respective code provisions set out in the Code on Corporate Governance Practices of Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange.

During the reporting period, the overall objective of the Company's governance efforts was to maintain a consistent sound governance basis and normative operating procedures and to continuously improve the governance system and operating processes of the Company in accordance with the work plans of regulatory authorities and the latest regulations in a timely manner so as to ensure there are no deviations from the operation of the Company and no violations and strive to improve the Company's control standard.

During the reporting period, in accordance with the relevant requirements of China Securities Regulatory Commission, the Company established the "Accountability System in relation to Serious Faults in Information Disclosure in the Annual Report" to enhance the accountability of the person responsible for the disclosure of information in the annual report. The Company also established the "Administration System for Insider Information and Insiders" and the "Administration Measures for Relevant Activities such as Arranging for Researches by Specific Objects" to strictly execute the management requirements on submitting sensitive information to external authorities and arranging for researches by investors, and continuously facilitated special corporate governance activities. During the reporting period, there was no rectification of serious accounting fault, supplement to omission of material information and clarification of results forecast.

The establishment and improvement of internal control system of the Company

General proposal for establishment of internal control	In order to ensure the legal operation and management, the asset safety and the authenticity and completeness of financial reports and related information of the enterprise, to improve operational efficiency and effectiveness, and to promote realization of strategic development of the enterprise, the Company proposes to improve its internal control system to reduce operating risks starting from internal environmental and risks assessment together with internal environmental and risks control, information and communication as well as internal supervision in the light of the Company's actual development, and, through establishing, operating and generally enhancing its internal control systems, to form a long-term mechanism of internal control in four phases pursuant to the requirements of the relevant laws and regulations such as "Company Law", "Securities Law","The Basic Standard for Enterprise Internal Control", and with reference to "The Supporting Guidelines for Enterprise Internal Control".
Work plan for establishment and improvement of the internal control system and its implementation	During the reporting period, the Company has established a leading group for setting up internal control, and has carried out preliminary refinement of the existing system. The future plan is to test the completeness of design and effectiveness of implementation of the existing procedures with professional support of intermediaries, and, through effective monitoring of operation and ongoing testing and rectification, to gradually update the procedures and the system, and to integrate gradually the internal control system into its daily operation and management activities to form a long-term internal control mechanism of the Company on the basis of internal control compliance.
Setting up of departments for internal control, inspection and supervision	The Audit Committee under the Board and the Audit Department of the Company are respectively responsible for the communication, monitoring and verification for internal and external audit of the Company.
Self-assessment carried out for internal supervision and internal control	Based on its actual situation and management needs, the Company has established and refined a comprehensive and rational internal control system, which is functioning at all levels and across all sectors of the Company's business activities with effective implementation. (For details please see "Self-evaluation Report on the Internal Control of the Company issued by the Board")

Arrangements of the Board on work relating to internal control	The Audit Committee under the Board of the Company has established the Audit Department and formulated "Internal Audit Management System", "Internal Audit Procedures" and "Regulations for Anti-fraud and Reporting Mechanism". The Audit Committee is equipped with full-time internal audit staff to identify control deficiencies through the development and implementation of internal control systems for the checking departments and units of the Company. Appropriate corrective measures are used to gradually establish a sound and effective internal control system.
Establishment and operation of internal control system relating to financial reporting	Pursuant to the "Company Law", "Accounting Law", "Accounting Standards for Enterprises" and other laws and regulations, the Company has developed and implemented corporate systems such as "Accounting Methods", "Financial and Budget Management System" and "Internal Risk Control Manual". Based on the requirements of these systems, the Company has defined job duties and powers, standardized financial management procedures, and effectively ensured the authenticity and reliability of financial information.
Internal control deficiencies and the rectification	During the reporting period, the internal control system worked well, and no significant deficiencies in the design or implementation of internal control is found. With the gradual implementation of control policies in China and to meet the Company's development needs, the Company will continue to update and improve its internal control system to ensure its continued healthy development.

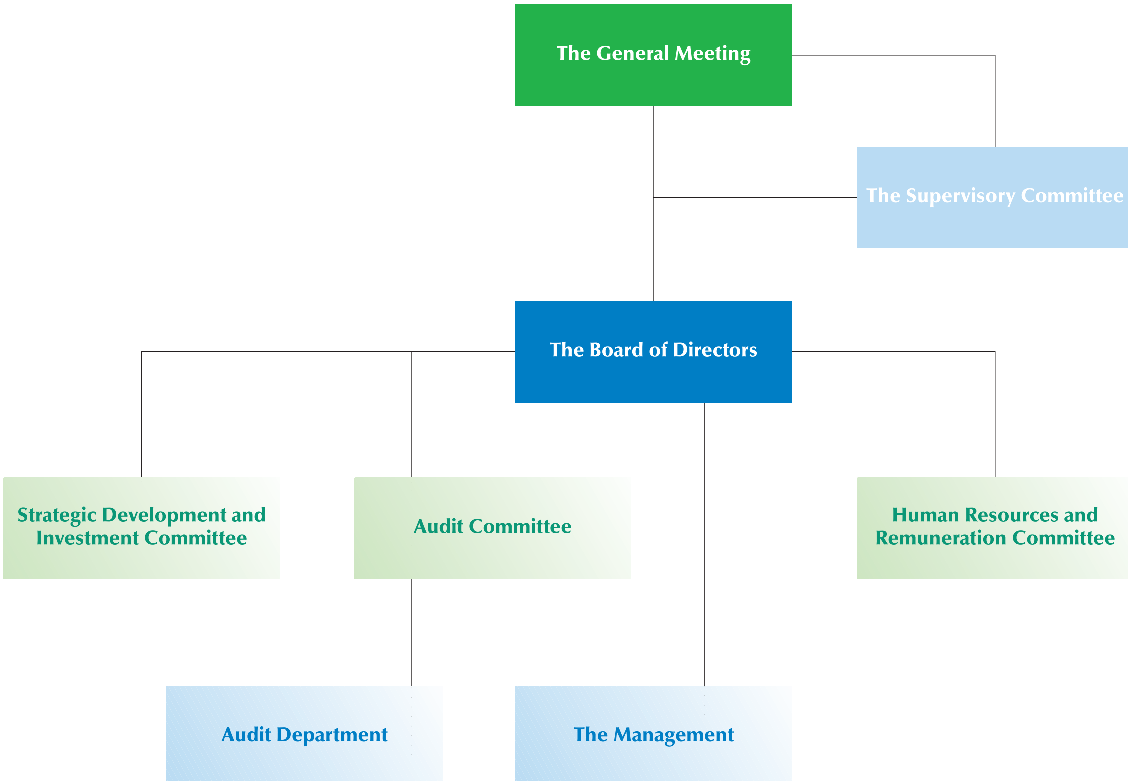
Disclosure on Self-Evaluation Report of Internal Control and Report of the Performance of Corporate Social Responsibilities

Whether the Company discloses the Self-Evaluation Report of Internal Control and Report of the Performance of Corporate Social Responsibilities: Yes

Address of disclosure website: http://www.sse.com.cn, http://www.anhui-expressway.cn

Whether the Company discloses the recommendations of approval organizations on the evaluation of the Report of Internal Control: No

II. Legal person governance structure of the Company



(1) Shareholders and Stakeholders' General Meeting

The Company treats all the shareholders equally and ensures the all shareholders have the rights to be informed and to make decisions on material matters relating to the Company. The Company ensures that all shareholders, especially medium and small shareholders, are treated equally and may fully exercise their rights. The notice, authorization and consideration of Shareholders' General Meeting were all compliance with relevant procedure.

1. *Substantial shareholders*

Anhui Expressway Group and Huajian Center are the substantial shareholders of the Company, holding 31.27% and 20.92% of the Company's shares. The Company's business, assets, staff, organization and finance are separated from those of the controlling shareholders, allowing the Company to have complete autonomy over its business and operations. The controlling shareholder exercises its right as a capital contributor strictly in accordance with the law and have not intervened the decision making process and operations of the Company directly or indirectly bypassing the general meetings.

2. Independence compared to controlling shareholders

Independence of business	The Company and its controlling shareholder operate in different areas of business. The Company can complete autonomy over its business and operations.
Independence of staff	No employees are holding concurrent positions in both companies. The Company has independent authority in labour affairs and personnel management. In the event that the controlling shareholder nominates directors and supervisors to the Company, it has to go through formalized and lawful procedures.
Independence of assets	The Company's assets are strictly separated from the controlling shareholder's assets and the Company has full ownership over its operating assets, the operation of which is entirely independent.
Independence of organization	There is no question of one team operating in two companies. Offices and business places of the Company and its controlling shareholder are physically separated.
Independence of finance	Both of them have their own financial departments with separate accounts. Financial decisions are made independently, and the Company's fund application is free from any interference from its controlling shareholder.

Other shareholders' materials including shareholders' class, public shareholdings, shareholdings of top ten shareholders circulating shares and control shareholder and its change as at the end of the reporting period, please see "Shareholders and the Change of Share Capital"section in the annual report for this year.

3. Shareholders' general meeting

The Shareholders' General Meeting is the organ of supreme power of the Company and exercises its powers according to law to determine major events of the Company. The annual general meeting and extraordinary general meetings provide direct channel for communication between the board and shareholders of the Company. Therefore, the Company has put great emphasis on general meetings and issues a meeting notice 45 days before the holding of a meeting requesting all directors, supervisors and senior management to attend so far as possible. The Company encourages all shareholders to attend general meetings and welcomes them to deliver speeches at the meetings. At the general meeting, the directors, supervisors and senior management should give an explanation for shareholders' problems except for commercial secret.

The general meeting shall be attended and witnessed by a lawyer appointed by the legal counsel of the Company who shall issue written legal opinions. Meanwhile, according to the requirements of the Hong Kong Stock Exchange, a representative appointed by the accountant and a shareholder representative shall act as the scruitineers to monitor the counting of votes so as to ensure the procedure of the meeting is legal, fair and transparent.

For the details of the general meetings convened by the Company during the reporting period, see the "Profile of the General Meeting" section in the annual report for this year.

(2) Directors and the Board of Directors

1. *The Board of Directors*

(1) *Obligation and division of work*

The Board represents interests of all the shareholders and is wholly accountable to General Meetings. It has strictly complied with the "Rules Governing the Operation of the Board" within the authority scope of the Articles of Association, which stipulates the decision-making process related to the development strategies, planning and management and financial control. The Board also supervises and reviews the development and operation of the Company with the primary mission of achieving best operating results for shareholders.

The Company has clearly defined the responsibility of the Chairman and the General Manager. The responsibility of the Board and the management are separated and are set out in detail in the Company's Articles of Association, the "Rules of proceedings for Board"and "Standing Orders for the Operation of General Manager", ensuring a balance of power and authority as well as guaranteeing the independence of the Board in decision-making and the independence of the management in day-to-day operation management activities. The chairman is responsible for leading the Board to work out the corporate strategy and fulfil the Group's goal.

(2) *Composition*

The present Board is the Company's fifth session since incorporation. The Board of the Company consists of 9 directors, as of 31 December 2010, the Board includes:

Executive directors	Zhou Renqiang, Li Yungui, Tu Xiaobei, Li Junjie
Non-executive directors	Liu Xianfu, Meng Jie
Independent non-executive directors	Leung Man Kit, Li Mei, Guo Shan

Members of the Board have different industry backgrounds with expertise in investment strategy, corporate management, financial accounting, highway management and construction, investment banking and human resources. Among them, not less than one Independent Director possesses the professional accounting qualifications required. The biographies of members of the board are set out in "Directors, Supervisors, Senior Management and Staff Profiles" of this annual report. There is no any relationship between the members of the Board, including finance, business, relative or other major relevant relationship.

The Company has a total of three independent directors, accounting for one third of the members of the board. All of them have extensive professional experience in enterprise management, finance and securities and financial management, and held important posts in Specific Committees of the Board. The Independent Directors held majorities in Audit Committee and Human Resources and Remuneration Committee and held the post as Chairman.

(3) The Board Meeting

In 2010, the Company held 8 board meetings, the Board had profound discussion and decision making for the Group's operating and financial position, investment, connected transactions, governance structure and director replace. 42 resolutions were made and details are set out as follows:

— To consider annual, interim and quarterly financial report;

— To consider annual working report of the Board;

— To consider annual profit appropriation plan;

— To consider and pass the Company's internal control system and the Board of Directors' evaluation report and social responsibility report to the Company's internal control;

— To consider the amendment of Articles of Association;

— To consider the scheme of adjusting internal directors' and supervisors' remuneration of the Company;

— To perfect corporate governance rule and relevant management system, including "Accountability System in relation to Serious Faults in Information Disclosure in the Annual Report" and "Administration System for Insider Information and Insiders";

— To consider connected transactions of relevant highways' entrusted management and house lease of service areas.

— To consider the transfer of 18% interests of Hefei Information Investment and the settlement and liquidation of Kangcheng Pharmaceutical.

The Company holds periodic Board meeting quarterly and extraordinary meeting if necessary. The notice of periodic Board meeting shall be sent to all the directors at least 10 days before the meeting, the notice of extraordinary Board meeting shall be sent to all the directors at least 2 days before the meeting. The Chairman, more than 1/3 directors, more than 1/2 independent directors, the Supervisory Committee and General Manager have rights to convene extraordinary Board meeting.

The Company's management is responsible for the provision of relevant materials and information required for the Board's consideration of various proposals and arranging for the senior management to report works while a Board Meeting is being held. The Company's Board and specialized committees under the Board are entitled to appoint independent professional institution for service according to the needs of the exercise of authority, performance of duties or businesses, and the reasonable expenses incurred thereon shall be borne by the Company.

When a Board Meeting considers any transaction, the Directors shall report their interests involved, and shall not be present under appropriate conditions. According to the"Rules of proceedings for Board"of the Company, if a substantial shareholder or a director has a conflict of interest in any material matter, the connected director must abstain from voting when a Board Meeting is held.

2. *Directors*

(1) Appointment

All Directors are elected or replaced by Shareholders' General Meeting; The Company's shareholders, Board or Supervisory Committee have the right to nominate candidates for directorship in written form. Directors are appointed for a term of three years, and are eligible for reelection or reappointment upon expiry of the term; Independent Directors shall be persons who do not have any connected relationship with the management and substantial shareholders of the Company, with the reelection terms not more than six years.

The Company's Rules of Procedure of the Board of Directors have stated its requirements for the qualifications and basic qualities of directors, the method of nomination and the recommended procedure, i.e. the Human Resources and Remuneration Committee is responsible for reviewing and assessing the qualifications and qualities of candidates for directorship, and is responsible for making recommendations to the Board and providing explanations to the Shareholders' General Meeting. The accumulative voting system has been adopted for the election of the Company's Directors.

(2) Information support and professional development

Following their appointment, new Directors will be provided a set of materials by the Company, including an overview of the Company's operations, an introduction to the responsibilities and duties of Directors and other statutory information. Meanwhile, directorship training will be provided for them pursuant to the relevant statutory requirements. In addition, during their term of office, all Directors can obtain information regarding the statutory, regulatory and other continuing responsibilities they shall observe and the latest developments through the Company's Secretary in a timely manner. All the three Independent Directors of the Company have participated in the Independent Directors training organized by the Shanghai Stock Exchange. During the reporting period, two Executive Directors attended the directors training courses organized by the regulatory authority.

Through various forms such as the provision of information, work reporting, site visit and professional training, all Directors can keep abreast of the business development, competition and regulatory environment of the Company, thus ensuring the Directors can understand the duties they shall perform. This will facilitate correct and effective supervision by Directors and ensures the procedure of the Board is implemented consistently and the applicable laws and regulations are duly complied with.

(3) *Annual implementation*

During the reporting period, all the directors have attended the Board meetings with prudent and active attitude and provided professional advice and independent judgment on major events with their professional knowledge and experience.

In 2010, the rate of attendance of the Board meeting was 100%.

Name	Position	Number of Meetings should be attended	Attendance in person	Number of meetings by means of communication	Number of meetings of commission attendance	Number of absence	Whether twice successive attendance in person
Zhou Renqiang	Chairman	7	2	5	0	0	No
Li Yungui	Director and General Manager	8	3	5	0	0	No
Tu Xiaobei	Deputy Chairman	8	3	5	0	0	No
Li Junjie	Director and Deputy General Manager	8	3	5	0	0	No
Liu Xianfu	Non-executive Director	8	3	5	0	0	No
Meng Jie	Non-executive Director	8	3	5	0	0	No
Leung Man Kit	Independent Director	8	3	5	0	0	No
Li Mei	Independent Director	8	3	5	0	0	No
Guo Shan	Independent Director	8	3	5	0	0	No

Number of Board meetings during the 2010	8
Of which: Number of on-site meetings	3
Number of meetings by means of communication	5
Number of meetings on the spot combination of communication	0

(4) Performance of independent directors

The Company has appointed a sufficient number of Independent Non-executive Directors.

All independent directors of the Company are able to attend Board meetings and meetings of the specialized committees with a prudent, responsible, positive and serious attitude in accordance with the relevant laws, regulations and the requirements of the Company on independent directors to give full play to their respective expertise and perform their duties independently as well as providing professional recommendations and making independent judgements on major issues discussed and to be decided upon. The three independent directors of the Company hold important positions and are responsible for important work respectively in the three specialized committees under the Board. All specialized committees, other than the strategy and investment committee, are chaired by independent directors with the relevant experience or qualifications.

In 2010, by participating in the Board and the specialized committees under the Board, the independent directors reviewed major issues of the Company such as internal control, connected transactions, internal director remuneration adjustment and external guarantees and issued independent opinions on such issues. They also convened meetings with external auditors in accordance with the "Annual Reporting System of Independent Directors" to discuss the annual audit and the review of the interim financial report and played a facilitative role in safeguarding the overall interests of the Company and shareholders.

In 2010, the Independent Directors did not object to the decisions of the Board aforesaid, nor suggested to hold Board meeting.

(5) Directors' remuneration

The details of the Company's remuneration policy, remuneration of Directors and senior management, the appraisal and incentive mechanism for senior management are set out in "Directors, Supervisors, Senior Management and Staff".

(6) Independence of Directors

The Company has appointed a sufficient number of Independent Directors. Pursuant to Rule 3.13 of the Listing Rules of the Stock Exchange, the confirmations from all Independent Directors as to their independence have been received by the Board of Directors. The Company considers that all existing Independent Directors have complied with the relevant guideline as set out in such Rule, and are still independent parties.

(7) Securities Transactions by Directors

For securities transactions by Directors, the Company has adopted the code provisions on the trading of shares of the Company by Directors contained in the "Model Code for Securities Transactions by Directors of Listed Issuers" ("Model Code for Securities Transactions") as set out in the Appendix 10 of the "Listing Rules". After making specific enquiries of all directors, the Company confirms that all Directors fully complied with the "Model Code for Securities Transactions" in 2010.

(3) Specific Committees of the Board

The Board of Directors established three specific committees in order to facilitate the Board of Directors in performing duties and operating effectively. Each of the committee has formulated Authority Scope Letter to define their authority scope and duty procedure and was approved by the Board of Directors.

Strategic Development and Investment Committee (the "Strategic Committee")

The Strategic Committee was established in August 2002, the committee members of which include Mr. Zhou Renqiang (Chairman), Mr. Li Yungui, Mr. Tu Xiaobei, Mr. Liu Xianfu and Mr. Leung Man Kit.

Obligations

The Strategic Committee conducts researches and gives advices on long-term strategic development projects, financial plans of major investments, major capital applications, asset management projects and major events affecting the Company's development.

Main works in 2010

To determine the development strategies and goals of the Company by conducting research and review on macroeconomic policies and industrial development policies and trend and conducting examination and assessment on the conditions of Company's development, so that the Company's development concepts, strategic goal and guarantee measures in the next five years can be determined.

Audit Committee

The Audit Committee was set up in August 1999. As at 31 December 2010, members of the committee were Ms. Li Mei (Chairman), Mr. Liu Xianfu and Ms. Guo Shan. It comprised all of Non-executive Directors, two of which was Independent Non-executive Directors and the chairman was Independent Non-executive Directors.

Obligations

The Audit Committee is mainly responsible for supervising the Company's internal control system and its execution, evaluating financial information and related disclosure, reviewing the internal control system, auditing major connected transactions and also communicating, supervising and investigating the Company's internal and external audits.

Main works in 2010

Audit Committee's Report

The Audit Committee held four meetings in 2010 and issues discussed at the meetings included four regular report reviews, discussion with external auditors on the annual result audit and the review of the interim financial report. All Committee members attended the meetings. The major tasks for this year include:

The Audit Committee is responsible for reviewing and checking the quality and procedure of the Company's financial reporting. In 2010, the Audit Committee reviewed the 2009 Financial Report, the 2010 First Quarterly, Interim and Third Quarterly Financial Reports.

Before the annual audit and the review of the interim financial report, the Audit Committee made sufficient communication with the chief financial officer of the Company and the annual audit accountant and reviewed the Group's working plan and financial and accounting statement, provided opinions and recommendations on the audit and issued written opinions. In the course of auditing, the members of the Audit Committee communicated with the accountants and conducted various discussions and information exchange by ways of calls and emails to ensure that both parties have consistent knowledge in material issues and relevant accounting treatments are appropriate. After the accountant issued initial audit opinions, the Audit Committee convened a meeting to review the opinions and confirmed the appropriateness of the accounting policy adopted for financial reporting and the rationality of the accounting estimates and submit them to the Board for consideration.

Up to the date of the publication of this annual report, the Audit Committee has reviewed the 2010 financial report of the Company audited by PricewaterhouseCoopers and considers the 2010 financial report of the Group gives a comprehensive, true and reasonable view of the Group's operating results and financial position and recommends the Board approve it.

In addition, the Audit Committee was responsible for supervising and examining the internal auditing of the Company and the execution of internal control of the Company, listening to the working report of the auditing department and providing professional opinions in internal control and risk control standards of the Company. In 2010, the Company carried out an inspection and self-evaluation of the implementation of the internal control system. The Audit Committee inspected and evaluated the working objective of internal control of the Company and the basic elements and implementation of the internal control system and the evaluation results and considered the Company's internal control system and its implementation were basically sound and effective. The Audit Committee did not identify any major defects in internal control audit and implementation and recommended the Board approve the self-evaluation report on internal control.

The Audit Committee considered that the Company's 2010 auditors – Pricewaterhouse Coopers Zhong Tian Certified Public Accountants Co., Ltd. and Pricewaterhouse Coopers Certified Public Accountants fulfilled their obligations, followed the principle of independence, objectivity and fairness, and duly accomplished various works assigned by the Company in the process of the audit for the Company. Accordingly, the Audit Committee recommended to re-appoint the above auditors as the Company's 2011 auditors and submitted to the Board of Directors and Shareholders' General Meeting for considering and approving.

Members of Audit Committee: Li Mei, Liu Xianfu and Guo Shan
11 March 2011

The Human Resources and Remuneration Committee (the "Remuneration Committee")

The Remuneration Committee was established in August 2002 and comprised mainly of Independent Directors, Mr. Leung Man Kit (Chairman), Mr. Meng Jie and Ms. Guo Shan.

Obligations

The Remuneration Committee is mainly responsible for formulating the Company's human resources development strategies and plans, formulating and reviewing the remuneration policy and plan for the Company's directors and management.

Main works in 2010

Remuneration Committee's Report

During the reporting period, the Remuneration Committee's main works included:

(1) In view of the Company's actual situation, the Remuneration Committee formulated a plan regarding adjusting remuneration of the Company's directors and supervisors. The plan was submitted to the Board of Directors and Shareholders' general meeting for considering and approving.

(2) The Remuneration Committee examined the disclosure relation to remuneration of directors, supervisors and senior management in 2010 Annual Report, and considered that the data disclosed was true and accurate. The Remuneration Committee confirmed that, except the abovementioned, all directors, supervisors and senior management of the Company did not hold any shares or share options of the Company and were not granted any restricted shares through relevant audit confirmation. The Remuneration Committee also confirmed that no share incentive plan was implemented during the reporting period.

(3) The Remuneration Committee examined and evaluated the performance of the management in 2010, and considered that the operational level of the management achieved operation management objectives which were set by the Board of Directors at the beginning of the year.

Members of Remuneration Committee: Leung Man Kit, Meng Jie and Guo Shan
11 March 2011

III. Control System

1. Supervisory Committee

The Supervisory Committee consists of 3 supervisors, including 2 shareholder's representatives and 1 employee's representative. The number of supervisors and the composition has complied with the requirements of the rules and regulations.

The Supervisory Committee is responsible to all shareholders as a whole. Its core duties, among others, are to supervise the corporate finances and also to ensure that the directors and senior management are performing their duties with due diligence with a view to safeguarding corporate assets and protecting legal interests of the Company and its shareholders.

The Secretary to the Board of the Company also assumes the duties of the secretary to the Supervisory Committee, and is responsible for its day-to-day affairs and faci litates communication between the Supervisory Committee and the Board as well as the management. In 2010, the Supervisory Committee convened four meetings, supervised the performance of duties by the Company's financial personnel, Directors and Senior Management in compliance with the laws and regulations on behalf of shareholders, attended all the Board meetings and Shareholders' General Meetings, and conscientiously performed its duties. The details of the relevant work are set out in the "Supervisory Committee's Report" of this annual report.

2. Internal Control

A comprehensive and practicable internal control system is fundamental to a well-established corporate governance. The Board of Directors is responsible for establish and maintain the internal control systems of the Company so as to review the financial, operational and supervisory control procedures, and protect the interests of shareholders and safety of the Company's assets.

In 2010, the Board of Directors continuously reviewed the internal control system of the Company and prepared the Self-evaluation Report Regarding of Internal Control of the Company, to elaborate and explain the objectives of internal control, the composition and implementation of the internal control systems and the overall evaluation results. For details, please refer to the Self-evaluation Report Regarding of Internal Control of the Company.

3. Auditors

The audit committee has discussed and evaluated the accountants' professional quality and the execution of 2010 audit work and presented relevant opinions and improving ideas. The relevant appointment, replace of auditors and audit fees will be approved or authorized at General Meeting presented by the Board.

The 2009 Annual General Meeting has approved to continue to appoint PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co. Ltd and PricewaterhouseCoopers Certified Public Accountants as the Company's 2010 PRC and Hong Kong auditors. In 2010, the audit fees were RMB2,000,000, apart from the said fees, the Company did not pay any other fees to the auditors nor affect their independence. As at 2010, they have provided services to the Company for 9 years and changed signed certified public accountant from 2006.

The fees paid to the above accountants for 2010 were as follows:

Unit: RMB

	2010 Audit fees	2009 Audit fees
PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd	**1,200,000**	925,000
PricewaterhouseCoopers Certified Public Accountants	**800,000**	925,000

IV. Information Disclosure and Investor Relations

Information Disclosure

Information disclosure is not only an obligation of a listed company, but it is also an effective connection for communication and understanding between the company and its investors, supervisory authorities and the public , in order to facilitate a widespread and full understanding of the Company's value.

The Company has faithfully fulfilled the legal information disclosure obligation and disclosed information on time with truthfulness, accuracy and completeness strictly according to the requirements of relevant laws and the Listing Rules to ensure information disclosure in an open, fair and just way and that all shareholders can enjoy equal and full right of accessing information, and increase the transparency of the Company. In case there is any difference between the requirements of Hong Kong Stock Exchanges and Shanghai Stock Exchange, the Company shall prepare documents and make disclosures as much as possible and as strict as possible.

In 2010, "Information Disclosure Management System" of the Company has been carried out with effect. During the reporting period, the Company published annual, interim and quarterly report and issued 4 periodic reports and 20 extraordinary announcements according to the listing rules of Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, which disclosed the Company's results and financial information, dividends payables, operations of the Board and Supervisory Committee, convening general meetings and connected transactions objectively and in detail. The relevant announcements were published in the China Securities Post and Shanghai Securities Post and on the website of Shanghai Stock Exchange, the Stock Exchange of Hong Kong Limited and the Company.

Number	**Date**	**Items**
1	20 January 2010	Listing announcement of "09 Wangtong Bonds"
2	21 January 2010	Abnormal fluctuation announcement of stock trading
3	1 February 2010	Resolution announcement of the7th meeting of the 5th Supervisory Committee
4	1 February 2010	Resolution announcement of the 13th meeting of the 5th Board
5	1 February 2010	Notice of 2010 First Extraordinary General Meeting
6	4 February 2010	Announcement in relation to Toll Collection Period of Ninghuai Expressway Tianchang Section
7	29 March 2010	Resolution announcement of 2010 First Extraordinary General Meeting
8	29 March 2010	Resolution announcement of the 14th meeting of the 5th Board
9	29 March 2010	Resolution announcement of the 8th meeting of the 5th Supervisory Committee
10	7 April 2010	Resolution announcement of the 15th meeting of the 5th Board
11	7 April 2010	Resolution announcement of the 9th meeting of the 5th Supervisory Committee
12	7 April 2010	Notice of 2009 Annual General Meeting
13	11 May 2010	Follow-up rating results announcement of "09 Wangtong Bonds"
14	31 May 2010	Resolution announcement of 2009 Annual General Meeting
15	10 June 2010	Implementation announcement of 2009 profit appropriation
16	16 August 2010	Resolution announcement of the 18th meeting of the 5th Board
17	16 August 2010	Announcement of guarantee for the Company's subsidiaries
18	15 September 2010	Continuing connected transactions
19	3 November 2010	Announcement on adjustment of toll rates
20	10 December 2010	2010 interests payment announcement of "09 Wangtong Bonds"

Investor Relations

The management of the Company has consistently emphasized investor relations management and has formulated the "Measures for the Administration of Investor Relations" and reinforced investor relations management in terms of the management structure and the internal control system.

During the reporting period, the Company made full disclosure of the relevant information to investors in strict compliance with the Listing Rules and disclosed important information through regular reports and ad hoc announcements to strive to increase the quality of information disclosure. The Company's web site is another important platform for establishing investor relations. The Company makes use of its web site to publish relevant operating data and information on a regular basis to enable investors to gain a timely understanding of the latest development of the Company. During the reporting period, the Company further strengthened the management and construction of the content of its web site so as to provide richer and more timely advice to investors.

The core of investor relations management is effective communication. The Company has established smooth communication channels with investors through various forms of investor relations management activities to enhance mutual trust and interaction.

Following methods were taken in investor relationship activities:

— To make public the telephone and E-mail and answer investor's enquires;

— Daily receipt of investor's and analyst's visit:

— Participation in large investor promotional activities;

— To hold results representation, domestic and overseas road shows and one-on-one meetings;

— Investors and the public can enquiry the following information through the Company's website :the corporate basic information, information for users (including highway map of Anhui Province, introduction of the highways of the Company, location of toll gates and toll rates), corporate governance regulation, information disclosure documents and monthly operation statistics. The Company will strengthen the management and construction of the contents of website to provide more fruitful and immediate enquires.

Major investor relationship activities in 2010:

— The Company participated in the 10th UBS Greater China Conference held by UBS in Shanghai in January 2010;

— The Company held 2009 Annual Results Press Conference in Hong Kong, visited multiple funds and held one-on-one meetings in April 2010;

— The Company participated in Nomura China Conference held by Nomura in Chongqing in April 2010;

— The Company participated in the A-share Conference 2010 held by UBS in Huhhot in June 2010;

— The Company participated in JPMorgan China Conference 2010 held by JPMorgan Securities in Beijing in June 2010;

— The Company held 2010 Interim Results Press Conference in Hong Kong, visited multiple funds and held one-on-one meetings in August 2010;

— The Company had a global roadshow by going to Singapore, America and Canada from 23 August to 3 September 2010;

— The Company participated in the 17th Annual China Conference held by BNP PARIBAS in Guilin in October 2010;

— The Company participated in the 2011 Annual Investors Meeting held by Haitong Securities in Shanghai in December 2010.

Shareholders' return: Since its listing, the Company has persisted in generating returns for shareholders and has paid dividends in cash for 15 years in a row and paid total dividends of approximately RMB2.496 billion in cash.

In 2010, the Board recommended the payment of a cash dividend of RMB0.21 per share (inclusive of tax), representing 49.68% of the realized distributable profit for this year. The Company will still maintain a stable dividend payment policy in future years.

Summary: Since its establishment, the Company has established multi-level governance rules on the basis of the Article of Association, including the rules of proceedings for the general meeting, the Board and the Supervisory Committee, the written terms of reference and work procedures of the specialized committees and the "Standing Orders for the Operation of General Manager". During the reporting period, the Company further improved the corporate governance rules and the relevant management system, including the formulation of the "Accountability System in relation to Serious Faults in Information Disclosure in the Annual Report", the "Administration System for External Information Users", the "Administration System for Insider Information and Insiders" and the "Administration Measures for Relevant Activities such as Arranging for Researches by Specific Objects".

The Company has insisted on continuously improving and refining the corporate governance structure, continually increasing the standard of its normative operation and governance and safeguarding the legitimate interests of the Company and all its shareholders so as to promote the continued healthy development of the Company.

During the reporting period, the Company held two General Meetings that were the 2010 Extraordinary General Meeting and 2009 Annual General Meeting, related items are as follows:

The 2010 Extraordinary General Meeting

The 2010 Extraordinary General Meeting was held on 26 March 2010, the following major events were approved:

— To elect Mr. Zhou Renqiang as the new director of the Company with terms commencing from the election date to 16 August 2011, and authorize the Board of Directors in determining his remuneration and Director Service Terms of Service:

— To elect Mr. Wang Weisheng as the new supervisor of the Company with terms commencing from the election date to 16 August 2011, and authorize the Supervisory Committee in determining his remuneration and Supervisor Service Terms of Service.

The resolution announcements of the 2010 Extraordinary General Meeting were published in the Shanghai Securities Post, the China Securities Post and on the website of the Stock Exchange of Hong Kong Limited on 29 March 2010.

The 2009 Annual General Meeting

The 2009 Annual General Meeting was held on 28 May 2010, the following major events were approved:

Events Approved by Ordinary Resolutions:

— The report of the Board of Directors, the report of the Supervisory Committee, the audited financial statements and the profit appropriation proposal for 2009;

— The appointments of 2010 PRC and Hong Kong auditors and the Board of Directors were authorized to fix their remunerations.

— To approve the adjustment of remuneration of internal directors and supervisors of the Company;

Events Approved by Special Resolutions:

— To approve the amendment of Articles of Association of the Company;

— The Board of Directors was authorized to allot or issue shares not more than 20% of each of the existing issued domestic shares and overseas listed foreign shares of the Company subject to certain conditions;

The resolution announcements of the 2009 Annual General Meeting were published in the Shanghai Securities Post, the China Securities Post and on the website of the Stock Exchange of Hong Kong Limited on 31 May 2010.

Section VIII Chairman's Statement

On behalf of the Board, I am pleased to present the report on annual results of the Group for the year ended 31 December 2010.

Annual results reporting

During the reporting period, in accordance with the PRC Accounting Standards, the Group recorded an operating income of RMB2,109,565 thousand for the whole year. The net profit attributable to shareholders of the parent company was RMB782,917 thousand, and earnings per share was RMB0.472. In accordance with Hong Kong Accounting Standards, the profit attributable to equity holders of the Company was RMB789,154 thousand, and basic earnings per share was RMB0.4758. The Board recommends the payment of a final cash dividend of RMB0.21 per share (inclusive of tax) for 2010.

Development review for 2010

In 2010, faced with increasingly complex international social, economic and political situations, the macroeconomic policy of China continued to focus on facilitating the change in the approach of economic development and achieved initial results. Under the positive control of the macroeconomic policy, the Chinese economy got rid of the impact of the international financial crisis and returned to the growth path of steady development. The gross domestic product (GDP) reached RMB3,980 billion, an increase of 10.3% year on year. Benefiting from a upturn in the macroeconomy and the advantage of regional economic development policies, Anhui Province achieved a domestic product of RMB1,230 billion, an increase of 14.5% year on year. The economic growth was the highest since 1995.

To better serve regional economic and social development, the province continued to increase investment in the construction of expressways to conform to the situation and proceed with active expansion. In Anhui Province, additional mileage of expressway reached 119 km and mileage of expressway reached 2,929 km in 2010. During the year, the volume of passenger, the turnover volume of passengers, the volume of goods and the turnover volume of goods reached 1.537 billion person, 101 billion person kilometers, 1.837 billion tons and 500.5 billion ton kilometers, representing an increase of 13.0%, 13.3%, 16.2% and 18.0% respectively over last year.

The steady economic development of China, the increasingly flourishing economy of Anhui and the increasingly active regional economic links generated a strong demand for expressway transportation for social and economic development, thereby creating a favourable external environment for the growth of the Company's principal business income and business.

2010 was not only a key year for economic development in China but also an unforgettable year for the business growth and innovative development of the Group.

Adjusting the toll rates through rational pricing

To further improve the Group's expressway toll rates system and upon approval by the provincial government, the Company implemented the new toll rates effective 10 November 2010. In particular, the toll rates for passenger and cargo transportation have increased, which facilitates an increase in the Group's toll income and also helps ease the current increasing internal operating pressure on the Company's investment and financing costs due to the impact of increased interest rates. On the other hand, more severe punishment is imposed on over loading. This not only can restrain the damage caused by over loading to the main road sections and realize the sustainable operation of the road sections operated by the Company but also can reduce the costs of the Company for maintaining the road sections to some extent. After adjustment, the toll rates are now consistent with that in surrounding provinces, which facilitates the unification of levies by interprovincial road networks. Besides, more severe punishment for over loading will lead to the transportation of goods by more vehicles, which will help achieve a faster growth in the traffic volume of the Company.

Focusing efforts on vigorously developing the principal business

In 2010, the Company gradually defined its development objective and continued to commit itself to completing the separation of principal and supplementary businesses. The Company successfully sold the 18% equity interests of Hefei Information and Investment Co., Ltd. by listing and completed the liquidation and spin-off of Kangcheng Pharmaceutical. The ultimate aim is to focus its resources and efforts progressively on vigorously develop the principal business of expressways and to firmly grasp the current excellent opportunity for the development of expressways.

Establishing a corporate culture by adopting an innovative system

Following years of development, the Company has gradually realized the important significance of corporate culture for the development of an enterprise. In 2010, the establishment of corporate culture became an important aspect of the efforts of the Group. The establishment and implantation of corporate culture was in full swing and achieved remarkable results. The establishment of corporate culture defined the Company's future development objective and medium-to-long-term plan and pointed out the direction for carrying out daily routine; summarized and abstracted excellent operation and management concepts and broadened the train of thought for the construction, operation and management of the Company; clarified the values of the Company and the conduct orientation of staff and provided methods for carrying out the businesses. Driven by the establishment of corporate culture and in an atmosphere of scientific development and harmonious management, staff cohesion and solidarity further strengthened.

Improving the operating standard by implementing normative management

In 2010, the Group focused its efforts on its principal business of expressways and emphasized the realization of the scale of economy so as to increase the overall return on assets. We deeply understand the emphasis must be put on the release of management effectiveness if we are going to follow a development road of specialization and intensification and should provide intellectual support to the Company on a continued basis by refining and enhancing the principal business through management. Over the past year, the Group increased the management level through innovating the scientific and humanistic management system to continuously inspire the initiative and creativity of staff. Through the establishment of a normative and sophisticated management system, the Group gradually shifted from extensive management to intensified management so as to continuously improve the operating standard.

Through innovating and changing the management approach, the Company achieved remarkable results in various areas such as construction project management, investment and construction management, levy management, maintenance management, financial management, human resources management and risk management. In November 2010, the Company was awarded the "2010 Legal Risk Management Prize for Top 10 Listed Companies in China" in recognition of its sound legal risk prevention mechanism and sound corporate governance structure.

Outlook

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

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

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

Appreciation

In 2010, we worked hard throughout the year and felt enriched and encouraged and achieved pretty good results. I would like to take this opportunity to extend my sincere gratitude to all directors, supervisors and all staff for their dedication and hard work over the past year!

Chairman
Zhou Renqiang

Hefei, Anhui, the PRC
11 March 2011

I. Usual Operation of the Board of Directors

(1) The Board Meetings and Resolutions

Eight Board meetings of the Company were held in 2010, details are as follows:

Sessions of the Meeting	Convening date	Newspapers for information disclosure	Disclosure date
13th meeting of the 5th Board	29 January 2010		1 February 2010
14th meeting of the 5th Board	26 March 2010		29 March 2010
15th meeting of the 5th Board	6 April 2010		7 April 2010
16th meeting of the 5th Board	28 April 2010	The Shanghai Securities Post	Free to disclose
17th meeting of the 5th Board	21 May 2010	The China Securities Post	Free to disclose
18th meeting of the 5th Board	13 August 2010		16 August 2010
19th meeting of the 5th Board	28 October 2010		Free to disclose
20th meeting of the 5th Board	27 December 2010		Free to disclose

II. Execution of Resolutions Passed at the General Meeting by the Board of Directors

During the reporting period, the Board of Directors duly executed the contents of the following resolutions in accordance with the relevant law and regulations and the resolutions and authorities as passed in the General Meeting:

1. Execution of 2009 profit appropriations of the Company

The 2009 profit appropriation plan was approved at the 2009 Annual General Meeting held on 28 May 2010: the payment of dividends of RMB2.0 (tax included) with the payout of RMB331,722 thousand for every 10 shares on the basis of 1,658,610,000 shares in the total share capital. The dividends referred to above have been implemented before 25 June 2010.

2. Issuance of Corporate Bonds

According to the approval document (Zheng Jian Xu Ke No. [2009] 1074) issued by China Securities Regulatory Commission ("CSRC"), the Company successfully issued Corporate Bonds of RMB2 billion on 17 -22 December 2009 through the internet and other ways. The carrying amount of such Bond is RMB100 each. Such Corporate Bonds were issued at par with a term of 5 years, the interest of which is calculated at a fixed simple interest rate of 5% per annum and is payable annually. The principal of the Bond shall be redeemed in full on maturity. According to the approval document (Shang Zheng Zhai Zi No. [2010] 9) issued by the Shanghai Stock Exchange, such Corporate Bonds have been listed in the Shanghai Stock Exchange since 21 January 2010 (Stock Name: 09 Wantongzhai Code: 122039).

During the reporting period, Zhongchengxin Securities Appraisal Company Limited made follow-up rating on the Company's "09 Wangtongzhai", and maintained the credit rating of AAA of Company's Corporate Bonds, the main credit rating of AA+ and the rating outlook of stable.

In December 2010, the Company paid annual interests of RMB50 (tax included) per bond (face value RMB1000) according to contract.

3. Implementation report of Audit Committee under the Board

Details was set out in "Corporate Governance Structure and Control Report" in the annual report.

4. Implementation report of Remuneration Committee under the Board

Details was set out in "Corporate Governance Structure and Control Report" in the annual report.

5. The establishment and improvement of the system for the administration of external information users by the Company

To reinforce the administration of external information users during the preparation, consideration and disclosure of regular reports and major issues of the Company, the Company has formulated the "Administration System for External Information Users" which has been considered and approved by the 15th meeting of the 5th Board of Directors of the Company.

6. The statement made by the Board on the responsibility of internal control

It is the responsibility of the Board to establish sound and effectively implement internal control. In 2010, on the basis of continuously reviewing the Company's internal control system, the Board made a self-evaluation of the internal control and did not identify any material defects and significant defects in the design or implementation of the internal control of the Company. The internal control of the Company is sound and its implementation is effective.

7. The implementation of the system for the administration of insider information insiders

During the reporting period, the Company strengthened the confidentiality management of insider information in strict compliance with the "Administration System for Insider Information Users" and improved insider information insider registration. After self-investigation, no insider information insiders have made use of any insider information to deal in shares of the Company before the disclosure of material sensitive information affecting the share price of the Company.

III. Profit Appropriation Plan of 2010

The 2010 profit appropriation plan: The Company's net profit as shown on the 2010 financial statements prepared in accordance with the PRC Accounting Standards was RMB 719,543 thousand. The Company's net profit as shown on the 2010 financial statements prepared in accordance with the Hong Kong Accounting Standards was RMB 719,461 thousand. The Company appropriated RMB 71,954 thousand of net profit to the statutory reserve fund. Consequently, the profit was RMB 647,589 thousand and RMB 647,507 thousand in accordance with the PRC Accounting Standards and the Hong Kong Accounting Standards respectively. Pursuant to relevant regulations of the State, the profit attributable to shareholders should be the lower of that calculated in accordance with the PRC Accounting Standards and the Hong Kong Accounting Standards. Accordingly, the 2010 profit was RMB 647,507 thousand. The Board of the Company recommended the payment of a final dividend of RMB 348,308 thousand on the basis of RMB2.1 for every 10 shares(tax included) based on the total share capital outstanding at the end of 2010 of 1,658,610,000 shares. In 2010 no transfers of share capital from capital reserves were involved.

IV. Profit Appropriation for the Last Three Years

Unit:RMB'000

Appropriation year	Dividends (tax included)	Net profit of the appropriation year	Rate (%)
2007	331,722.00	529,770.62 (Restated)	62.62
2008	381,480.00	693,212.49 (Restated)	55.03
2009	331,722.00	673,449.34	49.26

I. Analysis of region's economic and traffic environment in 2010

Marco-economic environment

In 2010, faced with extremely complex domestic and international economic conditions and extremely serious natural disasters and great challenges, China stepped up and improved macroeconomic control and leveraged on the market mechanism to effectively consolidate and expand the results achieved in coping with the impact of the international financial impact, with the overall national economy proceeding smoothly. It is initially estimated the GDP for the full year was RMB39,798.3 billion, representing an increase of 10.3% over last year in terms of comparable price.

The national economy of Anhui Province continued the favourable trend of an upturn last year, with a domestic product of RMB1,230 billion for the full year, representing an increase of 14.5% over last year in terms of comparable price and maintaining a two-digit growth for seven years in a row.

Traffic and transportation environment

In 2010, the total investment of RMB22.5 billion was made in highway and waterway construction in the year, which was 12.5% higher than that set out in the annual plan. The total mileage of expressway and additional mileage of expressway reached 2,929 km and 119 km respectively. During the year, the volume of passenger, the turnover volume of passengers, the volume of goods and the turnover volume of goods reached 1.537 billion person, 101 billion person kilometers, 1.837 billion tons and 500.5 billion ton kilometers, representing an increase of 13.0%, 13.3%, 16.2% and 18.0% respectively over last year.

As at the end of the year, the possession of civilian vehicle reached 2.098 million, representing an increase of 25.4%, in which the possession of private vehicle, civilian car and private car reached 1.368 million, 876,000 and 697,000 respectively, representing an increase of 35.8%, 34.1% and 41.2% respectively.

Policy environment of toll expressways

Pursuant to the spirit of《Notice of the Adjustment to the Toll Rates of Roads and Bridges of Anhui Province》, Wan Jiao Cai [2010] No.391, issued by Anhui Provincial Department of Communications and the Commodity Price Bureau of Anhui Province, with effect from 0:00 a.m. 10 November 2010, the tolls to be collected by Hening Expressway, Gaojie Expressway, Xuanguang Expressway and Lianhuo Expressway (Anhui Section), all owned by the Company, will be based on the new toll rates.

Unit: vehicle km

	Classification			
Vehicles type	**Passenger vehicles**	**Goods vehicles**	**Toll rates**	**Toll rates**
Type 1	≤ 7 seats	≤ 2 tons	RMB0.40	RMB0.45
Type 2	8 seats to 19 seats	2 tons to 5 tons (including 5 tons)	RMB0.70	RMB 0.80
Type 3	20 seats to 39 seats	5 tons to 10 tons (including 10 tons)	RMB1.00	RMB 1.10
Type 4	≥ 40 seat	10 tons to 15 tons (including 15 tons)	RMB1.20	RMB 1.30
		20 foot container	RMB1.20	
Type 5		> 15 tons	RMB1.40	RMB 1.50
		40 foot container	RMB1.40	

Toll rates applicable to goods vehicles with reference to their weight on expressways

Gross weight of goods vehicle	< 10 tonnes	10 tonnes < Gross weight of goods vehicle < 40 tonnes	> 40 tonnes
Basic toll rate (Original toll rate)	RMB0.08/tonnes for every km	RMB0.08/tonnes for every km and will be linearly reduced to RMB0.043/tonnes for every km	RMB0.043/tonnes for every km
Basic toll rate (New toll rate)	RMB0.09/tonnes for every km	RMB0.09/tonnes for every km and will be linearly reduced to RMB0.05/tonnes for every km	RMB0.05/tonnes for every km

The standards for overloaded goods vehicles: 2-shaft goods vehicles 17 tonnes (original 20 tonnes); 3-shaft goods vehicles 25 tonnes (original 30 tonnes); 4-shaft goods vehicles 35 tonnes (original 40 tonnes); 5-shaft goods vehicles 43 tonnes (original 50 tonnes); 6-shaft or above goods vehicles 49 tonnes (original 55 tonnes).

Extra tolls to be imposed on overloaded goods vehicles:

Overweight within 30% (including 30%), adjusted toll rate is RMB0.09/tonne per Kilometer; Overweight between 30% and 100% (including 100%), adjusted toll rate is between 3 times of RMB0.09/tonne per kilometer and increased linearly to 6 times of RMB0.09/tonne per kilometer; Overweight more than 100%, adjusted toll rate is 6 times of RMB0.09/tonne per kilometer.

The toll rate of New Tianchang Section of National Trunk 205, owned by the Company, remains unchanged. The standards for overloaded goods vehicles and extra toll rates as stipulated for expressways will be applicable for New Tianchang Section of National Trunk 205.

II. Analysis of Business Operation (in accordance with the PRC Accounting Standard)

The Group's profit mainly came from the operation of toll highways. As at the end of the reporting period, the Group operated six toll highways, including five expressways and one national trunk. The profile of the toll highways was set out in the "Profile of highways" in the appendix. As the turnover and results for the year were mainly derived from the operation of toll roads by the Group in Anhui Province, no analysis on the Group's turnover and contribution to operating profits in terms of segments and geographical regions was presented.

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

(I) Results summary

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

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

(II) Operations of toll highways

Operation of various sections

Name of roads	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2010	2009	Change (%)	**2010**	2009	Change (%)
Hening Expressway	100%	**19,721**	15,446	27.68	**836,051**	662,678	26.16
New Tianchang Section of National Trunk 205	100%	**6,561**	5,744	14.22	**59,026**	44,850	31.61
Gaojie Expressway	100%	**11,507**	9,866	16.63	**525,736**	435,298	20.78
Xuanguang Expressway	55.47%	**14,609**	12,229	19.46	**408,330**	335,598	21.67
Lianhuo Expressway Anhui Section	100%	**7,742**	6,868	12.73	**177,097**	171,889	3.03
Ninghuai Expressway Tianchang Section	100%	**15,722**	13,701	14.75	**63,164**	56,359	12.07

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

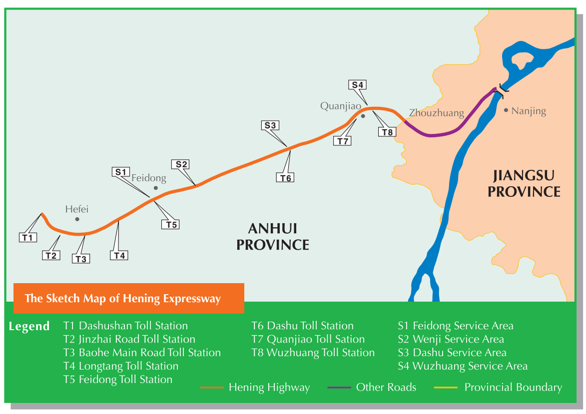
Principal business in terms of industries and products

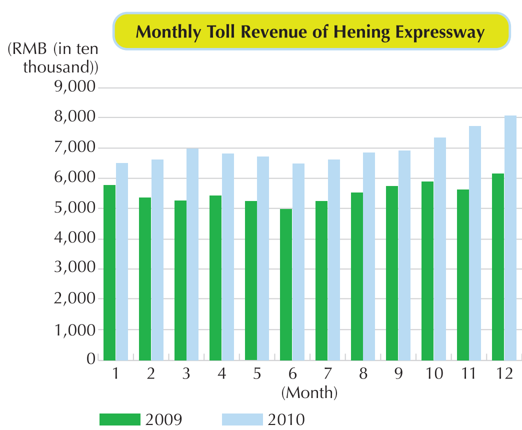
Name of roads	Operating income (RMB'000)	Operating costs (RMB'000)	Operating profit rate (%)	Change in operating income (%)	Change in operating costs (%)	Change in Operating profit rate (%)
In terms of industries						
Expressway operations	2,087,536	616,532	54	19.18	13.62	A decrease of 0.14 percent point
In terms of products						
Hening Expressway	846,738	276,762	48.72	24.1	46.03	A decrease of 10.04percent point
New Tianchang Section of National Trunk 205	59,026	22,653	44.86	31.61	-4.94	An increase of 15.92 percent point
Gaojie Expressway	530,782	125,616	63.19	17.31	3.94	An increase of 0.58 percent point
Xuanguang Expressway	408,330	90,584	58.74	21.67	4.12	An increase of 7.79 percent point
Lianhuo Expressway Anhui Section	178,197	76,427	40.16	1.14	-18.02	An increase of 7.94 percent point
Ninghuai Expressway Tianchang Section	64,463	24,490	48.77	7.14	-13.21	An increase of 8.56 percent point
Total	2,087,536	616,532	54	19.18	13.62	A decrease of 0.14 percent point

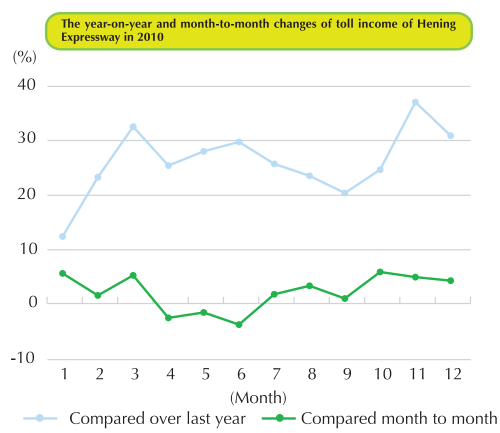
The growth of the Chinese and regional economy was the key factors of the increase of traffic volumes of the Group, the fast vitality of economic activities spurred the increase of traffic demands. During the reporting period, due to the natural increase of traffic volumes resulted from the growth of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

Hening Expressway

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



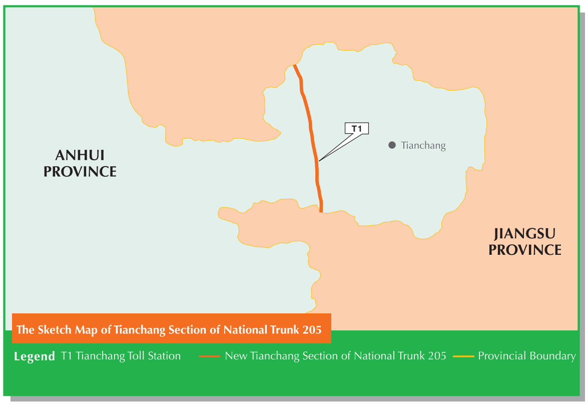


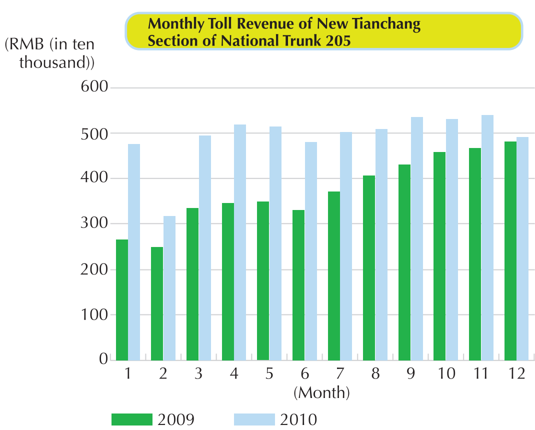


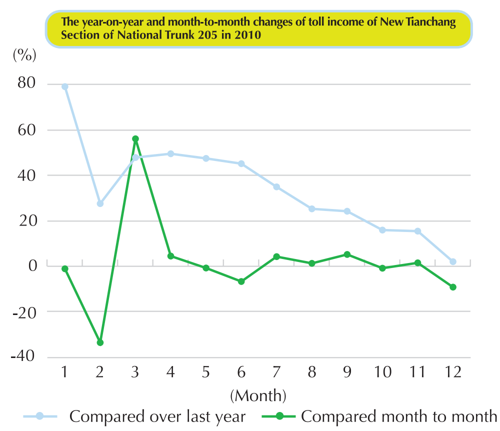
New Tianchang Section of National Trunk 205

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

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

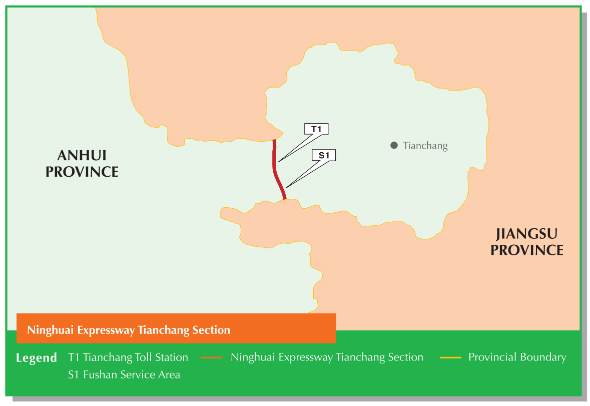


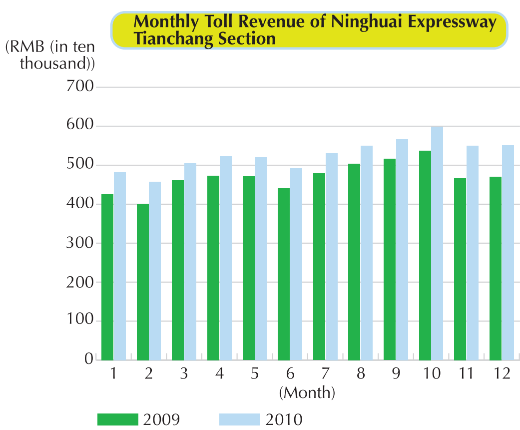


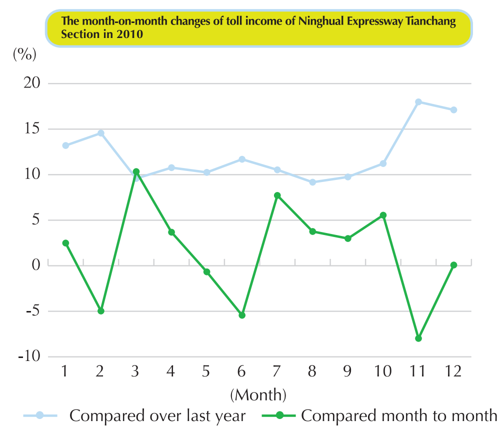


Ninghuai Expressway Tianchang Section

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

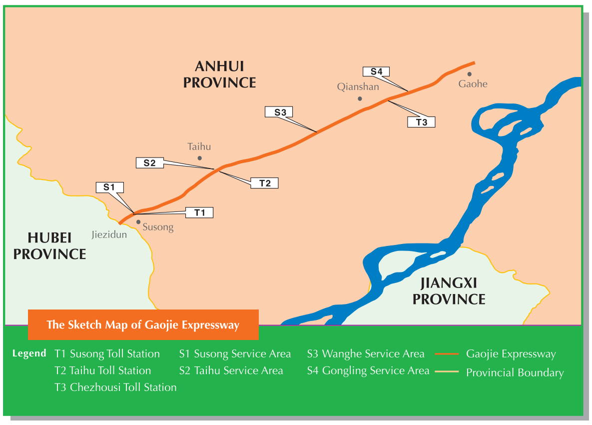


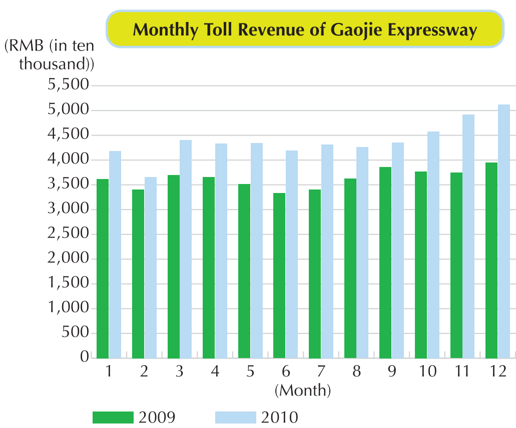


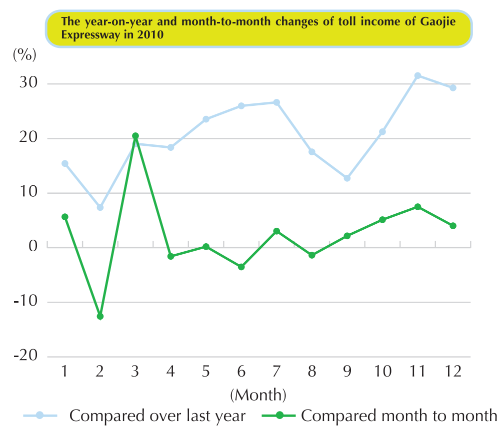


Gaojie Expressway

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

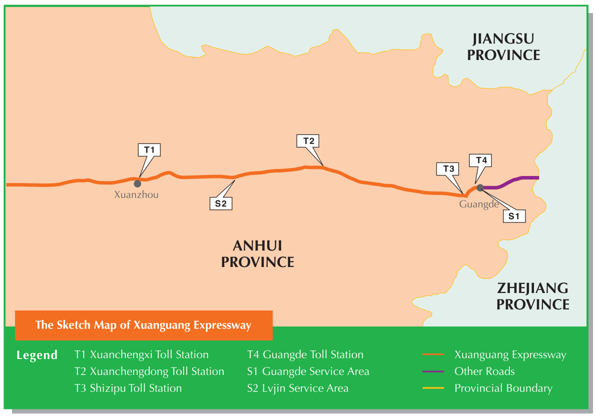


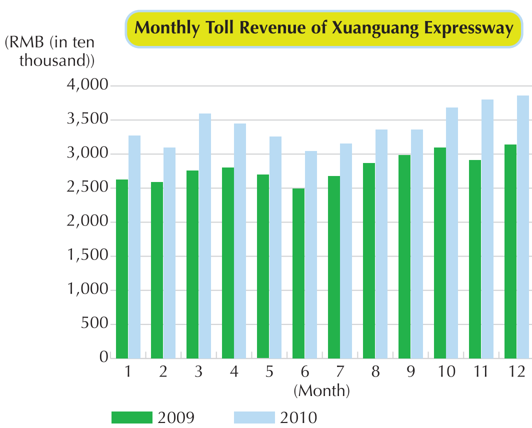


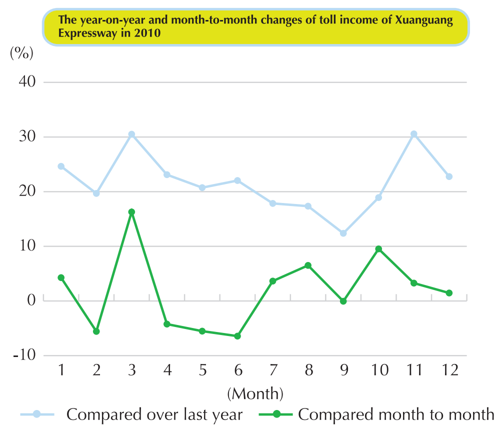


Xuanguang Expressway

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

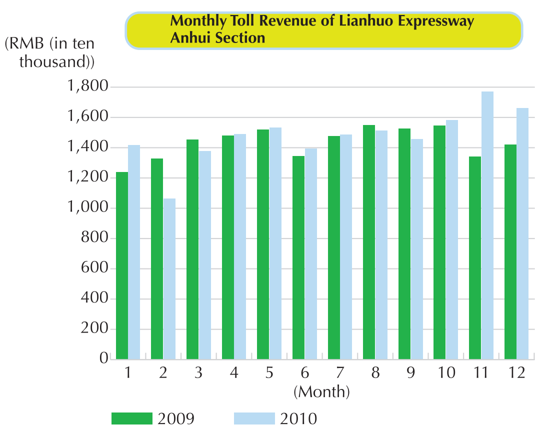


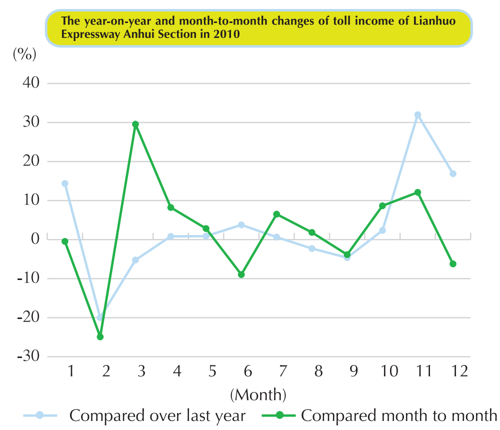




Lianhuo Expressway Anhui Section

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





(III) Operating conditions and results of principal subsidiaries and investee companies of the Company (In accordance with the PRC Accounting Standards)

Unit: RMB'000

Name	Interests held by the Group	Registered capital	Assets	Net profit (Loss)	Principal business
Xuanguang Company	55.47%	111,760	1,289,402	177,189	Construction, management and operation of Xuanguang Expressway
NingXuanhang Company	70%	100,000	580,554	—	Construction, design, supervision, toll collection, maintenance, management and technical consultation of highways and supporting service
Expressway Media	38%	50,000	144,725	12,354	Design, making, release and agency of domestic advertisementsInformation Investment

Note 1: All the above companies are incorporated in the PRC

Note 2: Ningxuanhang Company will be engaged in the construction and operation of Ningxuanhang Expressway (Anhui Section). As at 31 December 2010, Ningxuanhang Company was still in the process of setting up.

(IV) Principal customers and suppliers

As the principal customers of the Company are users of toll highways, whereas the principal suppliers of the Company are contractors of toll highways, there is no further information on principal customers and suppliers to be disclosed.

III. Investment of the Company

(I) Equity investment of the Company

Unit: RMB'000

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

(II) Investments other than the use of proceeds

1. Widening from four-lane to eight-lane of Hening Expressway

The Widening from four-lane to eight-lane of Hening Expressway with the section of Dashushan to inter-connected interchange of Longxi commenced in August 2006. The widening works is to be completed within 3 years with a total length of 42.64 km. The total investment of the widening works was expected to be approximately RMB1,964 million. The widening work was completed in September 2009.

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

2. Construction of Wantong Expressway Hi-tech Industrial Park

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

During the reporting period, RMB108 million was invested in the construction of Wantong Expressway Hi-tech Industrial Park and the accumulated investment was RMB251 million.

3. Reconstruction of Gaojie Expressway

The reconstruction of Gaojie Expressway was commenced in 2007 with the budgetary estimate of RMB970 million within two years. The reconstruction was fully completed in June 2009 with estimated expenditure of RMB830 million.

During the reporting period, owing to the project settlement, RMB7 million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB824 million.

4. **Construction of Ningxuanhang Expressway Xuancheng-Ningguo Section**

Ningxuanhang Expressway Xuancheng-Ningguo Section is a part of Ningxuanhang Expressway Anhui Section with a total mileage of 44km and an investment of RMB2,679 million. The construction of the section was started in September 2009.

During the reporting period, RMB420 million was invested in the construction works, as at the end of the reporting period, the accumulated investment was RMB545 million.

(III) Use of proceeds

According to the approval document (Zheng Jian Xu Ke No. [2009] 1074) issued by China Securities Regulatory Commission ("CSRC"), the Company successfully issued Corporate Bonds of RMB2 billion between 17 and 22 December 2009 through the internet and other ways. RMB1.5 billion of the proceeds from such issuance, net of issuance expense, will be used to repay loans from commercial banks and adjust the financial structure of the Company, and the balance will be used as additional working capital.

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

IV. Analysis of Financial Condition and Operating Results (In accordance with the PRC Accounting Standards)

(I) Analysis of Financial Condition

Total Assets

As at the end of the reporting period, the Group's total assets were RMB9,411,388 thousand, which was decreased by 1.7% from RMB9,573,686 thousand at the beginning of 2010. The decrease of total assets was the payment of interests of corporate bonds, repayment of short-term bank loans and decrease of monetary fund for payment of construction cost payables at the end of the year.

Current liabilities and Short-term Debt Paying Ability

As at the end of the reporting period, the Group's current liabilities were RMB812,810 thousand, which was decreased by 52.32% from RMB1,704,613 thousand at the beginning of 2010. As of 31 December 2010, the Group's current liabilities mainly included RMB120,000 thousand of short term borrowings, RMB424,465 thousand of accounts payables, RMB111,725 thousand of tax payables, RMB98,511 thousand of other payables, (including RMB21,736 thousand of toll income collected on behalf of the inter-network settlement center, RMB43,463 thousand of deposit from engineering projects, RMB15,643 thousand of land grant fee and RMB17,669 thousand of others).The above payables were free of interests other than short-term bank loans. The current liabilities of the Group will be paid within 12 months form the date of balance sheet in accordance with contract. Because the Group has ample cash inflows and considering that the facilities of RMB3,095,000 thousand not yet utilized as of 31 December 2010, the management of the group expect that it will have sufficient funds to repay the amounts due to as mentioned above.

Non-current liabilities and Debt Paying Ability

As at the end of the reporting period, the Group's non-current liabilities were RMB2,572,226 thousand, including 5-year corporate bonds of RMB1,976,757 thousand and long-term minority payables of RMB307,814 thousand. The total issuance of corporate bonds was RMB2,000,000 thousand with terms of 5 years. The corporate bonds were charged by simple interest annually starting from 17 December 2009 ending at 16 December 2014 with fixed annual interests of 5%, and paid interests annually, repay at maturity without redeeming. The long-term minority payables were free of interests and paid in accordance with the contract signed by the Group and minority shareholders. The non-current liabilities of the Group were as follows by paying terms (amount before discount):

RMB'000

	Less than one year	1 – 3 years	3 – 5 years	More than 5 years
31 December 2010				
Corporate bonds and relevant interests	100,000	200,000	2,100,000	
Long-term minority payables		32,952	76,592	375,872

According to the above paying terms, operation cash flows expectation and funds arrangements, the management believed that the Group has sufficient funds to repay the mature non-current liabilities.

Shareholders' equities

As at the end of the reporting period, the Group's shareholders' equities (excluding minority interests) were RMB5,756,707 thousand, representing an increase of RMB462,166 thousand from RMB5,294,541 at the beginning of the year. The Group had no equity transaction in 2010, the increase of shareholders' equities was mainly resulted from the accumulation of the Company's operating profit.

(II) Analysis of Operating Results

Operating income

The Group's operating income in 2010 was RMB2,109,565 thousand, which was increased by 19.08% from that in 2009. The increase of operating income was mainly due to the increase of toll income, the change of toll income of each highway was mainly due to the change of traffic volumes of each highway and the raise of toll rates in November 2010. As to analysis of traffic volumes, please see"business operating analysis".

	Percentage of each highway's toll income to the total revenue (%)						
Road	Hening Expressway	New Tianchang Section of National Trunk 205	Gaojie Expressway	Xuanguang Expressway	Lianhuo Expressway Anhui Section	Ninghuai Expressway Tianchang Section	Total
2010	40.67	2.83	25.48	19.37	8.56	3.09	100.00
2009	38.97	2.55	25.88	18.96	10.22	3.42	100.00

Operating costs

In 2010, the Group's operating costs were RMB619,917 thousand, representing an increase of 13.10% from that in 2009, which was mainly due to the increase of road operating costs, including the increase of depreciation and amortization costs of RMB106,030 thousand resulted from the increase of original value of road assets.

RMB'000

	Specific table of operating costs			
Project of Costs	Depreciation and amortization	Highways maintenance expenses	Other operating costs	Total
2010	78.70	11.28	10.02	100
2009	71.07	12.52	16.41	100

Management expenses

In 2010, the Group's management expenses were RMB161,409 thousand, representing an increase of 13.82% from that in 2009. The increase of management expenses was mainly due to the increase of number of staff' and their pay levels, which resulted in the increase of staff wages.

Finance costs

The finance costs of the Group were approximately RMB133,677 thousand for the year 2010, which increased by 95.50% as compared with prior year (2009: RMB68,378 thousand), which was mainly because that in 2010, the Group paid RMB100,000 thousand of interests of corporate bonds issued at the end of 2009, and that the widening of four-lane to eright-lane of Hening Expressway and reconstruction of Gaojie Expressway have been finished, the relevant interest capitalized expenses decreased in 2010.

Investment income

The investment income of the Group was approximately RMB10,400 thousand for the year 2010, which mainly includes the share of Expressway Media's (associated company of the Company) operating results with RMB4,695 thousand and the cash dividends received from the disposal of Information Investment with RMB5,208 thousand.

Non-operating expenses

In 2010, the Group's non-operating expenses were RMB34,465 thousand, which was mainly due to the loss from disposals of non-current assets and road damage expenditure.

Income taxation

In 2010, the enterprise income tax rate applicable to the Company and its subsidiaries, associated companies was 25%.

Income tax of the Group was approximately RMB265,069 thousand for the year 2010, which increased by 20.29% compared with last year. It is mainly because that the stable increase of operating income in 2010 resulted in the increase of income tax payables.

Net profit

In 2010, the net profit of the Group was RMB861,698 thousand, net profit attributable to shareholders of the parent company was RMB782,917 thousand, representing an increase of 17.97% and 16.25% respectively compared with that of the corresponding period of last year. The increase of net profit was mainly due to the increase of toll income..

(III) Cash flow analysis

In 2010, the Group's net cash flow from operating activities was RMB1,543,382 thousand, increased by 35.06% from that in 2009, which was mainly because that the toll income increased by RMB362,733 thousand compared with that of 2009.

In 2010, the Group's net cash outflow from investing activities was RMB725,894thousand, which was mainly used for Widening from four-lane to eight-lane of Hening Expressway, reconstruction of Gaojie Expressway, construction of Ningxuanhang Expressway and construction of Wantong Expressway Hi-tech Industrial Park.

In 2010, the Group's net cash inflow from financing activities was RMB389,400 thousand, which was mainly due to the bank loans.

In 2010, the Group's bank loans were RMB389,400 thousand in aggregate. As at the end of the reporting period, the balance of bank loans was RMB316,900 thousand, of which, the balance of short-term bank loans was RMB120,000 thousand with interest rates between 3.750% and 5.000%; All bank loans were repayable within 12 months; the balance of long-term bank loans was RMB196,900 thousand with weighted average interest rate of 5.512%, which was mainly the bank loans with floating interests for construction of Ningxuanhang Expressway. The interests was paid monthly and the principal will be paid between 2018 and 2025.

The Group was awarded with good credit ratings. In 2010, the total credit facilities granted during the year was RMB3,215 million, and the facilities not yet utilized were RMB3,095 million.

(IV) Capital expenditures analysis

In 2010, the Group's capital expenditure totaled RMB726 million, which mainly comprised the Widening from four-lane to eight-lane of Hening Expressway, reconstruction of Gaojie Expressway, construction of Ningxuanhang Expressway and construction of Wantong Expressway Hi-tech Industrial Park, which was funded by internal resources, corporate bonds and current capital from bank loans.

As at the end of the reporting period, outstanding capital commitments of the Group were as follows:

The capital expenditure commitment of the Widening from four-lane to eight-lane of Hening Expressway, etc was RMB159,000 thousand contracted for but not necessarily confirmed in the balance sheet.

(V) Capital structure analysis

In terms of capital liquidity:

	31 December 2010 (%)	31 December 2009 (%)
Current liabilities	**8.64**	17.81
Non-current liabilities	**27.33**	24.42
Shareholders' equities attributable to the Company	**61.17**	55.30
Minority interests	**2.86**	2.47

In terms of interest rates:

	31 December 2010 (%)	31 December 2009 (%)
Fixed interest rate liabilities	**24.37**	30.88
Interest-free liabilities	**11.60**	11.35
Shareholders' equities attributable to the Company	**61.17**	55.30
Minority interests	**2.86**	2.47

The Group's short-term bank loans and bonds payables are all fixed rate liabilities, the interests of long-term bank loans adjust annually according to the loan contracts with the adjustment of benchmark interest rate adjusted by People's Bank of China. Fluctuation in interest rates will not have any material impact on the Group's operating results. The Group's floating interest liabilities are mainly general payables and long-term payables to minority shareholders of subsidiaries.

V. The innovation of technology during the reporting period

During the reporting period, the Company actively introduced new maintenance technologies and implemented crack grouting treatment, low-noise micro-surfacing and cold regeneration overhaul test etc. in some road sections. This is not only economical but also greener and more environmentally friendly. A number of scientific research projects such as asphalt pavement preventive maintenance packaged technology research, roads and bridges salt damage prevention technology research have passed the acceptance appraisal. The research on expressway maintenance quota was initially completed, achieving better economic and social benefits.

VI. Development Environment and Plans

(1) Development environment

From the perspective of the macroeconomic environment, the current Chinese economy is during a period of transition from an upturn to steady growth. A positive fiscal policy and a prudent monetary policy will be implemented in the future to maintain the steady and rapid development of economy.

With the acceleration of industrialization and urbanization in Anhui Province, the GDP will increase substantially and the living standard of people will improve gradually, which will bring about a further increase in spending power including travel needs. In particular, the acceleration of regional economic integration and the continuous strengthening of regional cooperation will create more urgent needs for more convenient and more expedite transportation. According to the plan, by the end of 2015, the mileage of expressways in Anhui Province will reach 4,200 kilometres. The Group will strive to increase the mileage to 4,500 kilometres, thus basically completing the backbone expressway network of "four vertical and eight horizontal". The expressways are accessible within half an hour in all counties and cities of the province.

Based on the above, Anhui will usher in a "golden age" for transportation in the next five years, which will also bring about rare development opportunities for the development of the Group. However, as China is stepping up its efforts in constructing integrated transportation systems, the development of high-speed railways and air transport will lead to some diversion of passengers. The development of ordinary railways and marine transportation will have an impact on cargo transportation. All these will increase the competition and operating risks associated with expressways.

(2) Work plans for 2011

It is reasonably expected that there would not be material changes in significant aspects of operating environment. On this basis, the expected total toll revenue of the Group will be RMB2.253 billion in 2011 (2010; actual toll revenue of RMB2.069 billion). The increase is mainly attributable to the organic growth of traffic volume resulting from the economic growth and the adjustment to toll revenue. The expenses plan in 2011: depreciation and amortization expenses of the Group will be approximately RMB508 million; finance expenses will be approximately RMB143 million; the administration expenses will slightly increase compared with that of 2010, which is mainly due to the increase of remuneration costs of staff.

Main work plan for the year:

Enhancing operational management and facilitating the improvement of service quality

The Group will further strengthen toll management and step up efforts in stopping leaks and increasing revenue and ensure the completion of the toll revenue plan. The Group will also accelerate the construction of electronic non-stop toll collection systems to increase the efficiency of traffic. The Group will reinforce the study of operational management and business guidance and propose ideas and solutions in response to new situations and new problems such as the adjustment of the toll policy, an increasing number of networked road sections and increasingly diverse and hidden means of evading tolls.

The Group will persist in the maintenance policy of "focusing on prevention, combining prevention and control, scientific maintenance, ensuring quality, emphasizing safety, ensuring smooth traffic" and realistically promote the work of road maintenance so as to strive to create a "safe, smooth, green, clean and beautiful" traffic environment. The Group will continue to implement preventive and periodical maintenance to further increase the rate of high-grade roads and reduce maintenance costs. The Group will be well prepared in an all-round manner for the national inspection of highway maintenance management in order to secure the leading position of in the industry.

Enhancing measures and reinforcing and stepping up the "smiling" campaign

The "smiling" campaign is a long-term effort and should be implemented unremittingly and consistently. This shall start with various measures such as increasing awareness, organization and leadership, supervision and inspection, the performance of responsibilities, the promotion of activities and encouragement and incentive so as to further the implementation of the "smiling" campaign.

Seizing opportunities and devoting full efforts to expressway construction

The Group will promote the construction of the Xuancheng-to-Ningguo Section of Ningxuanhang Expressway and reconstruction of National Trunk 205 New Tianchang Section effectively and gradually. The Group will enhance project management and process control to improve the quality of project construction. The Group will implement sophisticated management and effectively control construction cost and management cost. By relying on technological innovation, the Group will promote the application of new technologies, new materials and explore the low-carbon construction model.

Improving systems and mechanisms and increasing the governance standard in an all-round manner

By taking the opportunity of the implementation of The Basic Standard for Enterprise Internal Control issued jointly by five government authorities and regulatory bodies, as well as various internal control guidelines, the Company will further refine and optimize its internal control system.

In addition, the Company will continue to propel culture implantation to promote the continued establishment of corporate culture.

(3) Outlook

The Group will grasp the good development opportunity to continue to persist in expanding its principal business and implement normative operational management. The Group will put more emphasis on the experience and needs of the service objects and increasing the standard of integrated services to further increase the smooth traffic rate of roads, the credibility of the Company and the satisfaction of the public and strive to build the Company into a large toll road company featuring significant core business, healthy operation, sound governance structure and high management level.

Director and General Manager
Li Yungui

Hefei, Anhui, the PRC
11 March 2011

The Supervisory Committee exercises independent power according to law to supervise the Company and safeguards the legitimate interests of shareholders, the Company and employees from being infringed. The Supervisory Committee is accountable to the general meeting and its major functions include examining the Company's finance, supervising the decisions and operating procedures in relation to major operating activities and connected transactions, and supervising the legality and compliance of directors and senior management in performing their duties etc. The Supervisory Committee consists of 3 supervisors, including 2 shareholder's representatives and 1 employee's representative. The number of supervisors and the composition has complied with the requirements of the rules and regulations.

In 2010, all members of the Supervisory Committee have strictly complied with the requirements of the "Corporate Law", "Listing Rules", "the Articles of Association" of the Company and "the Standing Orders of the Supervisory Committee". Under the general principle of the faith, they performed their duties prudently and actively with an aim to protect the statutory interests of the shareholders and the Company.

In 2010, the Supervisory Committee held six meetings, the notice, convening and resolutions of which were in accordance with the statutory procedures and the Articles of Association of the Company. The major events of the Supervisory Committee considered and examined included:

Meetings of the Supervisory Committee	**Items**
7th meeting of the 5th Supervisory Committee	— To approve the resigned application of Mr. Li Huaijie, the chairman of the Supervisory Committee for retirement;
8th meeting of the 5th Supervisory Committee	— To elect Mr. Wang Weisheng as the chairman of the Supervisory Committee with terms commencing from the election date to 16 August 2011;
9th meeting of the 5th Supervisory Committee	— To consider and examine the 2009 working report of the Supervisory Committee; — To consider and examine the 2009 annual report (including results announcement, summary of annual report and audited financial statement); — To consider and examine the 2009 annual profit appropriation proposal; — To consider and examine the adjustment of remuneration of internal supervisors of the Company.
10th meeting of the 5th Supervisory Committee	— To consider and examine the 2010 first quarterly report
11th meeting of the 5th Supervisory Committee	— To consider and examine the 2010 interim report (including summary of interim report and 2010 interim results announcement);
12th meeting of the 5th Supervisory Committee	— To consider and examine the 2010 third quarterly report

Section XI Report of the Supervisory Committee

In 2010, the Supervisors attended all the Board meetings, examined the subscription of written resolution of the Board and effectively supervised the management behaviors of Directors, the Management and the Senior Management and the decision-making situations of the Company.

The Supervisory Committee issued the following opinions related to relevant items in 2010 in accordance with relevant regulations:

1. Compliance with law in operations

During the reporting period, the Supervisory Committee conducted supervisions on the procedures for convening shareholders' general meetings and Board meetings, matters to be resolved, implementation of resolutions of general meetings by Directors, and implementation of Board resolutions by the management, and considered that the procedures for the Company's establishment of various systems were regularized, system implementations, daily operation and management activities were operated in accordance with the laws and regularized operations, the internal system constantly perfected and the corporate governance improved. The Directors and senior management of the Company were able to prudently and diligently perform their duties for the overall benefits of the shareholders and the Company. There were no actions in violation of the laws and regulations, and no abuse of powers or actions which might harm the benefits of the Company and the interests of the shareholders and the staff.

2. Financial situation of the Company

The Supervisory Committee carefully examined the 2010 financial report, profit appropriation plan and other accounting documents, considered that the financial income and expenses account of the Company was clear, the accounting calculation and financial management conformed with relevant rules and did not find questions. The Group's domestic and overseas auditors have audited the Company's 2010 financial reports based on the PRC GAAP and HKFRS respectively, and have issued standard and unqualified opinions on the consolidated financial statements. Having made reviews, the Supervisory Committee considered that the audit reports were objective, true, and fairly reflected the financial situation, operation results and cash-flow of the Company.

3. Use of proceeds

In December 2009, the Company issued the corporate bonds of RMB2 billion and the proceeds were used to perfect the Company's financial status. During the reporting period, RMB650 million of proceeds has been used. As at the end of the reporting period, all of the proceeds have been fully used. The Supervisory Committee examined that the use of proceeds was in accordance with the undertakings in the Prospectus with no change.

4. Assets acquired or sold by the Company

During the reporting period, the Company transferred 18% equity interests of Hefei Information Investment Company Limited to an external party. The price of the equity transaction was based on the net asset value after asset appraisal, and the equity was transferred through public listing on the equity exchange. The aforesaid transaction completed the public listing and transfer procedures on the equity exchange in accordance with laws, regulations and policies, and no insider transactions nor any acts harming the interests of part of the shareholders or causing asset losses of the Company were identified.

5. Connected transactions of the Company

The Supervisory Committee was of the opinion that all contracts, agreements and other relevant documents pertaining to the connected transactions complied with the laws. These contracts and agreements were fair and reasonable, without prejudice to the interests of the Company and its shareholders. The connected transactions were conducted strictly in compliance with fair, partial and open principles. In order to safeguard the interests of the public shareholders, the Company processed the connected transactions of which its controlling shareholders are parties to it in accordance with applicable requirements. No act of which is damaging to the interests of the public shareholders was reported.

6. Review of the self-evaluation report on internal control

The Supervisory Committee has conscientiously reviewed the "self-evaluation report on the internal control of the Company" issued by the Board and considers: From 1 January 2010 to the end of the reporting period, the internal control system of the Company was sound and its implementation was effective, and no material defects in the design or implementation of internal control were identified. The report gives an objective and fair view of the actual situation of the internal control of the Company and the committee has not objection to the report.

By Order of the Supervisory Committee
Wang Weisheng
Chairman

Hefei, Anhui, the PRC
11 March 2011

I. Material litigation and Arbitration.

The Company was not involved in any material litigation or arbitration during the reporting period.

II. Bankruptcy Reorganization, Suspended or Termination of Listing of Shares

There was not involved in any bankruptcy reorganization during the reporting period.

III. Holding Interests of Other Listed Companies and Participation in Financial Companies

The Company was not involved in holding interests of other listed companies and participation in financial companies during the reporting period.

IV. Implementation of Share Incentive Scheme

The Company has not complemented the share incentive scheme

V. Assets Trading

Disposal of assets

Unit: RMB

Counterparty	Asset disposed of	Date of disposal	Price of disposal	Net profit contributed by the asset to the listed company from the beginning of the year to the date of disposal	Profit/loss arising from the disposal	Connected Transaction or not (if yes, please explain the pricing principle)	Pricing principle for the disposal of the asset	Has the relevant asset title been transferred completely	Has the relevant claims and liabilities been transferred completely	Net profit contributed by the asset as a percentage of the net profit of the listed company (%)
Hefei Huayuan Property Co., Ltd.	18% equity interests of Hefei Information Investment Company Limited	26 November 2010	23,301,522	5,208,316	5,208,316	No	Assessed value of net assets	Yes	Yes	0.67

After consideration and approval by the 17th meeting of the 5th Board of the Company, the Company agrees to transfer the 18% equity interests held by it in Hefei Information and Investment. The transfer price is based on the assessed value of net assets. The transfer has been approved by the Wan Guo Zi Chan Quan Han (2010) No.424 issued by the State-owned Assets Supervision and Administration Commission of Anhui Province and was made on the Anhui Provincial Equity Exchange through public listing. On 17 November 2010, the Company transferred the entire 18% equity interestsof Information Investment Company to a third party, Hefei Huayuan Property Development Co., Ltd. The difference of RMB5,208,316.00 between the transfer price received of RMB23,208,316.00 and the investment cost was included in the investment gain.

VI. Significant Connected Transactions

1. Connected transactions in relation to daily operations

Unit: RMB'000

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Anhui Expressway Group	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	6,871	17.11%	Transfer
Yanjiang Expressway	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	3,866	9.63%	Transfer
Hehuaifu Expressway	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	2,292	5.71%	Transfer
Liuqian Expressway	To provide managemen service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,800	4.48%	Transfer
Anlian Company	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,467	3.65%	Transfer
Fuzhou Expressway	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,003	2.50%	Transfer
Bangning Property	To receive management service of project construction HI-tech Park	Made by negotiations through fair principles with reference to its costs	2,130	6.15%	Transfer
Expressway Investment	To receive management service of project construction HI-tech Park	Made by negotiations through fair principles with reference to its costs	1,584	1.24%	Transfer

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Xiandai Transportation	To receive management service of project construction HI-tech Park	Made by negotiations through fair principles with reference to its costs	260	0.20%	Transfer
Bangning Property	To receive property management service	Made by negotiations through fair principles with reference to its costs	1,373	3.96%	Transfer
Expressway Inspection Center	To receive construction inspection service	Made by negotiations through fair principles with reference to its costs	979	1.72%	Transfer
Highway Project Supervision Company	To receive supervisory service of project construction	Made by negotiations through fair principles with reference to its costs	183	0.47%	Transfer
Yida Company	To lease service areas of the Company	To recognize on a straight-line basis over the lease period	7,000	38.61%	Transfer
Yida Company	To lease the NO. 1 research and development building in New and High-tech Park	To recognize on a straight-line basis over the lease period	378	13.66%	Transfer
Xiandai Transportation	To lease the NO. 9 research and development building in New and High-tech Park	To recognize on a straight-line basis over the lease period	360	13.03%	Transfer
Bangning Property	To lease Room 602 of apartment building in New and High-tech Park	To recognize on a straight-line basis over the lease period	10	0.36%	Transfer
Remuneration of key administrators	To pay for key administrators		2,385	2.51%	
Total			33,941		

2. Related debtor and creditor account

Unit: RMB'000

Related parties	The Company provides capital to related parties Amount incurred	Balance	Related parties provide capital to the Company Amount incurred	Balance
Xuancheng Highway Management	0	0	0	281,303
Xuancheng Transportation and Construction	0	0	0	26,511
Xiandai Transportation	0	0	360	1,953
Yida Company	0	0	378	161
Total	0	0	738	309,928

Reasons for related debtor and creditor account	Apart from the joint investment of Xuancheng Highway Management and Xuancheng Transportation and Construction exceeding long-term payables of registered capital of subsidiaries, connected parties receivables and payables were both produced from the above connected transactions and borrowings of staff. The amounts had no guarantee, bore no interest and no fixed repayment deadline.

3. Confirmation by the Independent Directors Regarding Connected Transactions

The Independent non-executive directors of the Company have reviewed the above connected transactions above and confirmed that:

(1) The transactions were carried out in the normal and usual course of business of the Company;

(2) The transactions were carried out on normal commercial terms (as compared with transactions of similar nature carried out by the similar entities in the PRC) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and

(3) The transactions were carried out in accordance with the terms of agreement governing such transactions.

VII. Material contracts and Their Implementation

1. Material custody, subcontracting and leasing items

During the reporting period, the Company was not involved in any material custody, subcontracting and leasing.

2. Material guarantee

During the reporting period, the Company provided a guarantee of RMB500 million for the Company's subsidiary Ningxuanhang Company, which was approved at the 18th meeting of the 5th Board, held on 18 August 2010.

The Company provided a guarantee for the Company's subsidiaries

Amount of guarantee for the Company's subsidiaries during the reporting period	RMB130 million
Total amount of guarantee for the Company's subsidiaries at the end of the reporting period (B)	RMB130 million

Total guarantee of the Company (including guarantee for the Company's subsidiaries)

Total guarantee	RMB130 million
The percentage of total guarantee to the net assets of the Company	2.26%
Of which:	
To provide for shareholders, real controller and its connected parties	0
To provide guarantee amount for guarantee agencies with asset-liability ratio more than 70% directly or indirectly	0
Guarantee amount more than 50% of net assets	0
Total guarantee amount of the above items	0

3. Financial entrustment

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

4. Other Material Contracts

During the reporting period, the Company and its subsidiaries did not entered into any material contracts or provide any loans with the Company's controlling shareholder or its subsidiaries and connected persons.

VIII. Implementation of Undertakings

(1) Pursuant to the Reorganization Agreement signed by the Company and Anhui Expressway Group on 12 October 1996, Anhui Expressway Group has undertaken that it will not participate in any businesses or activities, which will compete against the Company either directly or indirectly.

(2) Particular undertakings made by the shareholders of non-circulating shares of the Company during the Share Segregation Reform and their implementation.

Name of shareholders	Particular commitments	The implementation of their undertakings
Anhui Expressway Holding Group Company Limited	(1) The Shareholders of Non-circulating Shares have undertaken to pay relevant expenses arising from the Share Segregation Reform proportional to the respective percentages of the Company's Non-circulating Shares held by them immediately prior to the implementation of the Share Segregation Reform;	Implemented their undertakings carefully without breach.
	(2) Within 3 years from the implementation date of the Share Segregation Reform Proposal, the Shareholders of Non-circulating Shares undertook to sell their shares, if they need to, with the price not less than RMB8.28 (such price to be calculated on an ex-rights basis if dividends distribution, allotment of shares and capitalization of capital reserve are implemented); The proceeds from any sale by Shareholders of Non-circulating Share in breach of such undertaking shall be reverted to the Company's account for the benefit of all shareholders of the Company;	

Name of shareholders	Particular commitments	The implementation of their undertakings
Huajian Transportation Economic Development Center	(3) All Shareholders of Non-circulating Shares undertook that, during three continuous years immediately following the completion of implementation of the Reform Proposal, they should propose at the annual general meeting of the Company that the Company's dividends distributable in cash shall not be less than 60% of the period available for distribution to the shareholders for the corresponding periods and undertook to vote for such resolutions at the annual general meeting; (4) Shareholders of Non-circulating Shares undertook that, upon the completion of this Share Segregation Reform, they will make recommendation for formulation of long term incentive scheme, including the share incentive scheme, to the Board of Directors of the Company. Such long-term incentive scheme will be implemented by Board of Directors in accordance with the relevant regulation of the State or upon approval by the general meeting of shareholders; (5) In the future, Anhui Expressway Holding Group Company Limited will continue to support the Company to purchase good-quality road assets owned by Anhui Expressway Holding Group Company Limited, as always, pay attention to protect shareholders' interests.	

IX. Appointment and Dismissal

PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co. Ltd and PricewaterhouseCoopers Certified Public Accountants were approved to be appointed as the PRC auditors and Hong Kong auditors for 2010 respectively at the 2009 Annual General Meeting. Details are given in "Control System" of" Corporate Governance Structure and Governance Report"

X. Punishment by Regulatory Authorities

During the reporting period, the Company, Directors, Supervisors, Senior Management, Shareholders and the Real Controller of the Company have not been involved in any punishment by regulatory authorities

XI. If the Company was included in the serious pollution enterprise list announced by environment protecting department: No

XII. Issue of Corporate Bonds

On 6 March 2009, the "Proposal of Issuance of Corporate Bonds" was examined and approved at the 5th meeting of 5th Board of Directors and approved at the 2008 Annual General Meeting held on 24 April 2009. The issuance of not more than RMB2 billion corporate bonds was approved by "Reply on Approving Public Issuance of Not More Than RMB2 Billion of Anhui Expressway Company Limited" (Zheng Jian Xu Ke No.[2009] 1074) issued byChina Securities Regulatory Commission ("CSRC") on 14 October 2009. The "Proposal of Related Iterms to Issuance Provisions of Corporate Bonds" was examined and approved at the 11th meeting of 5th Board of Directors held on 4 December 2009. The Company successfully issued Corporate Bonds of RMB2 billion on 17 December 2009 through the internet and other ways. The carrying amount of such Bond is RMB100 each. Such Corporate Bonds were issued at par with a term of 5 years, the interest of which is calculated at a fixed simple interest rate of 5% per annum. The issuance of Corporate Bonds was completed on 22 December 2009. The Corporate Bonds have been listed in the Shanghai Stock Exchange since 21 January 2010 (Stock Name: 09 Wantongzhai; Stock Code: 122039).

The proceeds from the Corporate Bonds were used to pay bank loans and replenish current funds, which can optimize the Company's financing structure and reduce financing costs. Besides, the issuance of Corporate Bonds will increase the proportion of long-term liabilities, perfect the Company's debt structure, improve the assets and liabilities management ability, lock financial costs, reduce financial risk, as well as actively utilize capital market and widen financing channels to provide strong support for future business development.

XIII. Pre-emptive Rights

Neither the Articles of Association of the Company nor the PRC laws require the Company to offer pre-emptive rights to its existing shareholders for subscription of new shares according to the proportions of their shareholdings.

XIV. Other Major Events

American depositary receipt ('ADR') program

On 11 June 2009, the Company set up an American depositary receipt ('ADR') program with Bank of New York Mellon (as the depositary bank). The number of ADR registered by the Company under the ADR program is 50,000 thousand. Each ADR represents ten ordinary H shares traded on the Hong Kong Stock Exchange. As at the report release date, no share is accepted for deposit.

Settlement and Cancellation of Kangcheng Pharmaceutical

In view of the bad operation of Kangcheng Pharmaceutical since its incorporation, it failed to get a profit and the shareholders' interests will lose with its continuing exist. Approved by the 18th meeting of the 5th Board, the management was authorized to handle the settlement and cancellation of Kangcheng Pharmaceutical.

As at the end of the reporting period, the cancellation registration procedures of Kangcheng Pharmaceutica have been dealt with end.

Section XIII Documents Available for Inspection

Including the following documents:

I. The original copy of the Annual Report signed by the Chairman;

II. The accountant's report, signed by the legal representative, accountant director in charge of accounting, and accounting director and stamped with corporate seal;

III. The original copy of auditor's report, sealed by PricewaterhouseCoopers Zhongtian CPAs, signed by the public accountant; the financial statement prepared in accordance with the Chinese Accounting Standards and the original copy of auditor's report signed by PricewaterhouseCoopers CPAs and the financial statement prepared in accordance with the Hong Kong Accounting Standards;

IV. The original copies of corporate documents and announcements published in the Shanghai Securities Post and China Securities Post.

V. The Articles of Association.

Place of inspection:

The Office of the Secretary to the Board of Directors
520 Wangjiang West Road, Hefei, Anhui, the PRC

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Independent Auditor's Report

To the shareholders of ANHUI EXPRESSWAY COMPANY LIMITED
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Anhui Expressway Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 100 to 173, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 March 2011

Consolidated balance sheet

As at 31 December 2010
(All amounts in Renminbi thousands unless otherwise stated)

		As at 31 December	
ASSETS	Note	**2010**	2009
Non-current assets			
Concession intangible assets	6	**7,812,462**	7,804,775
Lease prepayments	7	**12,389**	11,835
Property, plant and equipment	8	**819,270**	748,628
Investment properties	9	**28,970**	33,724
Intangible assets	10	**1,800**	2,549
Investments in an associate	13	**31,564**	26,869
Available-for-sale financial assets	14	**—**	18,000
		8,706,455	8,646,380
Current assets			
Inventories	16	**3,761**	2,395
Trade and other receivables	15	**78,837**	23,087
Cash and cash equivalents	17	**756,507**	1,042,968
		839,105	1,068,450
Total assets		**9,545,560**	9,714,830
EQUITY			
Equity attributatble to owners of the Company			
Ordinary share capital	18	**1,658,610**	1,658,610
Share premium	18	**1,415,593**	1,415,593
Other reserves	19	**235,174**	147,372
Retained earnings			
– Proposed final dividend	35	**348,308**	331,722
– Others		**2,217,129**	1,864,085
		5,874,814	5,417,382
Non-controlling interests		**270,597**	237,302
Total equity		**6,145,411**	5,654,684

The notes on pages 108 to 173 are an integral part of these consolidated financial statements.

(All amounts in Renminbi thousands unless otherwise stated)

		As at 31 December	
LIABILITIES	Note	**2010**	2009
Non-current liabilities			
Long-term payables	24	**307,814**	275,551
Borrowings	22	**2,173,657**	1,971,662
Deferred income tax liabilities	25	**59,896**	63,553
Deferred income	20	**45,972**	44,000
		2,587,339	2,354,766
Current liabilities			
Trade and other payables	21	**590,342**	646,669
Current income tax liabilities	32	**73,519**	45,542
Provision	23	**28,949**	28,169
Borrowings	22	**120,000**	985,000
		812,810	1,705,380
Total liabilities		**3,400,149**	4,060,146
Total equity and liabilities		**9,545,560**	9,714,830
Net current assets / (liabilities)		**26,295**	(636,930)
Total assets less current liabilities		**8,732,750**	8,009,450

The financial statements on pages 100 to 101 were approved by the Board of Directors on 11 March 2011 and were signed on its behalf.

Zhou Renqiang
Director

Li Yungui
Director

The notes on pages 108 to 173 are an integral part of these consolidated financial statements.

Balance sheet

As at 31 December 2010
(All amounts in Renminbi thousands unless otherwise stated)

		As at 31 December	
ASSETS	Note	**2010**	2009
Non-current assets			
Concession intangible assets	6	**6,619,785**	6,984,662
Lease prepayments	7	**12,389**	11,835
Property, plant and equipment	8	**805,410**	754,720
Investment property	9	**28,970**	33,724
Intangible assets	10	**127**	—
Investments in subsidiaries	11	**161,202**	138,495
Loans to subsidiaries	12	**268,322**	219,179
Investments in associates	13	**18,999**	18,999
Deferred income tax assets	25	**4,320**	8,642
Available-for-sale financial assets	14	**—**	18,000
		7,919,524	8,188,256
Current assets			
Inventories	16	**3,761**	2,395
Trade and other receivables	15	**64,701**	22,028
Cash and cash equivalents	17	**664,366**	950,169
		732,828	974,592
Total assets		**8,652,352**	9,162,848
EQUITY			
Equity attributatble to owners of the Company			
Ordinary share capital	18	**1,658,610**	1,658,610
Share premium	18	**1,415,593**	1,415,593
Other reserves	19	**869,159**	781,357
Retained earnings			
– Proposed final dividend	35	**348,308**	331,722
– Others		**1,843,045**	1,559,694
Total equity		**6,134,715**	5,746,976

The notes on pages 108 to 173 are an integral part of these consolidated financial statements.

(All amounts in Renminbi thousands unless otherwise stated)

		As at 31 December	
LIABILITIES	Note	**2010**	2009
Non-current liabilities			
Borrowings	22	**1,976,757**	1,971,662
Deferred income	20	**45,972**	44,000
		2,022,729	2,015,662
Current liabilities			
Trade and other payables	21	**405,599**	584,148
Current income tax liabilities	32	**60,625**	38,159
Provision	23	**28,684**	27,903
Borrowings	22	**—**	750,000
		494,908	1,400,210
Total liabilities		**2,517,637**	3,415,872
Total equity and liabilities		**8,652,352**	9,162,848
Net current assets / (liabilities)		**237,920**	(425,618)
Total assets less current liabilities		**8,157,444**	7,762,638

The financial statements on pages 102 to 103 were approved by the Board of Directors on 11 March 2011 and were signed on its behalf.

Zhou Renqiang
Director

Li Yungui
Director

The notes on pages 108 to 173 are an integral part of these consolidated financial statements.

Consolidated income statement

For the year ended 31 December 2010
(All amounts in Renminbi thousands unless otherwise stated)

	Note	Year ended 31 December 2010	2009
Revenues	27	**2,541,014**	2,528,640
Cost of sales	29	**(1,114,878)**	(1,367,370)
Gross profit		**1,426,136**	1,161,270
Other gains / (losses) - net	28	**4,047**	(3,902)
Administrative expenses	29	**(162,299)**	(142,083)
Operating profit		**1,267,884**	1,015,285
Finance costs - net	31	**(137,549)**	(71,710)
Share of profit of an associate	13	**4,695**	2,941
Profit before income tax		**1,135,030**	946,516
Income tax expense	32	**(265,791)**	(221,866)
Profit for the year		**869,239**	724,650
Attributable to:			
Equity holders of the Company		**789,154**	667,434
Non-controlling interests		**80,085**	57,216
		869,239	724,650
Basic and diluted earnings per share			
(expressed in RMB per share)	34	**0.4758**	0.4024
Dividends	35	**348,308**	331,722

The notes on pages 108 to 173 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2010
(All amounts in Renminbi thousands unless otherwise stated)

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

The notes on pages 108 to 173 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2010
(All amounts in Renminbi thousands unless otherwise stated)

	Note	Attributable to equity holders of the Company					
		Ordinary share capital (Note 18)	**Share premium** (Note 18)	**Other reserves** (Note 19)	**Retained earnings**	**Non-controlling Interests**	**Total**
Balance at 1 January 2009		1,658,610	1,415,593	74,064	1,983,161	220,221	5,351,649
Comprehensive income							
Profit for the year		—	—	—	667,434	57,216	724,650
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	667,434	57,216	724,650
Profit appropriation	36	—	—	69,727	(69,727)	—	—
Others		—	—	3,581	(3,581)	—	—
Transactions with owners							
2008 final dividends		—	—	—	(381,480)	—	(381,480)
2008 dividends to non-controlling interests by a subsidiary		—	—	—	—	(43,674)	(43,674)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax	24	—	—	—	—	3,539	3,539
Balance at 31 December 2009		1,658,610	1,415,593	147,372	2,195,807	237,302	5,654,684
Comprehensive income							
Profit for the year		—	—	—	789,154	80,085	869,239
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	789,154	80,085	869,239
Profit appropriation	36	—	—	71,946	(71,946)	—	—
Others	19	—	—	15,856	(15,856)	—	—
Transactions with owners							
2009 final dividends	35	—	—	—	(331,722)	—	(331,722)
2009 dividends to non-controlling interests by a subsidiary		—	—	—	—	(51,411)	(51,411)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax	24	—	—	—	—	5,849	5,849
Disposal of a subsidiary	39	—	—	—	—	(1,228)	(1,228)
Balance at 31 December 2010		**1,658,610**	**1,415,593**	**235,174**	**2,565,437**	**270,597**	**6,145,411**

The notes on pages 108 to 173 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December 2010
(All amounts in Renminbi thousands unless otherwise stated)

	Note	Year ended 31 December 2010	2009
Cash flows from operating activities			
Cash generated from operations	37	**1,231,553**	719,988
Interest paid		**(120,023)**	(120,166)
Income tax paid		**(241,471)**	(299,767)
Net cash generated from operating activities		**870,059**	300,055
Cash flows from investing activities			
Purchase of property, plant and equipment		**(172,302)**	(114,304)
Purchase of intangible assets		**(900)**	(274)
Proceeds from sales of available-for-sale financial assets	14	**23,208**	—
Proceeds from sales of property, plant and equipment		**16,834**	227
Net cash outflows from disposal of a subsidiary	39	**(49)**	—
Interest received		**4,762**	3,607
Dividend received from available-for-sale financial assets		**—**	900
Net cash used in investing activities		**(128,447)**	(109,844)
Cash flows from financing activities			
Proceeds from bank borrowings		**366,900**	4,540,000
Net proceeds from issuance of corporate bonds		**—**	1,971,662
Repayments of bank borrowings		**(1,035,000)**	(5,780,000)
Cash generating from a non-controlling interest's contribution to a subsidiary		**22,500**	15,000
Dividends paid to non-controlling interests		**(51,411)**	(43,674)
Dividends paid to the Company's shareholders		**(331,722)**	(381,480)
Net cash (used in) generated from financing activities		**(1,028,733)**	321,508
Net (decrease) increase in cash and cash equivalents		**(287,121)**	511,719
Cash and cash equivalents at beginning of the year		**1,042,968**	531,235
Exchange gains on cash and cash equivalents		**660**	14
Cash and cash equivalents at end of the year		**756,507**	1,042,968

The notes on pages 108 to 173 are an integral part of these consolidated financial statements.

1 General information

Anhui Expressway Company Limited (the "Company") was incorporated in the People's Republic of China ("PRC") on 15th 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. 669, West Changjiang Road, Hefei, Anhui, PRC.

As at 31 December 2010, the Group's toll roads and concession period granted are shown as follows:

Toll road	**Length** kilometres	**Concession periods granted**
Hening Expressway	134	From 16 August 1996 to 15 August 2026
National Trunk 205 Tianchang Section	30	From 1 January 1997 to 31 December 2026
Xuanguang Expressway	67	From 1 January 1999 to 31 December 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 1 September 2003 to 31 December 2028
Ninghuai Expressway Tianchang Section	14	From 18 December 2006 to 17 June 2032
Ningxuanhang Expressway Anhui Section	122	Under construction as at 31 December 2010

These financial statements are presented in thousand of Renminbi ("RMB'000"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 11 March 2011.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group, including the financial statements of the Company, have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets at fair value (Note 14).

The preparation of these financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 4.

Change in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended HKFRSs for the financial year beginning 1 January 2010:

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

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The revised standard has no impact on the Group's or the Company's financial statements as there was no business combination transaction occurred in the year ended 31 December 2010;

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Change in accounting policy and disclosures *(continued)*

(a) New and amended standards adopted by the Group (continued)

- HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact in current year, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests;

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

- HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarificaties that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. It does not have any impact on the Group's or the Company's financial statements because the Group did not have non-current assets held for sale and discontinued operations in the reporting periods;

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

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Change in accounting policy and disclosures *(continued)*

(a) New and amended standards adopted by the Group (continued)

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

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

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

- HK(IFRIC) 9, 'Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement, effect 1 July 2009';
- HK(IFRIC) 16, Hedges of a net investment in a foreign operation, effect 1 July 2009';
- HK(IFRIC) 17, 'Distribution of non-cash assets to owners, effect on or after 1 July 2009';
- HK(IFRIC) 18, 'Transfers of assets from customers', effect for transfer of assets received on or after 1 July 2009;
- HKAS 1 (amendment), 'Presentation of financial statements', effect 1 July 2009; and
- HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions' and HK(IFRIC) 11, 'HKFRS 2 - Group and treasury share transactions', effect 1 January 2010.

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

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

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Change in accounting policy and disclosures *(continued)*

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

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

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

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

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Change in accounting policy and disclosures *(continued)*

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

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

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

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities (include special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are accounted for at cost less impairment (Note 2.10). Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(b) Transactions with non-controlling interests (continued)

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income and reserves in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income and reserves are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income and reserves are reclassified to profit or loss where appropriate.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in the Group's consolidated financial statements are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income and reserves is recognised in other comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses in associates are recognised in the income statement.

In the Company's balance sheet the investments in associates are stated at cost less provision for impairment losses (Note 2.10). The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

2 Summary of significant accounting policies (continued)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategy steering committee that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency"). The financial statements are presented in Renminbi ("RMB"), which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2 Summary of significant accounting policies (continued)

2.5 Service concession arrangements

The Group has entered into contractual service arrangements with local government authorities ('the Grantor') for its participation in the construction, development, financing, operation and maintenance of various toll road infrastructures. Under these arrangements, the Group carries out the construction or upgrade work of toll roads for the granting authorities from the Grantor and receives in exchange of a right to operate the toll roads concerned and entitlement to the toll collection from users of the toll road services (the 'Service Concessions'). The Group recorded the assets under the Service Concessions, including toll roads and associated land use rights, as "concession intangible assets" on the balance sheet, to the extent that it received a right to charge users of the public service. The Group doesn't have obligation to return the assets other than toll roads and associated land use rights to the Grantor at the concession period end.

The Group account for revenue and costs relating to construction or upgrade work under the Service Concessions in accordance with HKAS11 and account for revenue and costs relating to operation services under the Service Concessions in accordance with HKAS18. Please refer to Note 2.23 for details.

Concession intangible assets are stated at the fair value of the construction service provided less accumulated amortisation and impairment losses.

The amortisation of concession intangible assets is calculated using the straight-line method to allocate cost over the concession periods granted.

Where the carrying amount of the concession intangible assets is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 2.10).

The concession periods are approved by the Grantor therefore the Group does not have renewal or termination option for the concession periods granted. At the end of concession period, the Group has to return these concession intangible assets to the Grantor at specific conditions required by the law for toll roads. The Group does not have rights to receive specified assets at the end of concession period.

The re-pricing right of above toll roads is owned by the Grantor.

As part of its obligations under the respective Service Concessions, the Group assumes responsibility for maintenance and resurfacing of the toll roads it manages. Please refer to Note 2.21 for details. Other than the aforementioned, the Group does not have obligations to acquire or build items of property, plant and equipment for toll road services.

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost over their estimated useful lives, after taking into account an estimated residual value, as follows:

Buildings	30 years
Safety, communication and signalling equipment	10 years
Toll station and ancillary equipment	7 years
Motor vehicles	9 years
Other machinery and equipment	6-9 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Construction in progress represents property, plant and equipment under construction or installation and is stated at cost less accumulated impairment losses. Construction in progress is not depreciated until such time when the assets are completed and ready for their intended use.

2 Summary of significant accounting policies (continued)

2.7 Investment property

Investment properties, principally comprising buildings, are held for long-term rental yields and are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss. The initial costs of investment properties comprise the purchase price or any directly attributable costs of bringing the assets to working condition and location for its intended use.

Depreciation is calculated using the straight-line method to write off the cost of each investment property over its expected useful life, after taking into account an estimated residual value, as follows:

Investment property	30 years

Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 2.10).

Repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of investment properties when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

2.8 Intangible assets – acquired computer software licenses

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (five years).

2.9 Lease prepayments – Land use rights

All land in the PRC is state-owned or collectively-owned and no individual land ownership exists. The Group acquires the right to use certain land. The lands associated with Service Concessions are recorded as concession intangible assets as described in Note 2.5. For other lands, the premiums paid for such right are treated as prepayment for operating lease and recorded as lease prepayments and separately presented as non-current assets, which are amortised over the lease period using the straight-line method.

2 Summary of significant accounting policies (continued)

2.10 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivable, held-to maturity investments and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet (Note 2.13).

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date, which are classified as current assets. During the years presented, the Group did not hold any investments in this category.

2 Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(d) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other (losses)/gains - net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

2 Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade and other receivables is described in Note 2.13.

2.12 Inventories

Inventories mainly comprise materials and spare parts for the repair and maintenance of toll roads. The inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

2.13 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade and other receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When trade and other receivables are uncollectible, they are written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

2 Summary of significant accounting policies (continued)

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing are classified as current liabilities if the loan agreements include an overriding repayment on demand clause, which gives the lender the right to demand repayment at any time at their sole discretion, irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the agreement.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2 Summary of significant accounting policies (continued)

2.18 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Government grants

Government grants are assistance by government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group.

Government grants are not recognized until there is reasonable assurance that the receiver will comply with the conditions attached to them, if any, and that the grants will be received.

Governments grants related to assets are presented in the balance sheet by setting up the grant as deferred income. The deferred income is amortised over the estimate useful lives of related assets.

2 Summary of significant accounting policies (continued)

2.20 Employee benefits

Each company of the Group contributes on a monthly basis to defined contribution plans in the PRC based on a percentage of the relevant employee's monthly salaries. The Group's contributions to defined contributions plans are expensed as incurred. The Group has no legal or constructive obligations to pay further contributions even if the schemes do not hold sufficient assets to pay all employees the benefits relating to employee in the current and prior periods.

Additional compensations for employee retirement are recognised in the earlier of the periods in which the Group established a constructive obligation and created a valid expectation on the employee, entered into an agreement with the employee specifying the terms, or after the individual employee has been advised of the specific terms. Details of the Group's retirement benefits are set out in Note 26.

2.21 Provisions

Provisions for maintenance and resurfacing of the toll roads are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognised in consolidated financial statement, but to be disclosed by the Group, unless the possibility of an outflow of resources embodying economic benefits is remote.

2 Summary of significant accounting policies (continued)

2.23 Revenue recognition

(a) Toll income from toll roads operation

Toll income from toll roads operation, net of related business tax, is recognised on a receipt basis.

(b) Revenue from construction and upgrade work under the Service Concessions

Revenue from construction and upgrade work under the Service Concessions is measured at the fair value of the consideration received or receivable, where total income and expenses associated with the construction contract and the stage of completion can be determined reliably. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Service income

Service income is recognised when the service has been rendered.

(f) Rental income

Operating lease rental income is recognised on a straight-line basis over the lease period.

2.24 Leases (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2 Summary of significant accounting policies (continued)

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

2.26 Enterprise Safety Fund

According to the regulations of the PRC, the Group is required to accrue 1% of its toll income as Enterprise Safety Fund from 1st January 2004 onwards unless the accrued balance exceeds 2% of toll income of prior year. The fund can only be used for improvements of the safety of its toll roads. Accruals to the fund are treated as an appropriation to reserves, which will be reversed to retained earnings upon utilization.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by finance department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and investment of excess liquidity.

The Group's activities do not expose it to significant foreign exchange risk because it principally operates in the PRC and RMB is the currency of the primary economic environment in which the Group operates.

The Group's activities do not expose it to significant price risk because it does not have material investments classed as available-for-sale or at fair value through profit or loss and it is not exposed to commodity price risk.

(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Credit risk

The Group's credit risk mainly arises from deposits with banks and receivables. The carrying amounts of cash at banks, dividends receivable and other receivables represent the Group's maximum exposure in relation to financial assets.

The table below shows the bank deposits balance of the Group as at 31 December 2010 and 2009:

Counterparties	**31 December 2010**	31 December 2009
Major financial institutes	**756,444**	1,042,961

The Group has policies to place its deposits only with major financial institutions. As at 31 December 2010, most of cash were deposited with major financial institutions in Mainland China. The Group's management do not expect any losses from non-performance by these counterparties.

The Company also has loans to subsidiaries which are exposed to credit risk.

	31 December 2010	31 December 2009
Loans to subsidiaries	**268,322**	219,179

The loans to subsidiaries represent the Company's share of the total investment in the subsidiaries in excess of the Company's share of its registered capital. The Company's management do not expect any losses from non-performance by the subsidiaries because the financial performance of the subsidiaries is healthy. Please refer to Note 12 for details.

(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Liquidity risk

The Group's toll road income is settled in cash.

The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents, together with adequate bank facilities disclosed in Note 22.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 3 years	Over 3 and 5 years	Over 5 years
Group				
At 31 December 2010				
Bank borrowings (Note 22)	120,000	—	—	196,900
Interest payables on bank borrowings	15,325	23,556	23,556	77,304
Corporate bonds, including interest (Note 22)	100,000	200,000	2,100,000	—
Trade and other payables (Note 21)	590,342	—	—	—
Long-term payables (Note 24)	—	32,952	76,592	375,872
At 31 December 2009				
Bank borrowings (Note 22)	985,000	—	—	—
Interest payables on bank borrowings	15,624	—	—	—
Corporate bonds, including interest (Note 22)	100,000	200,000	2,200,000	—
Trade and other payables (Note 21)	646,669	—	—	—
Long-term payables (Note 24)	—	—	65,904	397,012

(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Liquidity risk (continued)

	Less than 1 year	Between 1 and 3 years	Over 3 and 5 years	Over 5 years
Company				
At 31 December 2010				
Bank borrowings (Note 22)	—	—	—	—
Interest payables on bank borrowings	—	—	—	—
Corporate bonds, including interest (Note 22)	100,000	200,000	2,100,000	—
Trade and other payables (Note 21)	405,599	—	—	—
At 31 December 2009				
Bank borrowings (Note 22)	750,000	—	—	—
Interest payables on bank borrowings	8,394	—	—	—
Corporate bonds, including interest (Note 22)	100,000	200,000	2,200,000	—
Trade and other payables (Note 21)	584,148	—	—	—

(c) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk mainly arises from bank borrowings, corporate bonds and long-term payables. Bank borrowings issued at floating rates expose the Group to cash flow interest-rate risk. The Group's policy is to repay its fixed-rate borrowings if the interest rate decreases more than 0.5% and borrow the new ones to limit the loss to extent of handling charge from banks. During 2010 and 2009, the Group's bank borrowings at floating rate were denominated in RMB.

The Group's bank borrowings to the extent of RMB 316,900 thousand (2009: RMB 985,000 thousand) were issued at floating rates. As at 31 December 2010, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB 620 thousand (2009: RMB 4,900 thousand) higher or lower.

The Group's corporate bonds were issued at fixed rate and expose the Group to fair value interest risk. The fair value of the corporate bonds is disclosed in Note 22.

The Group's long-term payables were issued at interest free and expose the Group to fair value interest-rate risk. The fair value of the long-term payables is disclosed in Note 24.

(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.2 Capital risk management

The primary objective of the Group's capital management is to safeguard each entity within the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of issue new shares or control the capital expenditures to reduce debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the consolidated balance sheet, plus net debt.

The Group's strategy is to maintain a gearing ratio below 30% and an AAA credit rating. The gearing ratio of the Group at 31 December 2010 and 2009 were as follows:

	31 December 2010	31 December 2009
Total borrowings (Note 22)	**2,293,657**	2,956,662
Less: cash and cash equivalents (Note 17)	**(756,507)**	(1,042,968)
Net debts	**1,537,150**	1,913,694
Total equity	**6,145,411**	5,654,684
Total capital	**7,682,561**	7,568,378
Gearing ratio	**20.01%**	25.29%

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010 (31 December 2009: available-for-sale financial asset: 18,000 thousand).

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets and liabilities	—	—	—	—

As at 31 December 2009, the Group's available-for-sale financial asset represented an 18% equity interest in an unlisted company and its fair value is determined by technique of discounted cash flow analysis. The available-for-sale financial asset was categorised in level 3 instrument and was disposed in 2010 (Note 14).

The following table represents the changes in level 3 instruments for the year ended 31 December 2010.

	Available-for-sale financial assets
Openning balance	18,000
Disposal	(18,000)
Closing balance	—

The nominal value less impairment provision of trade and other receivables, trade and other payables and current borrowings are assumed to approximate their fair values 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.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Construction revenue recognition under Service Concessions

As described in Note 2.5, income and expenses associated with construction and upgrade work under the Service Concessions are recognised in accordance with HKAS 11 using the percentage of completion method.

Due to the fact that all construction activities are sub-contracted to third parties and the Group only performs project management, and there was no real cash flow realised or realisable during the construction phase of the infrastructure during the Service Concessions, in order to determine the construction revenue to be recognised during the reporting period, the management made estimates of the respective amounts by making reference to project management service fees in return as if the Group were providing rendered project management services for construction of toll roads for respective PRC local governments without the corresponding grants of the toll road operating rights and entitlement to future toll revenues. Accordingly, construction revenue under the respective Service Concessions is recognized at the total expected construction costs of the related toll roads plus management fees, computed at a percentage of the project management costs.

In ascertaining the total construction costs, the directors made estimates based on information available such as budgeted project costs, actual project costs incurred/settled to date, and relevant third party evidence such as signed construction contracts and their supplements, the related variation orders placed and the underlying construction and design plans, etc. In ascertaining the amount of management fees, the management has made reference to the practice for determining management fees for managing construction contracts transacted by similar toll roads companies in Anhui Province, whereby the fee is determined based on certain percentage of actual management cost incurred of each project, according to the scale and size of the respective projects. The management of the Group believes the profit arising from the project management is very low due to sharp competition in local project management market. They also believe the situation of low margin will continue in future years. Thus, the profit from construction activities was not recognized in reporting periods.

The management of the Group consider that these are their current best estimates on the magnitude of construction revenue and related profits. If the magnitudes of the final construction costs and the management fee applied as a percentage of the project management cost were to be differed from management's current estimates, the Group would account for the change prospectively.

4 Critical accounting estimates and judgements (continued)

(b) Provision for maintenance obligations

As described in Note 2.5, the Group has contractual obligations under the Service Concessions to maintain the toll road infrastructure to a specified level of serviceability. These obligations to maintain or restore the infrastructure, except for upgrade services, are to be recognised and measured as a provision. Provision for maintenance obligations at 31 December 2010 of RMB 28,949 thousand had been provided at the present value of expenditures expected to be incurred by the Group to settle the obligations at the balance sheet date (Note 23).

The expenditures expected to be required to settle the obligations at the balance sheet date is determined based on the number of major maintenance and resurfacing to be undertaken throughout the allowed operating periods of each toll roads operated by the Group under the Service Concessions and the expected costs to be incurred for each event. The costs are then discounted to the prevent value based on a pre-tax discount rate of 6.40%, the incremental borrowing rate of the Group.

The expected costs for maintenance and resurfacing and the timing of such events to take place involve estimates made by the management of the Company, which were developed based on the Group's resurfacing plan and historical costs incurred for similar activities. In addition, the directors are of the view that the discount rate currently used in the current estimate reflects the time value of money and the risks specific to the obligations.

If the expected expenditures, resurfacing plan and discount rate were different from management's current estimates, the change in provision for maintenance obligations is required to be accounted for prospectively.

(c) Estimation of useful lives of property, plant and equipment

The Group's management determines the estimated useful lives for its property, plant and equipment. The estimate is based on the historical experience of the actual useful lives.

Management will revise the depreciation charges where useful lives are different to previously estimated, or it will write off or write down technically obsolete or non-strategy assets that have been abandoned or sold.

(d) Estimation of deferred taxation assets and income tax

The Group's management determines the deferred tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilized. Management revisits the assumptions and profit projections by the balance sheet date. If the final assumptions and profit were to be differed from management's current estimates, the Group would account for the change prospectively.

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the year in which such determination is made.

(All amounts in Renminbi thousands unless otherwise stated)

5 Segment information

Management determines the operating segment based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

Management reviews the traffic volume statistics report during daily operation and it is also included in the performance report provided to the strategic steering committee. The traffic volume statistic report is not the financial information. Therefore, the Company did not prepare segment information for the years ended 2010 and 2009.

The Group is domiciled in Anhui Province, the PRC. The result of its revenue is from Anhui Province, the PRC. As at 31 December 2010 and 31 December 2009, total assets of the Group are located in the PRC.

6 Concession intangible assets

Group

	31 December 2010	31 December 2009
Cost	**10,699,735**	10,268,286
Accumulated amortisation	**(2,887,273)**	(2,463,511)
Net book amount	**7,812,462**	7,804,775

	Year ended 31 December 2010	Year ended 31 December 2009
Opening net book amount	**7,804,775**	7,369,554
Additions	**431,449**	757,078
Amortisation charges (Note 29)	**(423,762)**	(321,857)
Closing net book amount	**7,812,462**	7,804,775

Company	**31 December 2010**	31 December 2009
Cost	**9,099,293**	9,079,188
Accumulated amortisation	**(2,479,508)**	(2,094,526)
Net book amount	**6,619,785**	6,984,662

(All amounts in Renminbi thousands unless otherwise stated)

6 Concession intangible assets (continued)

	Year ended 31 December 2010	Year ended 31 December 2009
Opening net book amount	**6,984,662**	6,575,569
Additions	**20,105**	685,355
Amortisation charges	**(384,982)**	(276,262)
Closing net book amount	**6,619,785**	6,984,662

As at 31 December 2010 and 2009, the toll roads under the Service Concessions and their respective concession periods granted are disclosed in Note 1.

All of the Group's lands under the Service Concessions are located in Anhui Province, the PRC and are held on lease terms of 26 to 30 years from the dates of acquisition, and expiring from 2026 to 2032.

Borrowing costs with the amount of RMB 2,330 thousand have been capitalised in 2010 at an average interest rate of 6.7670% (2009: RMB 61,100 thousand at an average interest rate of 5.0690%).

Amortisation expense of RMB 423,762 thousand has been charged in 'cost of sales' (2009: RMB 321,857 thousand).

As at 31 December 2010, certain land use right certificates for Ninghuai expressway Tianchang section, Hening expressway and one toll station in Guangde with a total carrying amount of RMB 147,265 thousand have not yet been obtained.

(All amounts in Renminbi thousands unless otherwise stated)

7 Lease prepayments – Land use rights

The Group's and the Company's interests in land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

Group and Company	**31 December 2010**	31 December 2009
Cost	**17,790**	16,590
Accumulated amortisation	**(5,401)**	(4,755)
Net book amount	**12,389**	11,835

	Year ended 31 December 2010	Year ended 31 December 2009
Opening net book amount	**11,835**	12,482
Additions	**1,200**	—
Amortisation charges (Note 29)	**(646)**	(647)
Closing net book amount	**12,389**	11,835

All of the Group's land use rights are located in Anhui Province, the PRC and are held on lease terms of 30 years from the dates of acquisition, and expiring in 2026.

Amortisation expense of RMB 646 thousand has been charged in 'cost of sales' (2009: RMB 647 thousand).

(All amounts in Renminbi thousands unless otherwise stated)

8 Property, plant and equipment

Group

	Buildings	Safety, Communication and signalling equipment	Toll station and ancillary equipment	Motor Vehicles	Other machinery and equipment	Construction In progress	Total
At 1 January 2009							
Cost	391,400	555,875	110,020	73,944	76,593	122,279	1,330,111
Accumulated depreciation	(75,676)	(374,983)	(56,759)	(40,085)	(53,255)	—	(600,758)
Net book value	315,724	180,892	53,261	33,859	23,338	122,279	729,353
Year ended 31 December 2009							
Opening net book amount	315,724	180,892	53,261	33,859	23,338	122,279	729,353
Additions	—	41,772	1,844	4,578	3,665	62,445	114,304
Disposals	(4,739)	(3,801)	(2,592)	(732)	(517)	—	(12,381)
Transfers	16,091	6,513	961	—	187	(23,752)	—
Transfer out to investment property (Note 9)	(4,962)	—	—	—	—	—	(4,962)
Depreciation (Note 29)	(12,690)	(35,478)	(12,912)	(7,006)	(9,600)	—	(77,686)
Closing net book amount	309,424	189,898	40,562	30,699	17,073	160,972	748,628
At 31 December 2009							
Cost	395,426	579,314	95,908	69,689	75,324	160,972	1,376,633
Accumulated depreciation	(86,002)	(389,416)	(55,346)	(38,990)	(58,251)	—	(628,005)
Net book value	309,424	189,898	40,562	30,699	17,073	160,972	748,628

(All amounts in Renminbi thousands unless otherwise stated)

8 Property, plant and equipment (continued)

Group (continued)

	Buildings	Safety, Communication and signalling equipment	Toll station and ancillary equipment	Motor Vehicles	Other machinery and equipment	Construction In progress	Total
Year ended 31 December 2010							
Opening net book amount	309,424	189,898	40,562	30,699	17,073	160,972	748,628
Additions	2,884	7,997	7,364	3,917	8,253	141,888	172,303
Disposals	(6,077)	(22,480)	(1,692)	(126)	(338)	—	(30,713)
Transfers	49,722	(6,738)	13,363	—	5,000	(61,347)	—
Transfer in from investment property (Note 9)	7,197	—	—	—	—	—	7,197
Transfer out to investment property (Note 9)	(3,743)	—	—	—	—	—	(3,743)
Depreciation (Note 29)	(13,813)	(32,327))	(11,158)	(6,634)	(10,470)	—	(74,402)
Closing net book amount	345,594	136,350	48,439	27,856	19,518	241,513	819,270
At 31 December 2010							
Cost	442,946	415,222	107,864	73,155	81,348	241,513	1,362,048
Accumulated depreciation	(97,352)	(278,872)	(59,425)	(45,299)	(61,830)	—	(542,778)
Net book value	345,594	136,350	48,439	27,856	19,518	241,513	819,270

Depreciation expense of RMB 56,834 thousand has been charged in 'cost of sales' (2009: RMB 57,841 thousand); depreciation expense of RMB 17,568 thousand has been charged in 'administrative expenses' (2009: RMB 19,845 thousand).

(All amounts in Renminbi thousands unless otherwise stated)

8 Property, plant and equipment (continued)

Company

	Buildings	Safety, Communication and signalling equipment	Toll station and ancillary equipment	Motor Vehicles	Other machinery and equipment	Construction In progress	Total
At 1 January 2009							
Cost	424,330	590,217	106,959	68,232	80,175	119,687	1,389,600
Accumulated depreciation	(78,019)	(379,702)	(54,249)	(36,514)	(54,526)	—	(603,010)
Net book value	346,311	210,515	52,710	31,718	25,649	119,687	786,590
At 31 December 2009							
Opening net book amount	346,311	210,515	52,710	31,718	25,649	119,687	786,590
Additions	—	14,043	1,844	3,771	3,410	40,852	63,920
Disposals	(4,719)	(3,801)	(2,592)	(699)	(489)	—	(12,300)
Transfers	—	3,718	961	—	—	(4,679)	—
Transfer out to investment property (Note 9)	(4,962)	—	—	—	—	—	(4,962)
Depreciation	(13,751)	(35,430)	(12,747)	(6,436)	(10,164)	—	(78,528)
Closing net book amount	322,879	189,045	40,176	28,354	18,406	155,860	754,720
At 31 December 2009							
Cost	412,292	575,198	92,847	64,108	78,778	155,860	1,379,083
Accumulated depreciation	(89,413)	(386,153)	(52,671)	(35,754)	(60,372)	—	(624,363)
Net book value	322,879	189,045	40,176	28,354	18,406	155,860	754,720

(All amounts in Renminbi thousands unless otherwise stated)

8 Property, plant and equipment (continued)

Company (continued)

	Buildings	Safety, Communication and signalling equipment	Toll station and ancillary equipment	Motor Vehicles	Other machinery and equipment	Construction In progress	Total
Year ended 31 December 2010							
Opening net book amount	322,879	189,045	40,176	28,354	18,406	155,860	754,720
Additions	2,383	7,461	7,254	3,154	7,772	120,909	148,933
Disposals	(6,077)	(19,317)	(1,498)	(126)	(338)	—	(27,356)
Transfers	49,722	(6,737)	2,446	—	5,000	(50,431)	—
Transfer in from investent property (Note 9)	7,197	—	—	—	—	—	7,197
Transfer out to investment property (Note 9)	(3,743)	—	—	—	—	—	(3,743)
Depreciation	(15,094)	(31,185)	(11,030)	(6,019)	(11,013)	—	(74,341)
Closing net book amount	357,267	139,267	37,348	25,363	19,827	226,338	805,410
At 31 December 2010							
Cost	459,312	418,433	94,835	66,809	84,354	226,338	1,350,081
Accumulated depreciation	(102,045)	(279,166)	(57,487)	(41,446)	(64,527)	—	(544,671)
Net book value	357,267	139,267	37,348	25,363	19,827	226,338	805,410

Depreciation expense of RMB 57,051 thousand has been charged in 'cost of sales' (2009: RMB 58,683 thousand); depreciation expense of RMB 17,290 thousand has been charged in 'administrative expenses' (2009: RMB 19,845 thousand).

(All amounts in Renminbi thousands unless otherwise stated)

9 Investment properties

Group and Company

	Buildings
At 1 January 2009	
Cost	34,465
Accumulated amortisation	(4,684)
Net book amount	29,781
Year ended 31 December 2009	
Opening net book amount	29,781
Transferred in from property, plant and equipment (Note 8)	4,962
Amortisation expenses (Note 29)	(1,019)
Closing net book amount	33,724
At 31 December 2009	
Cost	40,202
Accumulated amortisation	(6,478)
Net book amount	33,724
Year ended 31 December 2010	
Opening net book amount	**33,724**
Transferred in from property, plant and equipment (Note 8)	**3,743**
Transferred out to property, plant and equipment (Note 8)	**(7,197)**
Amortisation expenses (Note 29)	**(1,300)**
Closing net book amount	**28,970**
At 31 December 2010	
Cost	**35,826**
Accumulated amortisation	**(6,856)**
Net book amount	**28,970**

Amortisation expense of RMB 1,300 thousand has been charged in 'cost of sales' (2009: RMB 1,019 thousand).

The fair value for the investment properties as at 31 December 2010 was RMB 133,600 thousand. The fair value was based on an independent assessment made by Anhui Zhiyuan Valuation Firm (安徽致遠資產評估有限公司).

(All amounts in Renminbi thousands unless otherwise stated)

10 Intangible assets

Group

	Computer Software
At 1 January 2009	
Cost	5,703
Accumulated amortisation	(2,856)
Net book amount	2,847
Year ended 31 December 2009	
Opening net book amount	2,847
Additions	274
Amortisation expenses (Note 29)	(572)
Closing net book amount	2,549
At 31 December 2009	
Cost	5,977
Accumulated amortisation	(3,428)
Net book amount	2,549
Year ended 31 December 2010	
Opening net book amount	**2,549**
Additions	**900**
Disposal of a subsidiary (Note 39)	**(700)**
Other disposal	**(624)**
Amortisation expenses (Note 29)	**(325)**
Closing net book amount	**1,800**
At 31 December 2010	
Cost	**3,377**
Accumulated amortisation	**(1,577)**
Net book amount	**1,800**

Amortisation expense of RMB 325 thousand has been charged in 'administrative expenses' (2009: RMB 572 thousand).

(All amounts in Renminbi thousands unless otherwise stated)

10 Intangible assets (continued)

Company

	Computer Software
At 1 January 2010	
Cost	—
Accumulated amortisation	—
Net book amount	—
Year ended 31 December 2010	
Opening net book amount	—
Additions	**160**
Amortisation expenses (Note 29)	**(33)**
Closing net book amount	**127**
At 31 December 2010	
Cost	**160**
Accumulated amortisation	**(33)**
Net book amount	**127**

Amortisation expense of RMB 33 thousand has been charged in 'administrative expenses' (2009: nil).

11 Investments in subsidiaries - Company

	31 December 2010	31 December 2009
Investments, at cost:		
Unlisted shares	**161,202**	138,495

11 Investments in subsidiaries - Company (continued)

The following is a list of the subsidiaries at 31 December 2010:

Name	**Place of incorporation and kind of legal entity**	**Principal activities and place of operation**	**Paid in, issued and fully paid share capital (RMB'000)**	**Interest directly held by the Company (%)**
Xuan Guang Expressway Company Limited ("Xuan Guang") (a)	PRC, limited liability company	Management and operation of expressway in Anhui province, PRC	111,760	55.47%
Anhui Ningxuanhang Expressway Investment Company Limited ("Ningxuanhang") (b)	PRC, limited liability company	Management and operation of expressway in Anhui province, PRC	100,000	70.00%

The movement of the investments in subsidiaries of the Company is as follows:

	2010			
	Xuan Guang (Note a)	**Kang Cheng (Note b)**	**Ningxuanhang (Note c)**	**Total**
Balance at 1 January 2010	**61,995**	**6,500**	**70,000**	**138,495**
Changes in the year	**—**	**(6,500)**	**29,207**	**22,707**
Balance at 31 December 2010	**61,995**	**—**	**99,207**	**161,202**

	2009			
	Xuan Guang (Note a)	Kang Cheng (Note b)	Ningxuanhang (Note c)	Total
Balance at 1 January 2009	61,995	6,500	70,000	138,495
Changes in the year	—	—	—	—
Balance at 31 December 2009	61,995	6,500	70,000	138,495

11 Investments in subsidiaries - Company (continued)

(a) Investment in Xuan Guang

Xuan Guang is a co-operative joint venture established by the Company and Xuancheng Highway Management Company ("XHMC") in July 1998 with an operating period of 30 years. The Company invested in total RMB 366,600 thousand in Xuan Guang, in the forms of capital contribution of RMB 36,660 thousand and long term loan of RMB 329,940 thousand, representing the Company's share of the total investment in Xuan Guang in excess of the Company's share of its registered capital. According to the joint venture contract, annual distribution (the "distribution") equalling net profit plus amortisation of its concession intangible assets and depreciation of its fixed assets (the "amortisation and depreciation") are to be made wholly to the Company till the total distribution received by the Company equal to its total investment in Xuan Guang. Thereafter, the distribution will be shared by the Company and XHMC in proportion to their respective contributions to Xuan Guang's registered capital. The net profit portion of the distribution received is accounted for as dividend income while the amortisation and depreciation and amortisation portion of the distribution received is accounted for as repayments to the long term loan advanced to Xuan Guang.

Pursuant to a capital injection contract between the Company and XHMC dated 11th August 2003, XHMC contributed Xuanguang Expressway (Nanhuan section) to Xuan Guang at an agreed price of RMB 398,800 thousand in the form of capital contribution of RMB 39,880 thousand and long-term loan of RMB 358,920 thousand.

Pursuant to a share transfer agreement dated 11 September 2003 subsequently entered into by the Company and XHMC, the Company acquired XHMC's interests in Xuan Guang (in the forms of paid-in-capital of RMB 25,335 thousand and shareholder's loan of RMB 228,015 thousand) at a total consideration of RMB 253,350 thousand. After the acquisition, the Company holds 55.47% interest in Xuan Guang. The profit distribution arrangement of Xuan Guang mentioned above remains unchanged.

In 2007, pursuant to a resolution at the Board of Directors' 9th meeting of Xuan Guang, cash repayment amount with respect to depreciation and amortisation portion of the distribution was determined to repay the short term loans of Xuan Guang in priority before settlement of long-term payables to the Company and XHMC since 2007, until the short term loans are fully repaid.

According to the contracts, agreements and board resolution mentioned above, for the year ended 31 December 2010, the net profit portion of the distribution attributable to XHMC amounted to RMB 80,206 thousand (2009: RMB 57,356 thousand); no depreciation and amortisation portion of the distribution was attributable to XHMC in 2010 (2009: nil).

(b) Investment in Anhui Kang Cheng Pharmacuetiacl Co. Ltd. ('Kang Cheng')

Pursuant to a resolution at the Board of Directors' 5th meeting in August 2010, the Company determined to liquidate Kang Cheng, a subsidiary of the Company. The liquidation was completed on 30 October 2010. Details see Note 39.

(All amounts in Renminbi thousands unless otherwise stated)

11 Investments in subsidiaries - Company (continued)

(c) Investment in Ningxuanhang

Ningxuanhang is a co-operative joint venture established by the Company and Xuancheng Communication Construction Co., Ltd. ("XCCC") in April 2008. The official operating period will be granted after toll road construction is completed. As at 31 December 2010, the Company invested in total RMB 157,500 thousand in Ningxuanhang, in the forms of capital contribution of RMB 70,000 thousand and long-term loan of RMB 87,500 thousand, representing the Company's share of the total investment in Ningxuanhang in excess of the Company's share of its registered capital. As agreed with XCCC, annual distribution (the "distribution") equalling net profit plus 35% of amortisation and depreciation portion are to be made to the Company and XCCC in proportion of their respective equity interest in Ningxuanhang. Distribution equalling 65% of amortisation and depreciation portion is to repay Ningxuanhang's bank borrowings until bank borrowings are fully settled. Thereafter, the distribution equalling net profit plus the amortisation and depreciation are to be made wholly to the Company and XCCC in proportion to their respective equity interest in Ningxuanhang. The net profit portion of the distribution received is accounted for as dividend income while the amortisation and depreciation portion of the distribution received is accounted for as repayments to the long-term loan.

The Company's share of total investment in Ningxuanhang in excess of its equity contribution is recognized as a loan to Ningxuanhang (Note 12). The loan is initially recognized at its fair value, which is equal to the present value of the future cash to be received discounted using the annual interest rate published by the People's Bank of China for long-term bank loans. The difference between the cash paid and the fair value on initial recognition of RMB 29,207 thousand was recognized as an addition to the investment in Ningxuanhang.

As at 31 December 2010, Ningxuanhang was still in pre-operation stage.

12 Loans to subsidiaries - Company

	31 December 2010	31 December 2009
Loans to subsidiaries	**268,322**	219,179

As at 31 December 2010, loans to subsidiaries represent the Company's share of the total investment in Xuan Guang and Ningxuanhang in excess of the Company's share of its registered capital (Note 11(a), (c)).

(All amounts in Renminbi thousands unless otherwise stated)

12 Loans to subsidiaries - Company (continued)

The carrying amounts and fair values of the loans are as follows:

	Carrying Amounts As at 31 December		Fair Value As at 31 December	
	2010	2009	**2010**	2009
Loans to Xuan Guang	**206,463**	194,469	**202,462**	195,572
Loans to Ningxuanhang	**61,859**	24,710	**60,242**	24,710
	268,322	219,179	**262,704**	220,282

The above loans are unsecured, and the repayment terms are set out in Note 11(a), (c).

The fair values of the loans are based on cash flows discounted using 6.40%, the annual interest rate published by the People's Bank of China for long-term bank loans as at 31 December 2010 (31 December 2009: 5.94%).

13 Investments in an associate

Group	**31 December 2010**	31 December 2009
Beginning of the year	**26,869**	23,928
Share of associates' results		
– profit before income tax	**6,297**	4,003
– income tax	**(1,602)**	(1,062)
End of the year	**31,564**	26,869

(All amounts in Renminbi thousands unless otherwise stated)

13 Investments in an associate (continued)

The Group's interest in its associates, all of which are unlisted, were as follows:

Name	Particulars of issued shares held	Country of incorporation	Assets	Liabilities	Revenue	Net Profit	% of Interest held
2010							
Anhui Expressway Advertisement Co., Ltd.	Equity capital	PRC	**54,995**	**23,431**	**23,195**	**4,695**	**38%**
2009							
Anhui Expressway Advertisement Co., Ltd.	Equity capital	PRC	40,902	14,033	14,876	2,941	38%

Company	31 December 2010	31 December 2009
Unlisted equity, at cost	**18,999**	18,999

14 Available-for-sale financial assets

Group and Company

	18% equity interest in an unlisted company
Openning balance	18,000
Disposal	(18,000)
Closing balance	—

The Group sold all its 18% equity interest in an unlisted company to Hefei Hua Yuan property development Co., Ltd. (合肥華源物業發展有限公司) in 2010 with a cash consideration of RMB 23,208 thousand. The fair value was valuated by an independent certified valuer. The transaction has been approved by government and the disposal gain of RMB 5,208 thousand was recorded in other gains (Note 28).

(All amounts in Renminbi thousands unless otherwise stated)

15 Trade and other receivables

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
Prepayments	**—**	12	—	—
Dividends receivable (a)	**3,990**	3,990	**3,990**	3,990
Others (b)	**74,847**	19,085	**60,711**	18,038
	78,837	23,087	**64,701**	22,028
Less: Provision for impairment in value	**—**	—	**—**	—
	78,837	23,087	**64,701**	22,028

(a) A dividend of RMB 3,990 thousand was declared by Anhui Expressway Advertisement Co., Ltd. in 2008 but was not received by the Company as at 31 December 2010.

(b) As at 31 December 2010, others mainly include receivable from Anhui Expressway Network Operations Co., Ltd. (安徽高速公路聯網運營有限公司, the toll settlement centre of Anhui Province) of RMB 66,877 thousand (2009: nil) for uncollected toll road income.

At 31 December 2010 and 2009, the ageing analysis of the trade receivables based on invoice date were as follows:

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
Up to 1 year	**72,891**	16,766	**58,755**	15,985
1 to 2 years	**588**	6,043	**588**	6,043
2 to 3 years	**5,358**	278	**5,358**	—
	78,837	23,087	**64,701**	22,028

As at 31 December 2010 and 2009, all trade and other receivables balances were denominated in RMB and were fully performing.

(All amounts in Renminbi thousands unless otherwise stated)

16 Inventories

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
Materials for toll road maintenance	**3,761**	2,395	**3,761**	2,395

17 Cash and cash equivalents

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
Cash at bank and in hand	**756,507**	1,042,968	**664,366**	950,169

The weighted average effective interest rate per annum on cash at bank was approximately 1.17% (2009: 0.36%).

The carrying amounts of cash at bank and in hand are denominated in the following currencies:

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
RMB	**742,920**	1,027,538	**650,779**	934,739
HKD (RMB equivalents)	**13,587**	15,430	**13,587**	15,430
	756,507	1,042,968	**664,366**	950,169

18 Ordinary share capital and share premium

	Number of A shares (thousand)	Number of H shares (thousand)	Ordinary share capital	Share Premium	Total
At 1 January 2009	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	—	—	—	—	—
At 31 December 2009	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	—	—	—	—	—
At 31 December 2010	**1,165,600**	**493,010**	**1,658,610**	**1,415,593**	**3,074,203**

The total authorised number of ordinary shares is 1,658,610,000 shares with a par value of RMB 1 per share. All issued shares are fully paid.

Share premium is the amount by which the fair value of the consideration received exceeds the nominal value of shares issued, net of transaction cost.

Share reform plan

Pursuant to the Revised Share Reform Plan announced by the Company on 14 February 2006, AEHC and Huajian Transportation Economic Development Centre, both of whom are shareholders of the Company, proposed to offer, free of consideration, the holders of A shares on the basis of 2 shares and RMB 4.35 for every 10 A shares held by the shareholders on 30 March 2006. The original non-tradable A shares held by AEHC and Huajian Transportation Economic Development Centre would be granted the status of listing after implementation of the Revised Share Reform Plan. The proposal has been approved by the State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province (Wan Guo Zi Chan Quan Han 2006 No.50), Ministry of Commerce of the PRC (Shang Zi Pi 2006 No.844) and has been approved at the relevant shareholders' meeting held on 27 February 2006.

Pursuant to the Revised Share Reform Plan, 533,878,000 non-tradable A shares held by AEHC and Huajian Transportation Economic Development Centre have been transferred to tradable A shares since 3 April 2009. Thereafter, all of the Company's A shares are tradable in the market.

(All amounts in Renminbi thousands unless otherwise stated)

19 Other reserves

Group

	Capital Surplus	Statutory Surplus Reserve Fund (Note 36 (a))	Discretionary Surplus Reserve Fund	Enterprise Safety Fund	Excess of the consideration over carrying amount of the non-controlling interests acquired (Note 11 (a)(c))	Total
Balance at 1 January 2009	2,243	731,932	658	38,378	(699,147)	74,064
Profit appropriations	—	69,727	—	—	—	69,727
Utilization of Enterprise Safety Fund	—	—	—	3,581	—	3,581
Balance at 31 December 2009	2,243	801,659	658	41,959	(699,147)	147,372
Profit appropriations	—	71,946	—	—	—	71,946
Appropriation to Enterprise Safety Fund	—	—	—	15,856	—	15,856
Balance at 31 December 2010	**2,243**	**873,605**	**658**	**57,815**	**(699,147)**	**235,174**

Company

	Statutory Surplus Reserve Fund (Note 36 (a))	Discretionary Surplus Reserve Fund	Enterprise Safety Fund	Total
Balance at 1 January 2009	674,775	658	32,616	708,049
Profit appropriations	69,727	—	—	69,727
Utilization of Enterprise Safety Fund	—	—	3,581	3,581
Balance at 31 December 2009	744,502	658	36,197	781,357
Profit appropriations	71,946	—	—	71,946
Appropriation to Enterprise Safety Fund	—	—	15,856	15,856
Balance at 31 December 2010	**816,448**	**658**	**52,053**	**869,159**

Upon approval from the Board of Directors, capital surplus, other than those relating to receipts of donated non-cash assets and equity investments held, can be used to increase capital. Capital surplus arising from receipts of donated non-cash assets and equity investments can only be used to increase capital after the donated assets or investments have been disposed of.

(All amounts in Renminbi thousands unless otherwise stated)

19 Other reserves (continued)

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

For enterprise safety fund, please refer to Note 2.26.

20 Deferred income

Group and Company	**31 December 2010**	31 December 2009
Government grants	**45,972**	44,000

Deferred income represents government grants relating to assets and is amortised over 25 years (Note 2.19 and 28).

Amortisation expense of RMB 2,028 thousand (2009: RMB 2,000 thousand) has been charged in other gains (Note 28).

21 Trade and other payables

	Group As at 31 December		**Company As at 31 December**	
	2010	2009	**2010**	2009
Payables on acquisition of concession intangible assets	**425,341**	523,208	**266,992**	466,330
Payables on repair and maintenance projects	**24,767**	24,891	**21,325**	24,891
Deposit for construction projects	**43,463**	26,815	**35,738**	23,364
Toll received on behalf of other entities	**21,736**	31,248	**21,166**	39,544
Other taxation payables	**33,813**	13,450	**31,810**	10,869
Accrued expenses	**29,994**	15,363	**22,698**	15,363
Other payables	**11,228**	11,694	**5,870**	3,787
	590,342	646,669	**405,599**	584,148

The balances were all non-interest bearing. As at 31 December 2010, trade and other payables of RMB 113,066 thousand were aged over one year (2009: RMB 286,291 thousand). These payables were mainly for construction projects and will be settled after project is completed.

As at 31 December 2010 and 2009, all trade and other payables were denominated in RMB.

(All amounts in Renminbi thousands unless otherwise stated)

22 Borrowings

Group

	31 December 2010		31 December 2009	
	Interest rate per annum	**Amount**	Interest rate per annum	Amount
Non-current				
Corporate bonds denominated in RMB (a)	**5.00%**	**1,976,757**	5.00%	1,971,662
Long-term bank borrowings denominated in RMB – secured (b)	**5.346%-5.643%**	**196,900**	—	—
		2,173,657		1,971,662
Current				
Short-term bank borrowings denominated in RMB – unsecured	**4.78%-5.004%**	**120,000**	3.75%-7.097%	985,000
Total borrowings		**2,293,657**		2,956,662

Company

	31 December 2010		31 December 2009	
	Interest rate per annum	**Amount**	Interest rate per annum	Amount
Non-current				
Corporate bonds denominated in RMB (a)	**5.00%**	**1,976,757**	5.00%	1,971,662
Current				
Short-term bank borrowings denominated in RMB – unsecured	**—**	**—**	3.75%-7.097%	750,000
Total borrowings		**1,976,757**		2,721,662

(a) As approved by the China Securities Regulatory Commission on 28 August 2009, the Company issued corporate bonds of RMB 2,000,000 thousand for a term of 5 years, bearing interest at 5% per annum on 17 December 2009. Interest is payable annually and the principal is repayable in full upon maturity. The full amount of principal and interest of the bonds is unconditionally and irrevocably guaranteed by AEHC.

(b) The bank borrowings of RMB 196,900 thousand were guaranted by XCCC, the non-controlling interest of Ningxuanhang and the Company as at 31 December 2010 (31 December 2009: nil).

(All amounts in Renminbi thousands unless otherwise stated)

22 Borrowings (continued)

At 31 December 2010, the Group's and the Company's borrowings are repayable as follows:

Group

	Bank borrowings		Corporate bonds	
	2010	2009	**2010**	2009
Within 1 year	**120,000**	985,000	**—**	—
Between 1 and 2 years	**—**	—	**—**	—
Between 2 and 5 years	**—**	—	**1,976,757**	1,971,662
Over 5 years	**196,900**	—	**—**	—
	316,900	985,000	**1,976,757**	1,971,662

Company

	Bank borrowings		Corporate bonds	
	2010	2009	**2010**	2009
Within 1 year	**—**	750,000	**—**	—
Between 1 and 2 years	**—**	—	**—**	—
Between 2 and 5 years	**—**	—	**1,976,757**	1,971,662
	—	750,000	**1,976,757**	1,971,662

As at 31 December 2010, the fair value of coportate bonds was RMB 2,091,000 thousand according to price in bond market. The carrying amounts of other borrowings approximate their fair value, as the impact of discounting of carrying amounts to their fair value is not significant.

The Group has the following un-drawn borrowing facilities at the balance sheet date:

	31 December 2010	31 December 2009
Expiring within one year	**3,095,000**	2,310,000

The exposure of the Group's and Company's bank borrowings to interest rate changes and the contractual repricing dates at the end of reporting period are as follows:

	Group		Company	
	2010	2009	**2010**	2009
Within 1 year	**316,900**	985,000	**—**	750,000

(All amounts in Renminbi thousands unless otherwise stated)

23 Provision- maintenance/resurfacing obligations (Note 4(b))

	Group	Company
Balance at 1 January 2010	28,169	27,903
Additions	780	781
Balance at 31 December 2009	28,949	28,684

24 Long-term payables - Group

	31 December 2010	31 December 2009
Long-term payables to XHMC (a)	**281,303**	264,961
Long-term payables to XCCC (b)	**26,511**	10,590
	307,814	275,551

(a) As at 31 December 2010 and 2009, long-term payables to XHMC, the non-controlling interest of Xuan Guang, representing XHMC's share of total investment in Xuan Guang in excess of XHMC's equity contribution in Xuan Guang. Details of repayment terms of such long-term payables are set out in Note 11(a).

(b) As at 31 December 2010, long-term payables to XCCC, the non-controlling interest of Ningxuanhang, representing XCCC's share of total investment in Ningxuanhang in excess of XCCC's equity contribution in Ningxuanhang. Details of repayment terms of such long-term payables are set out in Note 11(c).

As at 31 December 2010, the undiscounted amount of long-term payables to XHMC was RMB 447,916 thousand (2009: RMB 447,916 thousand) and to XCCC was RMB 37,500 thousand (2009: RMB 15,000 thousand).

The carrying amounts and fair values of long-term payables are as follows:

	Carrying Amounts As at 31 December		**Fair Value As at 31 December**	
	2010	2009	**2010**	2009
Long-term payables to XHMC	**281,303**	264,961	**273,735**	266,967
Long-term payables to XCCC	**26,511**	10,590	**25,818**	10,590
	307,814	275,551	**299,553**	277,557

The fair values of long-term payables are based on cash flows discounted using 6.40%, the annual interest rate published by the People's Bank of China for long-term bank loans as at 31 December 2010 (31 December 2009: 5.94%).

(All amounts in Renminbi thousands unless otherwise stated)

25 Deferred tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
Deferred tax assets:				
– Deferred tax to be realised after more than 12 months	**—**	—	**4,320**	8,642
– Deferred tax to be realised within 12 months	**—**	—	**—**	—
	—	—	**4,320**	8,642

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
Deferred tax liabilities:				
– Deferred tax to be settled after more than 12 months	**(59,896)**	(63,553)	**—**	—
– Deferred tax to be settled within 12 months	**—**	—	**—**	—
	(59,896)	(63,553)	**—**	—

(All amounts in Renminbi thousands unless otherwise stated)

25 Deferred tax assets and liabilities (continued)

The movement on the Company's deferred income tax assets is as follows:

	Valuation of assets and depreciation -toll roads	Valuation and amortisation of toll roads related land use rights	Provision	Accounting for interest free loan	Accounting for Government grants	Others	Total
Balance at 1 January 2009	(38,411)	(6,062)	3,925	25,940	15,180	4,711	5,283
Deferred taxation charged to income statement	2,162	345	3,050	(72)	(660)	(1,466)	3,359
Balance at 31 December 2009	(36,249)	(5,717)	6,975	25,868	14,520	3,245	8,642
Deferred taxation charged to income statement	2,162	345	195	(5,751)	337	(1,610)	(4,322)
Balance at 31 December 2010	**(34,087)**	**(5,372)**	**7,170**	**20,117**	**14,857**	**1,635**	**4,320**

The movement on the Group's deferred income tax liabilities is as follows:

	Valuation of assets and depreciation -toll roads	Valuation and amortisation of toll roads related land use rights	Provision	Accounting for interest free loan	Accounting for Government grants	Others	Total
Balance at 1 January 2009	(38,412)	(6,062)	3,991	(49,587)	15,180	6,343	(68,547)
Deferred taxation charged to consolidated income statement (Note 32)	2,163	345	3,052	3,849	(660)	(2,575)	6,174
Deferred taxation charged to equity (a)	—	—	—	(1,180)	—	—	(1,180)
Balance at 31 December 2009	(36,249)	(5,717)	7,043	(46,918)	14,520	3,768	(63,553)
Deferred taxation charged to consolidated income statement (Note 32)	2,163	345	195	4,085	337	(1,518)	5,607
Deferred taxation charged to equity (a)	—	—	—	(1,950)	—	—	(1,950)
Balance at 31 December 2010	**(34,086)**	**(5,372)**	**7,238**	**(44,783)**	**14,857**	**2,250**	**(59,896)**

(a) Deferred taxation charged to equity represented the deferred tax liability arising from the temporary difference between carrying amount and undiscounted amount for the long-term payables to XCCC (Note 24).

(All amounts in Renminbi thousands unless otherwise stated)

26 Retirement benefit obligations - Group

The Group participates in the Anhui Provincial Retirement Scheme managed by Anhui Social Security Management Bureau ("the Bureau"). Pursuant to the relevant provisions, the Group is required to make a monthly contribution equivalent to the 20%-23% (2009: 20%-23%) of the basic monthly salary, subject to certain ceiling, in respect of its employees. The Bureau is responsible for pension payments to the retired employees of the Group and the Group has no further obligations.

In addition to the above pension plans, the employees of the Group also entered into a supplementary pension scheme on a voluntary basis. The Group is required to make an annual contribution to an independent fund management company equivalent to the basic monthly salary, subject to certain ceiling, in respect of its employees. The Group is also required to pay RMB 230 every month to those employees, who have retired or will retire before 31 December 2015. As at 31 December 2010, the retired employees of the Group were 30.

27 Revenue - Group

	Year ended 31 December	
	2010	2009
Toll income from toll roads operation	**2,069,404**	1,706,671
Revenue from construction or upgrade work under Service Concessions	**431,449**	757,078
Service income from toll roads service sector (a)	**—**	29,962
Rental income (Note 40(b))	**20,897**	17,074
Service income from management of toll roads (Note 40(b))	**17,299**	15,705
Service income from roads emergency assistance	**1,825**	1,970
Other	**140**	180
	2,541,014	2,528,640

(a) Pursant to a lease agreement with Anhui Yida Toll Road Service Sector Management Co., Ltd. ('YTMC', 安徽省驛達高速公路服務區經營管理有限公司), the Company's toll road service sectors were leased to YTMC with annual rental fee of RMB 7,000 thousand. The lease period was from 1 January 2010 to 31 December 2010 (Note 40(b)(ii)).

(All amounts in Renminbi thousands unless otherwise stated)

28 Other gains / (losses) - net - Group

	Year ended 31 December	
	2010	2009
Gain on disposal of a subsidiary (Note 39)	**498**	—
Interest income (Note 37)	**4,762**	3,607
Loss from disposal on property, plant and equipment (Note 37)	**(13,879)**	(12,371)
Gain from disposal on property, plant and equipment (Note 37)	**—**	217
Gain on disposal of available-for-sale financial assets (Note 14 and 37)	**5,208**	—
Loss from disposal on intangiable assets (Note 37)	**(624)**	—
Compasation on toll road damage	**4,744**	—
Government grants relating to assets (Note 20)	**2,028**	2,000
Dividend income from an unlisted company (Note 14 and 37)	**—**	900
Others	**1,310**	1,745
	4,047	(3,902)

29 Expenses by nature - Group

Expenses included in cost of sales and administrative expenses are analysed as follows:

	Year ended 31 December	
	2010	2009
Costs for construction or upgrade work under the Service Concessions (Note 2.5)	**431,499**	757,078
Depreciation and amortisation expenses (Note 6,7,8,9,10)	**500,435**	401,781
Employee benefit expenses (Note 30)	**130,911**	117,230
Repair and maintenance expenses	**123,649**	129,633
Tax related to revenue (a)	**71,774**	57,878
Expenses for toll roads service sector (Note 27(a))	**—**	30,556
Auditor's remuneration	**2,000**	1,890
Others	**16,909**	13,407
	1,277,177	1,509,453

(All amounts in Renminbi thousands unless otherwise stated)

29 Expenses by nature - Group (continued)

(a) Tax related to revenue

The Group is subject to Business Tax ("BT") at the rate of 3% for toll income and of 5% for others respectively. Revenue from construction or upgrade work under the Service Concessions is not subject to BT.

In addition to BT, the Group is subject to the following supplemental turnover taxes:

(i) Urban Construction and Maintenance Tax - levied at 5%-7% of BT payable.

(ii) Local Education Surcharge - levied at 3% of BT payable.

30 Employee benefit expenses - Group

	Year ended 31 December	
	2010	2009
Salaries and wages	**94,633**	82,743
Retirement benefits	**3,726**	3,441
Other welfares	**32,552**	31,046
	130,911	117,230

As at 31 December 2010, the number of employees were 1,852 (31 December 2009: 1,874).

(All amounts in Renminbi thousands unless otherwise stated)

30 Employee benefit expenses - Group (continued)

(a) Directors' and senior management's emoluments

The remuneration of every Director of the Company for the year ended 31 December 2010 is set out below:

Name of Director	Fees	Salaries	Bonus	Other benefits	Contribution to pension scheme	Total
Executive Directors						
Mr. Zhou Renqiang*	—	450	—	—	—	450
Mr. Wang Shui*	—	150	—	—	—	150
Mr. Li Yungui	—	420	35	—	23	478
Mr. Tu Xiaobei	—	420	35	—	23	478
Mr. Li Junjie	—	420	35	—	23	478
Non Executive Directors						
Mr. Liu Xianfu	80	—	—	—	—	80
Mr. Meng Jie	80	—	—	—	—	80
Independent Directors						
Mr. Liang Mingjie	120	—	—	—	—	120
Ms Li Mei	80	—	—	—	—	80
Ms Guo Shan	80	—	—	—	—	80
	440	1,860	105	—	69	2,474

* Mr. Wang Shui retired in March 2010. Thereafter Mr. Zhou Renqiang was appointed as the Company's Executive Director.

(All amounts in Renminbi thousands unless otherwise stated)

30 Employee benefit expenses - Group (continued)

(a) Directors' and senior management's emoluments (continued)

The remuneration of every Director of the Company for the year ended 31 December 2009 is set out below:

Name of Director	Fees	Salaries	Bonus	Other benefits	Contribution to pension scheme	Total
Executive Directors						
Mr. Wang Shui	—	536	50	—	—	586
Mr. Li Yungui	—	322	30	—	23	375
Mr. Tu Xiaobei	—	322	30	—	23	375
Mr. Li Junjie	—	322	30	—	23	375
Non Executive Directors						
Mr. Liu Xianfu	80	—	—	—	—	80
Mr. Meng Jie	80	—	—	—	—	80
Independent Directors						
Mr. Liang Mingjie	120	—	—	—	—	120
Ms Li Mei	80	—	—	—	—	80
Ms Guo Shan	80	—	—	—	—	80
	440	1,532	110	—	69	2,151

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for both years include four directors, whose emoluments are reflected in the analysis presented above, and an employee whose emoluments amounted to RMB 455 thousand (2009: RMB 322 thousand).

31 Finance costs - Group

	Year ended 31 December	
	2010	2009
Interest expense on:		
– bank borrowings	**21,207**	56,317
– corporate bonds	**100,000**	—
– amortisation of long-term payables to XHMC (Note 24(a))	**16,342**	15,393
	137,549	71,710

(All amounts in Renminbi thousands unless otherwise stated)

32 Taxation - Group

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

	Year ended 31 December	
	2010	2009
Current taxation- CIT (a)	**269,448**	226,860
Deferred taxation charged to income (Note 25)	**(5,607)**	(6,174)
Deferred taxation charged to equity (Note 25)	**1,950**	1,180
	265,791	221,866

(a) Hong Kong profits tax and PRC Corporate Income Tax

There was no Hong Kong profits tax liabilities as the Group has no assessable income which is subject to Hong Kong profits tax.

The Company and its subsidiaries, associated companies determine and pay the PRC Corporate Income Tax ('CIT') in accordance with the CIT Law as approved by the National People's Congress on 16 March 2007. Under the CIT Law, the CIT rate applicable to the Company and its subsidiaries, associated companies is 25%.

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

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

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

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

32 Taxation - Group (continued)

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

(a) The Company acquired the non-controlling interests in Anhui Gao Jie Expressway Co., Ltd. ("Gao Jie") in 2005. After the acquisition, Gao Jie completed its de-registration process and merged all of its assets and liabilities into the Company based on their fair value. According to the China tax regulation, the tax base for these mergerd assets and liabilities shall be the fair value. However, the Company calculated current income tax expenses based on the net book value of these mergerd assets, which was required by local tax authority. During annual tax filing in 2010 in respect of 2009's taxable income, tax authority allowed the Company to declare current income tax expenses based on the fair value of these merged assets. Thus, related income tax of RMB 8,426 thousand was adjusted in 2010 and credited to current income tax expenses.

33 Profit attributable to shareholders of the Company

The profit attributable to shareholders is dealt with in the financial statements of the Company to the extent of approximately RMB 719,461 thousand (2009: RMB 610,770 thousand).

34 Earnings per share

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

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

(All amounts in Renminbi thousands unless otherwise stated)

35 Dividends

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

	Year ended 31 December	
	2010	2009
Proposed final dividend of RMB 0.21 (2009: RMB 0.20) per ordinary share	**348,308**	331,722

36 Appropriation

(a) Statutory Surplus Reserve Fund

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

(b) Dividends distribution

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

(All amounts in Renminbi thousands unless otherwise stated)

37 Notes to consolidated cash flow statement

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

	Year ended 31 December	
	2010	2009
Profit before income tax	**1,135,030**	946,516
Adjustments for:		
Settlement of revenue in form of concession intangible assets	**(431,449)**	(757,078)
Amortisation of Concession intangible assets	**423,762**	321,857
Depreciation of property, plant and equipment	**74,402**	77,686
Depreciation of investment property	**1,300**	1,019
Amortisation of lease prepayments	**646**	647
Amortisation of intangible assets	**325**	572
Gain on disposal of a subsidiary	**(498)**	—
Loss on disposal of property, plant and equipment	**13,879**	12,371
Gain on disposal of property, plant and equipment	**—**	(217)
Loss on disposal of intangible assets	**624**	—
Share of profit of associates	**(4,695)**	(2,941)
Gain on disposal of available-for-sale financial assets	**(5,208)**	—
Interest income	**(4,762)**	(3,607)
Interest expense	**137,549**	71,710
Dividend income	**—**	(900)
Operating profit before working capital changes	**1,340,905**	667,635
Increase in inventories	**(1,366)**	(538)
Increase in provision	**780**	12,203
Increase in trade and other receivables	**(55,750)**	(2,716)
(Decrease) / increase in trade and other payables	**(53,016)**	43,404
Cash generated from operating activities	**1,231,553**	719,988

(All amounts in Renminbi thousands unless otherwise stated)

38 Commitments - Group

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

	Year ended 31 December	
	2010	2009
Concession intangible assets		
- Approved but not contracted	**6,315**	586,000
- Contracted but not provided for	**129,000**	109,000

39 Disposal of a subsidiary

Pursuant to a resolution at the Board of Directors' 5th meeting in August 2010, the Company determined to liquidate Kang Cheng, a subsidiary of the Company. The liquidation was completed on 30 October 2010.

The aggregated assets and liabilies in respect of the above disposals were as follows:

Cash and cash equivalents	2,828
Intangible assets	700
Trade and other payables	(19)
Net assets	3,509
Equity interests	65%
Net assets disposed	2,281
Less: cash distributed to the Company from the liquidation	2,779
Gain from disposal of a subsidiary	498
Cash distributed to the Company from the liquidation	2,779
Less: cash and cash equivalents in the subsidiary disposed	(2,828)
Net cash outflow	(49)

(All amounts in Renminbi thousands unless otherwise stated)

40 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) Name of related party and relationship

Name	**Relationship with the Group**
AEHC	Parent company
XHMC	Non-controlling interest of Xuan Guang
XCCC	Non-controlling interest of Ningxuanhang
YTMC	Subsidiary of AEHC
Anlian Expressway Co., Ltd. ('ALEC')	Subsidiary of AEHC
Anhui Expressway Investment Co., Ltd. ('AEIC')	Subsidiary of AEHC
Anhui Yanjiang Expressway Co., Ltd. ('AYEC')	Subsidiary of AEHC
Anhui Fuzhou Expressway Co., Ltd. ('AFEC')	Subsidiary of AEHC
Anhui Hehuaifu Expressway Co., Ltd. ('AHEC')	Subsidiary of AEHC
Anhui Liuqian Expressway Co., Ltd. ('AHLEC')	Subsidiary of AEHC
Anhui Expressway Real Estate Co., Ltd. ('AREC')	Subsidiary of AEHC
Anhui Modern Transportation Facilities Co., Ltd. ('MTFC')	Subsidiary of AEHC
Anhui Expressway Experiment Research Centre ('AERC')	Subsidiary of AEHC
Hefei Bangning Property Management Company ('BNMC')	Subsidiary of AEHC

(b) Related party transactions

The Group had the following significant transactions with related parties:

(i) Service income from management of toll roads

	Year ended 31 December	
	2010	2009
AEHC	**6,871**	3,749
AYEC	**3,866**	1,250
AHEC	**2,292**	1,250
AHLEC	**1,800**	—
ALEC	**1,467**	1,250
AFEC	**1,003**	—
	17,299	7,499

(All amounts in Renminbi thousands unless otherwise stated)

40 Related party transactions (continued)

(b) Related party transactions (continued)

(ii) Rental income

	Year ended 31 December	
	2010	2009
YTMC (Note 27(a))	**7,378**	355
MTFC	**360**	109
AREC	**—**	288
	7,738	752

(iii) Paid and payable for management of toll road service sectors

	Year ended 31 December	
	2010	2009
YTMC	**—**	3,500

(iv) Paid and payable for construction, testing service and property management

	Year ended 31 December	
	2010	2009
BNMC	**3,503**	—
AEIC	**1,584**	—
AERC	**498**	1,364
MTFC	**260**	970
AREC	**—**	5,370
	5,845	7,704

It mainly represented payable to above related parties for construction, testing service and property management in connection with the office building contruction project, which was started from the end of 2008.

(v) Guarantee received

The full amount of principal and interest of corporate bonds is unconditionally and irrevocably guaranteed by AEHC (Note 22).

The long-term bank borrowing of RMB 66,900 thousand was guaranteed by XCCC (Note 22).

(All amounts in Renminbi thousands unless otherwise stated)

40 Related party transactions (continued)

(b) Related party transactions (continued)

(vi) Transactions with the State-owned Enterprises

	Year ended 31 December	
	2010	2009
Borrowings from banks	**176,900**	1,530,000
Toll road repair and maintenance cost paid and payable	**20,006**	9,002
Toll road construction / upgrade cost paid and payable	**724,189**	896,695
	921,095	2,435,697

(c) Related party balances

(i) Trade payables

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
MTFC	**—**	1,761	**—**	40
AERC	**—**	1,182	**—**	92
AEIC	**—**	358	**—**	358
State-owned Enterprises	**84,581**	278,823	**83,085**	251,253
	84,581	282,124	**83,085**	251,743

(ii) Other payables

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
YTMC	**161**	3,181	**161**	3,181
MTFC	**—**	389	**—**	389
State-owned Enterprises	**28,003**	80,639	**25,401**	80,639
	28,164	84,209	**25,562**	84,209

(All amounts in Renminbi thousands unless otherwise stated)

40 Related party transactions (continued)

(c) Related party balances (continued)

(iii) Long-term payables

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
XHMC	**281,303**	264,961	**—**	—
XCCC	**26,511**	10,590	**—**	—
	307,814	275,551	**—**	—

As at 31 December 2010 and 31 December 2009, amounts due from and due to the related parties as aforementioned, except for long-term payables to XHMC and XCCC as disclosed in Note 24, mainly arose from the above transactions and payments made by the Group/Company and related parties on behalf of each other. These amounts are unsecured, interest-free and are repayable within 1 year.

(iv) Bank deposits and borrowings with state-owned banks

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
State-owned banks-bank deposits	**227,573**	302,070	**169,065**	216,867
State-owned banks-borrowings	**528,871**	295,000	**495,296**	110,000

41 Events after the balance sheet date

Pursuant to a resolution of the Board of Meeting on 11 March 2011, a cash dividend of RMB 348,308 thousand was proposed. Please refer to Note 35 for details.

42 Other matter

On 11 June 2009, the Company set up an American depositary receipt ('ADR') program with Bank of New York Mellon (as the depositary bank). The number of ADR registered by the Company under the ADR program is 50,000,000. Each ADR represents ten ordinary H shares traded on the Hong Kong Stock Exchange. The price of each ADR corresponds to the price of the ordinary H shares in Hong Kong Stock Exchange, adjusted to the ratio of the ADR to H shares. The Company did not and does not have plan to issue additional H shares under the ADR program. The ADR would trade in the over-the-counter market (OTC) of U.S. only.

Confirmation Opinion to 2010 Annual Report by Directors and Senior Management

Being the Directors and Senior Management of Anhui Expressway Company Limited, we hereby confirm in writing that the content of the 2010 annual report is authentic, accurate, complete, of the opinion that there are no false representations or misleading statements contained in or material omissions from this report; and shall be severally and jointly accept responsibility for the authenticity, accuracy and completeness of the content of this report.

Directors' Signature:

Zhou Renqiang: ______________________ Li Yungui: ______________________

Tu Xiaobei: ______________________ Li Junjie: ______________________

Liu Xianfu: ______________________ Meng Jie: ______________________

Leung Man Kit: ______________________ Li Mei: ______________________

Guo Shan: ______________________

Senior Management Members' Signatures:

Xie Xinyu: ______________________ Wang Changyin: ______________________

Liang Bing: ______________________

11 March 2010

Appendix:

I. Profile of the highways

Name of roads	Length (km)	Number of lanes	Number of toll stations	Number of service areas	Terms of operation
Hening Expressway	134	4 (part of 8 Lanes)	8	4	Commencing from 16 August 1996 to 15 August 2026
New Tianchang Section of National Trunk 205	30	4	1	—	Commencing from 1 January 1997 to 31 December 2026
Gaojie Expressway	110	4	3	4	Commencing from 1 October 1999 to 30 September 2029
Xuanguang Expressway	84	4	4	2	Commencing from 1 January 1999 to 31 December 2028 (South Ring Road: Commencing from 1 September 2003 to 31 December 2028)
Lianhuo Expressway Anhui Section	54	4	5	1	Commencing from 1 January 2003 to 30 June 2032
Ninghuai Expressway Tianchang Section	14	6	1	1	Commencing from 18 December 2006 to 17 June 2032
Ningxuanhang Expressway (Anhui Section)	122	4			As at 31 December 2010, it was under construction.

Hening Expressway (G40 Hushan Expressway Hening Section)

Hening Expressway is a 134km long dual carriageway four-lane expressway owned by the Company in Anhui Province linking Dashushan and Zhouzhuang (the Dashushan to Longxi Overpass Section is of eight-lane) This expressway forms an integral part of the "Two Verticals and Two Horizontals" National Trunk Highway from Shanghai to Chengdu in Sichuan Province, which also forms part of the National Tunk 312 linking Shanghai and Yining in Xinjiang. It is currently a major source of profit and cash flow for the Company.

The New Tianchang Section of National Trunk 205

The New Tianchang Section of National Trunk 205 is a dual carriageway four-lane vehicular highway of Class 1 standard of 30km long situated in Tianchang in Anhui Province. Tianchang Section is a part of National Trunk 205, which starts in Shanhaiguan, Hebei Province and ends in Guangzhou, Guangdong Province. This national trunk also forms part of the highway linking Lianyungang and Nanjing in Jiangsu Province.

Ninghuai Expressway Tianchang Section

Ninghuai Expressway Tianchang Section is an important road section of Ninghuai Expressway, with a whole length of 13.989km, and has the standard of dual carriageway six-lane expressway. It was completed and opened to traffic on 18 December 2006. The road runs through Tianchang city east of Anhui Province, starting from the terminal of the Jiangsu Nanjing Section of Ninghuai Expressway in Tianchang city, and ending at the Jiangsu Huaian Section of the Ninghuai Expressway. It is an important part in the key highway and national "7918" expressway network from Changchun to Shenzhen for the economic development of the eastern Anhui and the whole of northern Jiangsu, at the same time is also an important part in the key backbone in the trunk road network in Anhui Province. It directly or indirectly links various National Trunks of Hurong, Jinghu, Tongshan, Lianhuo, Ninghang and national key planned highway constructions of Jiayin to Nanping, Shanghai to Luoyang.

Gaojie Expressway (G50 Huyu Expressway Gaojie Section)

The Gaohe to Jiezidum Expressway, with a length of approximately 110km, is an existing dual carriageway four-lane expressway that forms part of the "Two Verticals and Two Horizontals" National Trunk System between Shanghai to Chengdu in Sichuan. The Expressway, originating from Gaohe Town, Huaining County, Anhui Province, links up with the Hening Expressway, operated by the Company, through Heife-Anqing Highway and terminates at the border between Hunan and Anhui at Jiezidun, Susong County, Anhui Province. It further runs westward to link up with cities like Wuhan, Chongqing and Chengdu and is an important trunk road that links up the central and western region with the south-eastern coastal region.

Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section)

The Xuanzhou to Guangde Expressway is an existing dual carriageway four-lane expressway located in the south-eastern part of Anhui Province with total mileage of 84km constructed in two phases. Xuanzhou-guangde section, which is about 67km long, was opened to traffic in September 1997. Xuanzhou south ring road is a 17km long expressway, which links Xuanguang Expressway near Shuangqiao, Xuanzhou, and was opened to traffic in July 2001 and merged into the Company in August 2003. This expressway starts from Xuanzhou in Anhui Province and ends near Jiepai, Guangde in Anhui Province and forms part of the National Trunk 318 extending from Shanghai to Nielamu in Tibet. National Trunk 318 is a key transport artery, linking the coastal regions with the inland and the western boarder of the PRC.

Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section)

Lianhuo Expressway Anhui Section is a 54km long dual carriage four-lane expressway, part of the "Two Verticals and Two Horizontals" National Trunk between Lianyungang and Huoerguosi in Anhui Province. Connecting with the highways located in Henan and Jiangsu Province and the expressways between Beijing and Fuzhou, it plays an important role in China's politics, economy, military affairs and National Truck Networks.

Ningxuanhang Expressway Tianchang Section

Ningxuanhang Expressway Tianchang Section is a 122km long dual carriage four-lane expressway with asphalt concrete road surface, which starts at the border between Anhui and Jiangsu at Jinshankou, passing through Xuancheng and Ningguo, terminates at the boarder between Anhui and Zhejiang at Qianqiuguan. This expressway forms an important part of the "Four Verticals and Eight Horizontals" of expressway network in Anhui Province, which is the tie communicating Anhui and Zhejiang and linking two big economic regions of Nanjing and Hangzhou. This expressway is planned to construct by three sections, the first is Xuancheng to Ningguo section with total of 44km, the second is Gaochun to Xuancheng section with total of 33km and the third is Ningguo to Qianqiuguan section with total of 45km.

II. Vehicles classification and toll Rates (effective from 0:00 a.m 10 November 2010)

Vehicles classification and toll rates for expressways (Ninghuai Expressway Tianchang Section excluded)

Unit: vehicle km

Vehicles type	Passenger vehicles	Toll rates
Type 1	7 seats or below (including 7 seats)	RMB 0.45
Type 2	Between 8 seats and 19 seats	RMB 0.80
Type 3	Between 20 seats and 39 seats	RMB 1.10
Type 4	40 seats or above (including 40 seats)	RMB 1.30

Vehicles Classification and Toll Rates of Ninghuai Expressway Tianchang Section

Vehicles type	Passenger vehicles	Toll rates (RMB/km)	Minimum toll collection
Type 1	7 seats or below (including 7 seats)	0.45	15
Type 2	Between 8 seats and 19 seats	0.675	15
Type 3	Between 20 seats and 39 seats	0.90	20
Type 4	40 seats or above (including 40 seats)	0.90	20

Toll rates of New Tianchang Section of National Trunk 205

Type of Vehicles	Toll Rates
Motor bicycles and tricycles	RMB3 per vehicle
Small tractors (including manual tractors) and other four-wheeled small and simple mechanical vehicles	RMB5 per vehicle
Passenger wagons below 20 seats	RMB10 per vehicle
Passenger wagons between 20 and 50 seats (including 50 seats)	RMB15 per vehicle
Passenger wagons over 50 seats	RMB25 per vehicle

III. Toll rates applicable to goods vehicles with reference to their weight

1. Toll rates applicable to goods vehicles with reference to their weight on expressways

Gross weight of goods vehicle	< 10 tonnes	10 tonnes < Gross weight of goods vehicle < 40 tonnes	> 40 tonnes
Basic toll rate	RMB0.09/tonnes for every km	RMB0.09/tonnes for every km and will be linearly reduced to RMB0.05/tonnes for every km	RMB0.05/tonnes for every km

Notes:
1. Vehicles, which weight less than 5 tonnes, shall be charged according to 5 tonnes scale
2. If the toll chargeable is less than RMB20, RMB20 shall be charged
3. The toll charges less than RMB2.5 will be rounded down, for RMB2.51-RMB7.5 will be rounded down to the nearest RMB5, and for RMB7.51-RMB9.99 will be rounded up to the nearest RMB10.

2. Toll rates applicable to goods vehicles with reference to their weight of New Tianchang Section of National Trunk 205

Gross weight of goods vehicle	< 10 tonnes	10 tonnes < Gross weight of goods vehicle < 40 tonnes	> 40 tonnes
Basic toll rate	RMB1.5/ton vehicle	RMB1.5/ton vehicle and will be linearly reduced to RMB1.1/ ton vehicle	RMB1.1/ton vehicle

Notes:
1. If the toll chargeable is less than RMB10, RMB10 shall be charged
2. The toll charges will be rounded up. For expressways, less than RMB2.5 will be rounded down to the nearest RMB10, for RMB2.51-RMB7.5 will be rounded down to the nearest RMB5, and for RMB7.51-RMB9.99 will be rounded up to the nearest RMB10.

Extra tolls to be imposed on overloaded goods vehicles:

1. Overweight within 30% (including 30%), adjusted toll rate is RMB0.09/tonne per Kilometer.

2. Overweight between 30% and 100% (including 100%), adjusted toll rate is between 3 times of RMB0.09/tonne per kilometer and increased linearly to 6 times of RMB0.09/tonne per kilometer.

3. Overweight more than 100%, adjusted toll rate is 6 times of RMB0.09/tonne per kilometer.

The standards for overloaded goods vehicles and extra toll rates as stipulated for expressways will be applicable for New Tianchang Section of National Trunk 205.

National Trunk Highways

The Map of the Highway Network of Anhui Province

Anhui Expressway Company Limited