

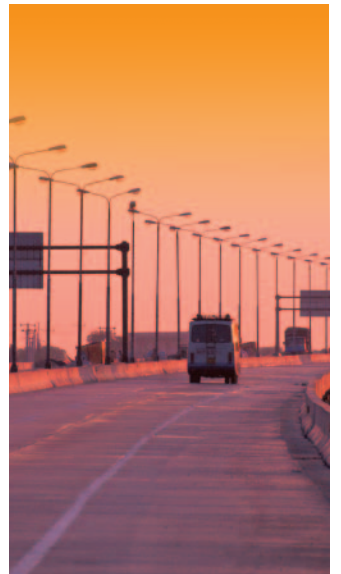


Anhui Expressway Company Limited

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



2013
Annual
Report



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Important Notice

1. The Board of the Directors, the Supervisory Committee and the Directors, Supervisors and the Senior Management of Anhui Expressway Company Limited 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.
2. Except that Director Li Jiezhi could not attend the Board meeting due to personal reasons, all of the other directors attended the Board meetings.
3. The unaudited financial statements were prepared in accordance with the PRC and Hong Kong Accounting Standards and were reviewed by the Audit Committee of the Company.
4. Mr. Zhou Renqiang, Chairman, Mr. Xie Xinyu, Deputy General Manager and Ms. Liang Bing, Deputy General Manager & manager of the Financial Department of the Company hereby confirm that the financial statements contained in the Annual Report are true and complete. The Audit Committee of the Company reviewed the financial accounts.
5. **The profit appropriation plan or transfers of share capital from capital reserves plan approved by the Board of Directors:** because the total amount of statutory surplus reserve has reached above 50 percent of the total shares, thus it won't be extracted this year. The Company's net profit as shown on the 2013 financial statements prepared in accordance with the PRC Accounting Standards was RMB 834,890 thousand. The Company's net profit as shown on the 2013 financial statements prepared in accordance with the Hong Kong Accounting Standards was RMB 811,676 thousand. Consequently, the profit was RMB 834,890 thousand and RMB 811,676 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 2013 profit was RMB 811,676 thousand. The Board of the Company recommended the payment of a final dividend of RMB 364,894 thousand on the basis of RMB 2.2 for every 10 shares (tax included) based on the total share capital outstanding at the end of 2013 of 1,658,610,000 shares. In 2013 no transfers of share capital from capital reserves were involved.
6. The major risks have been concretely described in the report and please check them in Section V Report of the Board of Directors. The related future plan, development strategy and other forward-looking descriptions are not committed to the investors. The investors should do rational investment and pay attention to the investment risk.
7. If there were extraordinary use of funds by the controlling shareholder and its related parties? No
8. If there was offering for security in violation of specified procedure? No

Section I Notes and Major Risk Notice

I. Notes

In this report, except for the other meaning as the context referred to, the words have the meaning as followed:

“The Company” , “Company”	Means	Anhui Expressway Company Limited
“The Group”	Means	The Company, its subsidiaries and associated companies
“AEHC”	Means	Anhui Expressway Holding Group Company Limited (formerly known as Anhui Expressway Holding Corporation), the two companies are the same enterprise legal person
“SSE”	Means	Shanghai Stock Exchange
“SEHK”	Means	The Stock Exchange of Hong Kong Ltd.
“Hua Jian Center”, “China Merchants Hua Jian”	Means	China Merchants Hua Jian Highway Investment Company Limited (Formerly known as Hua Jian Transportation Economy Development Center)
“Xuanguang Company”	Means	Xuanguang Expressway Company Limited
“Expressway Media”	Means	Anhui Expressway Media Company Limited
“Xin’an Financial”	Means	Anhui Xin’an Financial Group Co., LTD
“Xuancheng Transportation Investment”	Means	Xuancheng Transportation Investment Company Limited (Formerly known as Xuancheng Highway Construction Management Company Limited)
“Ningxuanhang Company”	Means	Anhui Ningxuanhang Expressway Investment Company Limited
“Highway Engineering Supervision Company”	Means	Anhui Province First Class Highway Engineering 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
“Expressway Petrochemical”	Means	Anhui Expressway petrochemical Co., LTD
“Guangci Company”	Means	Xuancheng City Guangci Expressway limited liability company
“Wan Tong Pawnshop”	Means	Hefei Wan Tong Pawnshop Co., LTD

Section I Notes and Major Risk Notice

“Wan Tong MicroCredit”	Means	Hefei Wantong MicroCredit Company Limited
“Huatai Group”	Means	Hefei City Huatai Group Corporation Limited
“HK Subsidiary”	Means	Anhui Expressway (H.K.) Limited
“Anlian Company”	Means	Anhui Anlian Expressway Company Limited
“Fuzhou Expressway”	Means	Anhui Provincial Fuzhou Expressway Company Limited
“Yida Company”	Means	Anhui Provincial Yida Expressway Service Area Operating Management Company Limited

II. Major Risk Notice

The major risks have been concretely described in the report and please check them in Section V Report of the Board of Directors which illustrates the possible risk factors related to the discussion and analysis in the future development of the company and the measures.

1. Company Information

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

2. Contact Details

	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, the PRC	520 Wangjiang West Road, Hefei, Anhui, the PRC
Telephone	0551-65338681	0551-65338697, 63738923, 63738989, 63738922
Fax	0551-65338696	0551-65338696
Email Address	wtgs@anhui-expressway.net	wtgs@anhui-expressway.net

3. Basic Information Introduction

Registered address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
Postal code of registered address	230088
Office address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
Postal code of office address	230088
Website of the Company	http://www.anhui-expressway.net
E-mail address of the Company	wtgs@anhui-expressway.net

Section II Corporate Profile

4. Information Disclosure and Addresses for Keeping Report

Newspapers designated for publishing report	Shanghai Securities Post, China Securities Post
Websites designated for disclosure of annual report assigned by CSRC	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, Hong Kong Company's head office at 520 Wangjiang West Road, Hefei, Anhui, the PRC

5. Company Stock Information

Company Stock Information

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

6. The Alteration of Registration during the Reporting Period

(1) Basic Information

The registered information has not been altered during the reporting period.

(2) The related inquired contents of the first registration information

Please check the first registration information in the 2002 year annual report of the company

(3) The altered information of the main business since the company is listed

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

In 2012, the Company set up the subsidiary, Wan Tong Pawnshop and pawn service has become the Company's second main business.

(4) The Alteration of the Holding Shareholders since the Company is Listed

The Company was established on August 1996 and Anhui Expressway Holding Corporation was the only promoter.

In January 2001, in terms of the approval of Finance Ministry [1999] No. 156, Anhui Expressway Holding Group Corporation signed "Domestic Equity Management Agreement", 376,860,000 state-owned shares which is held by AEHC instead of Communication Ministry has been altered into the state-owned legal person shares. Huajian Center held and managed these shares, and thus it became the second largest shareholders of the Company.

According to "about the reply of the implementation method of the company institution reform of Anhui Expressway Holding Corporation", AEHC implemented the company institutional reform. After the reform, it has been altered into Anhui Expressway Holding Group Company Limited in January 2010, which is still a state-owned corporation limited by shares.

On June 2011, Hua Jian Transportation Economy Development Center completed the work of the rename and institutional alteration and it has been changed into China Merchants Hua Jian Highway Investment Company Limited.

7. Other Related Materials

PRC Accountant	Name	PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd
	Office Address	11th Floor, PricewaterhouseCoopers Center, Hubin Road, Shanghai
	Signed Accountant	Zhou Zhe, Tong Naiyong
Hong Kong Accountant	Name	PricewaterhouseCoopers Certified Public Accountants
	Office Address	22nd Floor, Prince's Building, Central, Hong Kong
	Signed Accountant	PricewaterhouseCoopers Certified Public Accountants
PRC Legal Adviser	Anhui AnTaida Lawyer's Office	7th Floor, Chengjian Mansion, Yingshang 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	Name	China Securities Central Clearing and Registration Corporation, Shanghai Branch
	Office Address	36th Floor, China Insurance Mansion, 166 Lujiazui East Road, Shanghai
Overseas share registrar	Name	Hong Kong Registrars Limited
	Address	46th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

Section II Corporate Profile

8. Corporate Profile

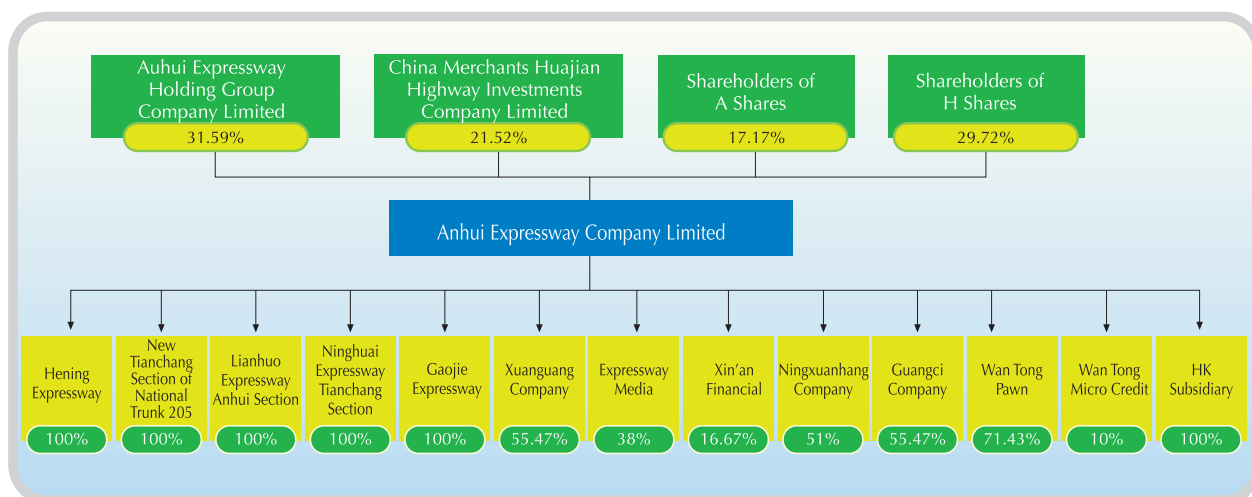
Anhui Expressway Company Limited (the “Company”) was incorporated on 15 August 1996 as a joint stock limited company in Anhui Province, the People’s Republic of China (the “PRC”). The registered capital is RMB1,658,610,000.

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

The Company is the first PRC highway company listed in Hong Kong. It is also the only listed highway company in Anhui Province. On 13th November 1996, H Shares issued by the Company were listed on The Stock Exchange of Hong Kong Limited (Stock code: 0995). On 7th 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), Guangci Expressway (G50 Huyu Expressway Guangci Section), Ninghuai Expressway Tianchang Section, Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section) and Ningxuanhang Expressway Xuancheng-Ningguo Section, which are toll highways in Anhui Province. As of 31 December 2013, the operation mileage which the Company manages has reached 484km and the total assets is about RMB 12,202,968,000.

As of 31 December 2013, the structure of the Company, subsidiaries and associated companies (the “Group”):



Section III Accounting Data and Business Highlights

The 2013 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.

1. Prepared in accordance with accounting principles generally accepted in the PRC (“the PRC Accounting Standards”)

A. Main Accounting Data and Financial Indicators of the last three years at the end of the reporting period

a. Main Accounting Data

		Unit: yuan Currency: RMB		
Main Accounting Data	2013	2012	Change of the current period over the same period of the last year (%)	2011
Operating income	2,330,104,247.29	2,222,507,036.21	4.84	2,287,216,080.75
Net profit attributable to shareholders of the Company	847,910,073.18	761,000,765.20	11.42	868,325,186.54
Net profit after extraordinary items attributable to shareholders of the Company	845,813,722.11	760,774,928.16	11.18	866,825,288.10
Net cash flows from operating activities	<u>1,493,126,682.05</u>	<u>1,309,791,902.29</u>	<u>14.00</u>	<u>1,557,871,041.14</u>
		Change of the current period over the same period of the last year		
	The end of 2013	The end of 2012	The end of 2011	The end of 2011
Net assets attributable to shareholders of the Company	7,059,531,947.53	6,543,343,874.35	7.89	6,357,009,233.19
Total assets	<u>12,202,968,076.01</u>	<u>11,334,161,449.16</u>	<u>7.67</u>	<u>10,456,770,769.52</u>

Section III Accounting Data and Business Highlights

b. Main Financial Statistics

Financial statistics	2013	2012	Change of the current period over the same period of the last year	
			2012	2011
Basic earnings per share	0.511	0.459	11.33	0.524
Diluted earnings per share	0.511	0.459	11.33	0.524
Basic earnings per share after extraordinary items	0.510	0.459	11.11	0.523
Returns on net assets An increase of (weighted average) (%)	12.54	11.81	An increase of 0.73 percentage point	14.37
Returns on net assets after extraordinary items(weighted average) (%)	12.50	11.81	An increase of 0.69 percentage point	14.34

B. Major difference between financial statements prepared in accordance with different accounting standards

Unit: yuan currency: RMB

	Net profit		Net assets attributable to shareholders of the Company	
	Amount of current period	Amount of previous period	Amount at the end of period	Amount at the beginning of the period
PRC accounting standards	847,910,073.18	761,000,765.20	7,059,531,947.53	6,543,343,874.35
Projects and amount adjusted according to HK accounting standards				
Valuation and Depreciation/amortization and deferred taxes	-8,768,299.99	-8,848,526.93	91,264,309.20	100,031,609.19
Reconciliation to HK accounting standards	839,141,773.19	752,152,238.27	7,150,796,256.73	6,643,375,483.54

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 30 April and 15 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. In addition, the depreciation of toll roads under HKFRS is provided based on the share of traffic volume for a particular period over the projected total traffic volume, which is different from the straight-line method adopted by CAS. These differences lead to the reconciliation items presented above.

Section III Accounting Data and Business Highlights

c. Extraordinary items deducted and amounts involved:

unit: yuan currency: RMB

Extraordinary items	Amount of 2013	Note (if applicable)	Amount of 2012	Amount of 2011
Gains and losses from disposals of non-current assets	-209,721.37	Gains from disposals of fixed assets	-1,194,438.49	-2,342,721.14
Government subsidies charged to the current gains/losses, in addition to government subsidies related to the Company's business, conferred to the government's policy or subsidies continually provided in terms of the standard	2,172,787.68	Received the income amount of construction funds subsidies of Ninghuai Expressway (Tianchang Section) provided by Jiangsu Provincial Expressway Construction Headquarter (attached to the Transportation Department of Jiangsu Province) in 2007, and the deferred income amount of construction funds subsidies of Hening Expressway and Gaojie Expressway provided by Anhui Provincial Expressway Construction Headquarter (attached to the Transportation Department of Anhui Province) in 2010	2,172,787.68	2,172,787.68
In addition to the above other non-operating revenue and expenditure	821,124.68	The main reason is non-operating revenue and expenditure	-1,306,204.02	-38,106.03
Effects of the amount of minority shareholders' rights and interests	8,207.83		471,728.16	1,655,928.06
Effect of income tax	-696,047.75		81,963.71	52,009.87
Total	<u>2,096,351.07</u>		<u>225,837.04</u>	<u>1,499,898.44</u>

Section III Accounting Data and Business Highlights

2. Prepared in accordance with the accounting principles generally accepted in Hong Kong (“the Hong Kong Accounting Standards”) (Unaudited)

For the end of 31 December of the year

Summary of Results

					RMB' 000
	2013	2012	2011 (restated)	2010 (restated)	2009 (restated)
Turnover	3,403,817	3,122,350	3,052,074	2,619,491	2,583,436
Operating profit before income taxation	1,196,666	1,102,985	1,268,607	1,178,933	975,720
Profit attributable to equity holders of the Company	839,142	752,152	861,185	811,545	682,328
Basic earnings per share attributable to equity holders of the Company (RMB)	0.5059	0.4535	0.5192	0.4893	0.4114

Summary of assets

					RMB' 000
	2013	2012	2011 (restated)	2010 (restated)	2009 (restated)
Total assets	12,299,277	11,447,514	10,582,951	9,940,585	9,956,661
Total liabilities	4,314,268	4,027,027	3,736,252	3,628,357	4,168,087
Total net assets (Capital reserve attributable to equity holders of the Company)	7,150,796	6,643,376	6,465,831	5,959,890	5,485,666
Net assets per share(RMB)	4.3113	4.0054	3.8983	3.5933	3.3074

To shareholders:

I would be honored to represent the Board of Directors to submit the annual report of the Group for the year ended 31 December 2013.

Annual Results

For the year 2013, in accordance with the PRC Accounting Standards, the Group recorded a revenue of RMB 2,330,104 thousand for the whole year. The unaudited net profit attributable to shareholders of the parent company was RMB 847,910 thousand, basic earnings per share was RMB 0.5112. In accordance with Hong Kong Accounting Standards, the unaudited net profit attributable to equity holders of the Company was RMB 839,142 thousand, basic earnings per share was RMB 0.5059.

The Board of the Company recommended the payment of a final dividend on the basis of RMB 0.22 yuan per share at the end of 2013, accounting for 43.48% of the net profit per share.

Review of the Year 2013

In 2013, China's economic situation was complicated, seeking improvement in stability and economic development for reform of economic system transformation. Affected by the macroeconomic regulation and industry, national and regional economic growth slowed down and the annual gross domestic product (GDP) achieved 56.88 trillion yuan, up 7.7% from a year earlier.

In 2013, the company adhered to the "prominent main business, moderately" development ideas, accelerated the Ningxuanhang expressway construction, and XuanNing Section smoothly implemented the traffic operation; Actively expanded overseas business, completed the examination, approval, registration and founding of HK Subsidiary. At the same time, the Company have also obtained the beneficial experience and remarkable benefits in the main business management and auxiliary business control, and successfully completed the objective of toll revenue, cost control, profit performance and so on.

Section IV Chairman's Statement

This year, the Company mainly put emphasis on the following work:

1. Strengthen project management to ensure the Construction of Ningxuanhang project steadily progress

During the reporting period, the company strengthened the dynamic management of the project, established coordination linkage mechanism, and strengthened the on-site supervision, which effectively promoted the construction quality and the acceleration of efficiency of Ningxuanhang Expressway. The first section Xuanning was opened to traffic in September 2013, and the subgrade construction of the second section Ningqian was completed in October 2013, of which the road surface of water stability has already been completed, and the subsequent construction has been actively progressed. The third section Lixuan at present is being dealt with the examination and approval of the requisition and the related work, which is expected to start construction in 2014.

In 2013, the construction of Ningxuanhang project completed investment of 943 million yuan, and the accumulated amount of investment of the project was RMB 2.968 billion.

2. Strengthen the operation management, to improve business operation service level

The Company set out to build a database management center, information platform and integrated command and dispatch platform, and completed the compilation work charge flattening system. It updated crossing meter heavy equipment, conducted pilot ETC antenna technology, started the cobalt 60 green detection equipment, which has a good effect on the increase of the toll revenue and the smooth of the road. The company strengthened the inspection of safety production, carried out the trial work of specified designation of maintenance engineering, promoted the classification of the management, adjusted measures to local conditions, formulated maintenance plan, in order to realize the scientific management of the maintenance and to guarantee the road in good condition.

3. Regulate the operation of the Company and strive to promote the Company's business activities in compliance and high efficiency

The Company further strengthened the internal control system construction, optimized the business procedure of the company, strengthened inspection and supervision, and completed 2013 annual risk assessment and internal control evaluation, which effectively avoided the risk of the operation of the company. At the same time, it completed the examination of annual performance of all staff members, which gave full play to the performance of work incentive guiding role.

4. Strengthen the innovation, and rely on the investment and financing management to cultivate new profit growth point

The Company paid close attention to domestic or foreign capital market dynamics, looked for investment projects, cultivated new profit growth point and promoted with harmony. It completed HK Subsidiary project in domestic departments at all levels of the examination and approval, and in registration and bank account in Hong Kong. As a platform, the company will get more overseas business development, investment and financing opportunities.

Outlook in 2014

The Company faces chances and challenges in 2014.

First, we should address the issues existed in the corporate governance and development, and accurately grasp the new policy situation and the new trends in the industry development.

As for the development of primary industry, the cost of new roads increases, the traffic area in the citizen livelihood projects continues to show a tendency of expansion; the exemption amounts under "green pass", "free holidays" continues to rise; impact of diversification caused by competitions within the industry and improvement as well as changes of road network structure still exists.

As for diversified development, the diversified business is still in the starting stage with limited scale of investment, low profit share and weak sense of market orientation.

However, combined with the analysis and research on the current situation, we believe that with the implementation of various reforms and measures determined in the Third Plenary Session of the 18th Central Committee, a huge policy bonus will be released to promote the economy and society in both China and our province to achieve a new round of development, so the macro environment for the Company is stable and good; at the same time, with the deepening of the reform of state-owned enterprises the institutional mechanisms of company management will be further activated which can inject new power to the Company's development. Scale advantage, cash flow advantages, brand image advantages will be highlighted gradually.

Section IV Chairman's Statement

Appreciation

Here, on behalf of the Board of Directors, I would like to express my sincere gratitude to the support of all shareholders and colleagues of different businesses, to the remarkable achievements of all directors, supervisors and senior management, and to the great efforts for the Company's development of all staff members.

Chairman

Zhou Renqiang

28 March, 2014

Section V Report of the Board of Directors

I. The discussion and analysis of the operation by the Board of Directors during the reporting period (in accordance with the PRC Accounting Standards)

The Company is principally engaged in the operation and management of toll expressways and relevant business. In addition, the group carried out the moderate development strategy based on the development of the main business. Combined with the conditions and financial characteristics of the highway industry, the Company has invested Xin'an Finance, Wan Tong Pawnshop and Wan Tong Microcredit, mainly engaged in the pawn, guarantees, small loans and other non-bank financial business.

During the reporting period, the Group achieved the operating income of RMB2,330,104 thousand (2012: RMB2,222,507 thousand), representing an increase of 4.84% over the corresponding period of the previous year; Total profit of RMB1,208,587 thousand (2012: RMB1,115,097 thousand), representing an increase of 8.38% over the corresponding period of the previous year; Net profit attributable to shareholders of the Company of RMB 847,910 thousand (2012: RMB 761,001 thousand), representing an increase of 11.42% over the corresponding period of the previous year; Basic earnings per share of RMB0.511 (2012: RMB 0.459), representing an increase of 11.33% 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 and the dividend declared by Xin'an Financial.

Toll Expressway Business

During the Reporting Period, the Group achieved total toll income of RMB 2,188,382 thousand, representing an increase of 2.86% compared with that of the corresponding period of last year. The recovery of national macroeconomy, the rapid development of regional economy, and the traffic advantages of our province in the central location, are the group's several important toll revenue growth factors.

In 2013, the national economy progressed steadily. The growth rate of national GDP of the year is 7.7%. The GDP growth rate of Anhui province of the year is 10.4%, and the growth rate ranks 11 in the country, and ranks 1 in the central. From the traffic and vehicle structure, during the reporting period, the group's road passenger traffic volumes increased by 13.96% year-on-year, and goods traffic volumes grew by 4.68% year on year.

In 2013, as China continued to implement toll-free policy for minibus during major holidays, the amount of free toll grew rapidly. In the 2013 Spring Festival, Qing Ming Festival, the International Labor Day and the National Day, the Group has waived about 316.9 minibuses with the amount of approximately RMB 13,922 ten-thousand. During the reporting period, there are about 87.51 ten-thousand exempted green passing cars with the exempted amount of about RMB27,991 ten-thousand. In addition, Anhui transportation card holders can enjoy credit card preference amounting to approximately RMB 1,403 ten-thousand off, which has increased 67.02% compared with last year.

In addition, the operating performance of the toll road is also affected by the surrounding competitive or collaborative road network changes, linking or parallel road expansion and other factors. The impact varies according to each road project.

Section V Report of the Board of Directors

Operations of toll highway in 2013 are listed as follows:

Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2013	2012	Change (%)	2013	2012	Change (%)
Hening Expressway	100%	23,639	21,549	9.70	1,032,605	931,374	10.87
New Tianchang Section of National Trunk 205	100%	5,222	5,108	2.23	52,621	45,516	15.61
Gaojie Expressway	100%	8,513	9,300	-8.46	333,888	428,467	-22.07
Xuanguang Expressway	55.47%	16,076	15,134	6.22	408,943	382,999	6.77
Lianhuo Expressway Anhui Section	100%	9,301	8,768	6.08	201,868	196,196	2.89
Ninghuai Expressway Tianchang Section	100%	24,543	17,559	39.78	90,208	75,449	19.56
Guangci Expressway	55.47%	15,275	15,088	1.24	66,228	67,490	-1.87
Xuanning Expressway	51%	660	—	—	2,021	—	—

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per vehicle (RMB)		
		2013	2012	2013	2012	Change (%)
Hening Expressway	100%	67:33	68:32	21,112	18,991	11.17
New Tianchang Section of National Trunk 205	100%	35:65	39:61	4,806	4,145	15.95
Gaojie Expressway	100%	63:37	54:46	8,316	10,643	-21.86
Xuanguang Expressway	55.47%	69:31	69:31	13,338	12,458	7.06
Lianhuo Expressway Anhui Section	100%	61:39	60:40	10,242	9,927	3.17
Ninghuai Expressway Tianchang Section	100%	75:25	74:26	17,638	14,725	19.78
Guangci Expressway	55.47%	73:27	70:30	12,960	13,171	-1.60
Xuanning Expressway	51%	83:17	—	488	—	—

Notes:

1. Xuanning Expressway was officially open to traffic on 8 September 2013.
2. The number of holiday free small-scale passenger vehicles is not involved in the above traffic volumes.

Section V Report of the Board of Directors

During the reporting period, the performance of the traffic flow of Ninghuai Expressway is good and the main reason is the benefit from the fourth Nanjing Changjiang bridge opened to traffic, but due to the fact that passenger traffic volumes is greater than the growth of goods traffic volumes, goods traffic growth slows down and the model structure changes, and the toll revenue growth rate becomes significantly lower than the increase of traffic flow.

During the reporting period, toll revenues of Gaojie Expressway continue to decline. The main reason for the decline is, on the one hand, the continuous effect of divergence of Liuwu Expressway after it has been open to traffic; on the other hand, since 11 November 2012, Jiangxi Jiujiang bridge has been under repair and vehicles more than 20 tons have been diverged. Since 28 October 2013, the second bridge of Jiujiang Yangtze river has been opened to traffic, and the traffic volume of Gaojie Expressway began to rise quickly.

During the reporting period, the main reason of the decrease of toll revenue of Guangci Expressway is that the volume of goods vehicles declines. The volume of goods vehicles has a decrease of 7.42% compared with that of the corresponding period last year.

General pawn Achievements

The Company and Hefei Huatai Group Company Limited established Hefei Wantong Pawn Company Limited in June 2012. The Company invested in RMB 150,000 thousand and holds 71.43% equity interest in Wantong Pawn. Huatai invested in RMB 60,000 thousand and holds 28.57% equity interest in Wantong Pawn.

During the reporting period, Wantong Pawn issued loans of RMB 228800 thousand, accumulatively and achieved operation revenue of RMB 57310 thousand.

Section V Report of the Board of Directors

1. Main business analysis

The analysis of the related altered items of income statement and cash flow statement

Unit: RMB'000

Items	Current period	Last year	Flux (%)	Cause Description
Operating income	2,330,104	2,222,507	4.84	The main reason is the increase of the operating income compared with that of the corresponding period of last year.
Operating costs	897,750	829,256	8.26	The main reason is that Ningxuan hang Expressway (Anhui Section) Xuancheng - Ningguo Section was formally opened in September 2013 ,which brought amortization of intangible assets and fixed assets depreciation
Administrative expenses	88,398	78,853	12.10	The main reason is the increase of the number of the administrative staff members and provision for depreciation of administrative assets during the reporting period compared with that of the corresponding period of last year.
Finance costs	132,641	132,066	0.44	
Asset impairment loss	11,249	1,780	531.97	Due to the increase of the preparations of the decreased value of the distributed loans accrued by Wan Tong Pawn compared with that of the corresponding period of last year
Equity earnings	88,656	12,030	636.90	The main reason is that Xin'an Financial issued cash dividends of RMB 75000 thousand to the Company.
Non-operating income	3,230	2,469	30.82	The main reason is the waste material transfer income during the reporting period
Non-operating expense	446	2,797	-84.05	The main reason is the sharp decrease of the asset disposal losses during the reporting period compared with that of the corresponding period of last year
Cash flows from operating activities	1,493,127	1,309,792	14.00	The decrease of Cash flows from operating activities is mainly due to the decrease of the pawn money issued by Wantong Pawn compared with that of the corresponding period of last year
Cash flows from investing activities	-1,550,766	-1,242,752	24.78	The main reason is the arrangement of fixed deposit and purchase of bank financing products during the reporting period
Cash flows from financing activities	-159,528	92,575	-272.32	The decrease is because the Group's subsidiary Ningxuanhang Company and Wan Tong Pawn received minority shareholders' investment fund at the corresponding period of last year

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Revenue

During the reporting period, the Group achieved the operating income of RMB 2,330,104 thousand, representing an increase of 4.84% over the corresponding period of the previous year. Among it, the toll income is main revenue source of the Group.

The concrete analysis about the revenue listed as follows:

Unit: 000' Monetary: RMB

Operating income	2013		2012		Change
	percentage		percentage		
Expressway business	2,272,790	97.54%	2,208,178	99.36%	2.93%
Toll income	2,188,382	93.92%	2,127,491	95.73%	2.86%
Service area income	33,947	1.46%	28,930	1.30%	17.34%
Other business income	50,461	2.16%	51,757	2.33%	-2.50%
Pawn business	57,314	2.46%	14,329	0.64%	299.99%
Total	2,330,104	100%	2,222,507	100%	4.84%

Notes: The increase of the service area income is mainly due to the revenue RMB 2,5890,000 yuan according to the petrol station renting agreement signed with Anhui Expressway petrochemical Co., LTD; the increase of pawn business income is mainly because Hefei Wantong Pawn Company Limited was officially opened in 18 July, 2012.

Operating Cost

During the Reporting Period, the operating costs of the Group were RMB 897,750 thousand, representing an increase of 8.26% compared with that of the corresponding period of last year. The increase of operating costs was mainly because Ningxuan hang Expressway (Anhui Section) Xuancheng - Ningguo Section was formally opened in September 2013, which brought amortization of intangible assets and fixed assets depreciation.

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a. Cost analysis statement

Unit: 000' Monetary: RMB

In terms of industries

Industries	Cost structure items	Amount of current period	Percentage of amount of current period over the total cost (%)	Amount of the same period of the previous year	Percentage of amount of the same period of the previous year over the total cost (%)	Amount of current period
						Compared with the same period over the last year
Toll ways business	Depreciation and amortization	569,829	63.47	530,589	63.98	7.40
	Roads repairing expenses	84,039	9.36	70,400	8.49	19.37
	Other cost	243,882	27.17	228,267	27.53	6.84
	Total	897,750	100.00	829,256	100.00	8.26
Pawn business		0	0	0	0	0

In terms of products

Products	Cost structure items	Amount of current period	Percentage of amount of current period over the total cost (%)	Amount of the same period of the previous year	Percentage of amount of the same period of the previous year over the total cost (%)	Amount of current period
						Compared with the same period over the last year
Toll ways business	Depreciation and amortization	569,829	63.47	530,589	63.98	7.40
	Roads repairing expenses	84,039	9.36	70,400	8.49	19.37
	Other cost	243,882	27.17	228,267	27.53	6.84
	Total	897,750	100.00	829,256	100.00	8.26
Wantong Pawn		0	0	0	0	0
Total cost	Total	897,750	100.00	829,256	100	8.26

Note: Because the expense of pawn industry related to monetary financing is included in main business cost, and financing expense in 2013 has not occurred, the cost of main business did not occur.

b. Principal customers and suppliers information

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

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Expenses

Administrative expenses

In 2013, the Group's administrative expenses were RMB 88,398 thousand, representing an increase of 12.10% from the same period in 2012 (2012: RMB 78,853 thousand). Such increase was mainly due to the increase of the administrative staff members of the Group and provision for depreciation of administrative assets during the reporting period compared with that of the corresponding period of last year.

Finance costs

In 2013, the Group's finance costs were RMB 132,641 thousand, representing an increase of 0.44% from the same period in 2012 (2012: RMB 132,066,000).

Income tax

This year, except for HK Subsidiary, applicable income tax rates of the Company, the company's subsidiaries and affiliates were 25%.

In 2013, income tax expenses of the Group were RMB 291,375 thousand, representing an increase of 5.18% from the corresponding period in 2012. That was mainly caused by the increased taxable income of the Group's operating revenue.

Cash flows

In 2013, the Group's net cash inflows from operating activities were RMB 1,493,127 thousand, representing an increase of 14.00% compared with that of the corresponding period last year, mainly due to the decrease of the pawn money issued by Wantong Pawn compared with that of the corresponding period of last year.

In 2013, the Group's net cash outflows from investing activities were RMB -1,550,766 thousand, mainly due to the arrangement of fixed deposit and purchase of bank financing products during the reporting period.

In 2013, the Group's net cash outflows from financing activities were RMB -159,528 thousand, representing a decrease of 272.32% from the corresponding period in 2012, mainly because the Group's subsidiary Ningxuanhang Company and Wan Tong Pawn received minority shareholders' investment fund at the corresponding period of last year.

In 2013, the Group's bank loans were RMB 368,048 thousand. At the end of the reporting period, the balance of bank loans were RMB 746,448 thousand, of which RMB 158,048 thousand was short-term loan balance with interest rates ranging between 1.60% and 4.62% of a term of less than 12 months; RMB 588,400 thousand was long-term loan balance that was a floating rate loan borrowed from a bank for the construction of Ningxuanhang Expressway with a weighted average interest rate of 6.252% per annum. The principal will be repaid between 2014 and 2025.

The Group was awarded with good credit ratings. As in 2013, the total credit facilities granted during the year was RMB 3359 million, and the facilities not yet utilized were RMB 2658 million.

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2. Analysis of principal business in terms of industries, products and areas

a. Principal business in terms of industries and products

In terms of industries or products	Operating income (RMB'000)	Operating costs (RMB'000)	Operating profit rate (%)	Change in operating income (%)	Change in operating costs (%)	Change in Operating profit rate (%)
<i>In terms of industries</i>						
Expressway operations	2,222,329	857,410	61.42	3.06%	7.59%	A decrease of 1.62 percent point
Pawn business	57,314	0	100.00	300.01%	NA	NA
<i>In terms of products</i>						
Hening Expressway	1,049,581	351,456	66.51	10.86%	7.55%	An increase of 1.03 percent point
New Tianchang Section of National Trunk 205	52,621	36,081	31.43	15.61%	5.28%	An increase of 6.73 percent point
Gaojie Expressway	346,197	164,894	52.37	-20.94%	8.96%	A decrease of 13.07 percent point
Xuanguang Expressway	408,943	133,222	67.42	6.77%	0.69%	An increase of 1.97 percent point
Lianhuo Expressway Anhui Section	204,148	94,587	53.67	3.01%	-5.48%	An increase of 4.16 percent point
Ninghuai Expressway Tianchang Section	92,590	31,156	66.35	19.38%	-4.35%	An increase of 8.35 percent point
Guangci Expressway	66,228	19,332	70.81	-1.87%	-1.23%	A decrease of 0.19 percent point
Xuanning Expressway	2,021	26,682	-1,220.24	NA	NA	NA
Wantong Pawnshop	57,314	0	100.00	300.01%	NA	NA
Total	2,279,643	857,410	62.39	5.02%	7.59	A decrease of 1.87 percent point

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b. Principal business in terms of areas

Unit: RMB'000

Area	operating revenue	Change in Operating revenue rate
Anhui Province	2,279,643	5.02%

3. Analysis of assets and liabilities

a. Analyzed statement of assets and liabilities

Unit: RMB'000

Items	Amount at the end of current period	Percentage of amount at the end of current period over the total assets (%)	Amount at the end of the last period	Percentage of amount at the end of the last period over the total assets (%)	Change of the end of current period over the end of the last period	Notes
Interest receivable	4,002	0.03	0	0.00	NA	It was mainly due to the received interest of fixed deposit and the purchase of bank financing products during the reporting period
Dividend receivable	35,000	0.29	0	0.00	NA	It was mainly due to the dividend distributed by Xin'an Financial
Other receivable	401,167	3.29	246,605	2.18	62.68	It was mainly because the amount of the purchase of bank financing products was RMB 0.13 billion.
Fixed assets	883,091	7.24	629,192	5.55	40.35	The increase of it was mainly due to the adjustment of intangible assets caused by the reconstruction of Hening Expressway and New Tianchang Section of National Trunk 205, and the operation of Xuanning Expressway
Short-term borrowings	158,048	1.30	65,300	0.58	142.03	The increase of it was mainly due to the bank loans of HK Dollars
Advanced accounts	1,050	0.01	2,850	0.03	-63.16	The decrease of it was mainly because the rental income of service areas needs to be made write-downs.

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Items	Amount at the end of current period	Percentage of amount at the end of current period over the total assets (%)	Amount at the end of the last period	Percentage of amount at the end of the last period over the total assets (%)	Change of the end of current period over the end of the last period	Notes
Interest payable	3,034	0.02	1,016	0.01%	198.62	It was mainly due to the increase of the interest payable of bank loans
Other accounts payable	132,526	1.09	95,294	0.84	39.07	It was mainly due to the increase of the cash deposit received by the Company's subsidiary Ningxuanhang Company
Non-current liabilities due within one year	2,036,157	16.69	65,128	0.57	3026.39	It was mainly because the 2 billion corporate bonds issued by the Company in December 2009 will be expired and has been replaced by bonds payable
Other current liabilities	17,638	0.14	6,827	0.06	158.36	It was mainly due to the increase of reliably measured road repair cost compared with that of the end of the year 2012
Bonds payable	0	0	1,987,776	17.54	-100.00	It was mainly because the 2 billion corporate bonds issued by the Company in December 2009 will be expired in December 2014 and has been replaced by non-current liabilities due within one year.
Long-term accounts payable	644,328	5.28	491,966	4.34	30.97	It was mainly because the Company's subsidiary Ningxuanhang Company received minority shareholders' investment fund during the reporting period.

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4. Investment Analysis

A. External equity investment of the Company

Unit: RMB'000

The Company's equity investment amount during the reporting period	0
Increase/decrease of investment amount	-215,000
Equity investment amount of the corresponding period last year	215000
Change of the investment amount during the reporting period (%)	-100

Information of invested companies during the reporting period

Name	Main business activities	Shareholding percentage in invested company (%)
Hong Kong subsidiary	Products trade related to the main business; Warehousing; Processing; Distribution; overseas highway construction, investment, operation and related consultation and technical service, etc	100

Details about the setting up of subsidiaries can be referred to the section "Major Events" in this year annual report.

Information of equity holding in un-listed financial companies

During the reporting period, the company did not hold any equity in un-listed financial companies.

B. Finance in trust and derivatives investment of non-financial companies

a. Finance in trust

The company had no condition of items of finance in trust in 2013.

b. Loans in trust

After the approval of Nineteenth meeting of the Sixth Board held on July 12, 2013, according to the investment plan of Ningxuanhang Company, for the difference between the total amount of investment and project capital, the company would entrust China Everbright Bank Co., LTD. Hefei branch in the coming year to provide Ningxuanhang Company maximum amount of RMB 350 million in loans, which is used to pay for Ningxuanhang Expressway construction project. The longest period of loan does not exceed 10 years and the loan interest rate is 6.22%. The entrusted loans capital belongs to the company's own capital.

During the reporting period, the Company has provided an entrusted loan capital of RMB85,000 thousand with Ningxuanhang Company.

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c. *Investment of fund-raising*

During the reporting period, the Company did not have the condition of fund-raising or the previous raising fund used in the current period.

d. *Analysis of main subsidiaries and joint stock companies*

Name of company	Interests held by the Group	Registered capital	As at 31 December 2013		2013		Principal business
			Total assets	Net assets	Operating revenue	Net profit	
Xuanguang Company	55.47%	111,760	1,218,072	594,055	412,128	159,452	Construction, management and operation of Xuanguang Expressway
NingXuanhang Company	51%	300,000	3,094,859	863,384	2,068	-48,175	Construction, design, supervision, toll collection, maintenance, management and technical consultation of highways and supporting service
Guangci Expressway	55.47%	56,800	274,441	210,015	68,028	30,186	Construction, management and operation of Guangci Expressway
Expressway Media	38%	50,000	252,337	148,040	122,236	38,571	Design, making, release and agency of domestic advertisements
Xin'an Financial	16.67%	3,000,000	6,477,004	4,048,255	1,082,729	707,947	Financial Investment, equity investment, management consulting
Wantong Pawn Company	71.43%	210,000	225,204	247,360	57,314	29,617	Pledge of movables pawn business, property rights pledge pawn business, real estate mortgage pawn business
Wantong MicroCredit Company	10%	150,000	252,062	174,206	42,958	22,529	Lends small sums of money, small business management consulting and financial advisory

Note 1: All of the companies are established in China.

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In June 2012, the Company and Huatai group jointly set up Hefei Wantong Pawn Co., Ltd, for which the Company paid RMB 150 million, accounting for 71.43% of its registered capital; Huatai group invested RMB 60 million, accounting for 28.57% of its registered capital. Anhui pawn constantly establishes and enhances the suitable comprehensive business services and risk control procedure for the whole of the region through preliminary consultancy, data inspection and acceptance of project, field investigation, risk assessment, collective review, project examination and approval, management, supervision, in order to effectively control business risk. In addition, at the end of each quarter, to evaluate the loans impairment losses, with reference to make the provisions for financial enterprise risk assets classification standard and to make provision for lendings according to the combined or single proportion of “normal class 1%, pay attention class 3%, secondary class 30%, doubtful class 60%, loss class 100%”, to reduce the difference between the estimated loans and the actual loan impairment losses. In 2013, the total number of impairment provision is RMB 11.25 million, in which single provision for RMB 11.1 million.

During the reporting period, Wantong Pawn Company lent pawn money of RMB 229 million, redeemed pawn money of RMB 205 million, money at pawn of RMB 202 million; achieve revenue RMB 57.31 million, net profit of RMB 29.62 million.

Anhui Xin'an Financial Group Co., Ltd., founded on 22 July 2011, with a registered capital of RMB3 billion, mainly engaged in financial investment, equity investment, management consulting, carrying business under decentralized management under group development, which gives full play to the advantages of group holdings, joint venture, legal separation, profit and loss separation and risk avoidance.

Anhui Xin'an Financial Group consists of 10 group member companies, which are Xin'an Financing Credit Investment Management Co., LTD., Anhui Xin'an Jingding Investment Management Co., LTD., Anhui Xin'an Asset Management Co., LTD., Hefei Xin'an Microcredit Co., LTD., Anhui Nanxiang Pawn Co., LTD., Anhui Xin'an Pawn Co., LTD., Anhui Xin'an Information Technology Co., LTD., Anhui Xin'an Jinniu Fund Management Co., LTD., Anhui Xin'an financing Lease Co., LTD and Anhui Xin'an financing & Guarantee Co., LTD.”

According to the audited results, Xin'an Financial Group had a total assets of RMB 6.477 billion, net assets of RMB 4.048 billion, asset-liability ratio is 37.50%; realized total accumulated revenue of RMB 1.083 billion in 2013, cost and expense is RMB 239 million, achieved net profit of RMB 708 million, in which net profit of RMB 628 million was attributable to the shareholders of Xinan Financial Group , earnings per share is RMB 0.21.

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e. Information of non-fund raising projects

Unit: '000,000,000 Currency: RMB

Name	Project amount	Project schedule	Investment amount this year	Accumulative total investment amount	Project earnings
Ningxuanhang Expressway Xuancheng-Ningguo Section	Route about 46 km, the total investment of the project is RMB2.678 billion	The project began to be constructed in September 2009 and has been open to trial traffic in 8 September 2013.	3.29	20.1	A loss of RMB 48.17 million
Ningxuanhang Expressway Ningguo-Qianju Section	Route about 45 km, the total investment of the project is RMB2.928 billion	The project began to be constructed in March 2011.	6.14	9.58	under construction
Reconstruction of Xuanguang Expressway	The total estimate is RMB 0.162 billion	The project has been completed at the end of 2013	0.48	1.62	
Total	57.68		9.91	31.3	

Note: The difference of the time of the project settlement will lead to the difference between the progress of the project investment and the project investment funds.

II. The Board's discussion and analysis of the Company's future development

1. The industry's competition pattern and development tendency

In terms of the comprehensive analysis and research on the current situation, as various reform measures determined on the third plenary session of the eighteenth have been implemented, it will release huge dividends policy, which will promote national and achieve a new round of great economic and social development in Anhui Province, and the macro environment for the development of the company will remain stability. Government points out clearly the management on economic growth, and the steady growth of the whole national economy can be expected, at the same time, the industrialization and the urbanization in Anhui Province is in the accelerated development stage, which still has huge potential for economic growth, and it will laid a solid foundation for the company's long-term stable development at the next period.

In order to solve the contradictory between the inadequacy of the traffic supply capacity and the increased transportation requirement , the country definitely puts forward that, the capital security system of the sustainable development of the transportation construction should be enhanced and the rest sections of the country's expressway network, and also, the construction of the sections of "dead end highway" and the "bottleneck" should be accelerated. Investment in the field of traffic infrastructure construction in Anhui Province in 2014 (except railway) is expected to exceed RMB 60 billion yuan, and the total mileage of expressways which have been open to traffic will reach 3,750 kilometers. The enhancement of the network is beneficial for improving the overall efficiency and, in turn, promoting the traffic demand, although individual sections in a short period of time may be affected by the shunt, the impact on the overall operational performance is positive.

But at the same time, the Company also faces many difficulties and challenges in development: sections of the Group are mostly open at earlier time, while still maintaining high profit, but growth has been slower; Transportation engineering continue to expand people's livelihood, and the green channel, free holidays such as decrease amount continue to rise, and it not only reduces the company's main business income, but also increases the cost of inspection, testing and smooth-keeping; financial investment sector will meet more fierce market competition, and it will increase the risk control difficulty.

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2. The Company's development strategy

During the period of "The Twelfth Five-Year Guideline", the Company's development strategy is "strengthen the advantages of the principal business, promote the transformation of the structure and improve the level of the management",

A. Strengthen the advantages of the principal business

Accelerate the construction of the projects of expressways; actively try to get policy support and make new breakthroughs at the aspect of acquiring the good existing tollways assets, and inject new momentum for the development of the principal business; orderly arrange and high effectively implement the maintenance and reconstruction of the expressways, and continually enhanced and improved the operation quality and level of the road industry; actively discover the operation and management regulation of expressways, further enhance the operation and management system and improve the operation level and efficiency of the principal business.

B. Promote the transformation of the structure

Dependent on the operation advantages of the expressways as principal business, optimize and integrate resources, continually strengthen the operation and management, and continually improve the effectiveness and level; develop the pawn, micro credit, warranty, fund investment and other financial business, discover the establishment of the marketing operation and management system, strictly control the risk of the investment and operation, and cultivate the new profit increasing point for the Company.

C. Improve the level of the management

Further improve the corporate governance structure and, establish and form check-and-balance of responsibility and right, and also give consideration to the management system of both of the fairness and efficiency; further strengthen the construction of the internal control system, establish and improve the corporate basic management system, enhance each corporate business procedure, strengthen the supervision, assessment and accomplishment, further enhance the management and control system of the parent-subsidiary company, and strengthen the management and control of the joint stock companies and the shares holding subsidiary companies in order to ensure the shareholders' interests maximized.

3. Operation Plan

As the operation environment won't change a lot, the objective of the toll revenue the Group sets in 2014 will be RMB 2.315 billion (actually in 2013, it is RMB 2.188 billion); As the first phase of Ningxuanhang Expressway has been opened to traffic, financial costs, maintenance costs, labor costs and management fees will all make an increase to different extent compared with 2013.

Planned Measures

- a. Constantly strengthen the comprehensive operation service capacity of the network
To strengthen the sense of road network, based on the passenger and the network marketing service; to expand marketing campaign routing and to strengthen traffic flow guidance through the improvement of the road indicator. To strengthen the network joint inspection, and to enhance the internal coordination, the charging equipment hardware and software upgrades, and the level of stopping loopholes. To further standardize road maintenance work process, strengthen the maintenance and special engineering design and application of new technology, constantly improve the quality of highway bridge and tunnel maintenance, and ensure the security of the network flow. To complete the information infrastructure construction, and improve the level of information management. To Strengthen the production management, the railway police, fire protection and safety linkage mechanism, and to enhance road safety.
- b. Constantly improve the quality of smile service
Further implement the "beauty in the smile, emphasis on service, earnest, to be natural" smile service policy, constantly improve the service with a smile of genuine, natural degrees; Research and explore new train of thought to establish long-term effective mechanism for perfect service with a smile, the new measures, to achieve normalized smile service work.
- c. Explore and innovate financing channels, and ensure all kinds of capital requirements
To actively learn overseas financing environment and the policy requirements, and actively explore overseas financing of low cost and risk; to make plans of funds adjustment and timely to raise funds to meet the demand of construction capital of Ningxuanhang project; To make plans of 2 billion yuan corporate debt which will be expired at the end of 2014 ahead of time to repay the cohesion and secondary work and effectively to ensure that all kinds of capital requirements.
- d. Strengthen the control of subsidiaries and joint stock companies, and promote the expansion of the Company's business
To strengthen the control of investment company, moderately involved in subsidiary business, and provide it with good support, and effective control of all kinds of business risk. As for the second and third phase of Ningxuanhang large-scale construction, the company will co-ordinate shareholders to raise and disburse construction funds, and make guidance to traffic road operation and the tender and subsequent management work of the service area. To control the business risk of Wan Tong Pawn and complete the work of equity transfer, investment recovery and risk control.

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4. The capital needed to maintain the present business and complete the invested projects under the construction

At the moment, Ning-Xuan-Hang highway is under the construction and the project is divided into three phases. The first phase, that is Xuancheng-Ningguo Section, has been open to traffic in September 2013; The second phase, that is Ningguo-Qianqiu Section, is estimated to be completed in 2015; The third phase, that is Liqiao-Xuancheng Section, is being dealt with the requisition and the related work of approval, and is about to start the construction in the first half of 2014.

Capital Expenditure Plan

Unit: RMB'0000

	Plan of 2014	Plan of 2015	Plan of 2016
Projects under constructed			
Ningxuanhang Expressway			
Ningguo-Qianqiu Section	70,000	66,776	
New constructed projects			
Ningxuanhang Expressway			
Liqiao-Xuancheng Section	24,500	80,000	60,000
Reconstructed projects of the existing roads	7,000	110,000	230,000
Total	101,500	256,776	290,000

The Group plans to use its own funds, bank loans, issuing corporate bonds and other ways to meet the demand of the above projects.

5. Possible Risks

The change of the macro-environment

The industry of tollways have sensibility on the change of the macro-environment. Highway, as traffic infrastructure, is indispensable to promote economic development and macroeconomic growth, while the growth directly drives the highway transportation demand. At present, with the the downturn of global economy, China's economy has entered the shifting stages, of growth speed, and the phase of structural adjustment and the digestion of the stimulus policy, and it still faces greater downward pressure on economic operation, which will have a direct impact on the Group's business performance of highway project.

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The measures to be taken:

The company will pay close attention to economic development in Anhui Province and the surrounding area, and pay attention to the data of the economic development of the road network and the characteristics of network traffic and vehicle structure change in order to make an analysis and response in time, and to establish and strengthen the consciousness of road network. To reduce the negative influence of economic environment change on the company's business.

The change of the toll policy

Transport infrastructure industry always been regulated by the government, and the change of the national industry policy of toll road enterprise will produce a certain influence. At present, the public pressure of the highway industry still exists, and the public welfare characteristics of toll roads becomes stronger. Toll road policy may adjust, and "green channel free policy" and "major holidays small car free policy" will continue to improve. The development trend of future policy is a big uncertainty. All of these will have an impact on the economic benefits and the management mode of the Group.

The measures to be taken:

The group will take active measures to address industry policy change, and on the basis of the summary of small passenger car free tolls work experience on major holidays, it will enhance the implementation plan, optimize the operating conditions, and fully implement it, in order to ensure the free flow during peak traffic. To improve the accuracy and efficiency of green channel inspection, and to alleviate the pressure of keeping smooth of the toll on-site. And it will analyze and do research on related industry policy adjustment, actively communicate with the competent department of the government, and as much as possible maintain the interests of the Company and investors.

Diversified travel mode and network changes

With the rapid advancement of the construction of the national railway network, high-speed and intercity crack will greatly shorten the transit time between two places, and it may change the way in which some passengers travel, and may have an influence on highway passenger transport. On the other hand, with further enhancement and encryption of highway system, parallel line and alternative line will continue to increase, and at the same time, the group's toll road projects surrounding roads renovation and reconstruction project itself will make the change of network traffic, thereby will have an effect on the operating performance of the Group's toll road project.

Section V Report of the Board of Directors

The measures to be taken:

Sections of highways of the group are all the national main trunk lines across the region in Anhui Province and most roads, which connects southeast coast and the central and western regions are the important part of the main line. The group will take full advantage of the location of Anhui Province, through the enhancement of road signs marking, expand marketing campaign routing, and aimed to strengthen traffic flow guidance. At the same time, the group will strengthen the maintenance, the toll on-site management, and advance the smile service, improve toll efficiency, road traffic capacity and service level, and enhance competitiveness in the network. To know the road network planning and project construction situation in time, and to make early study and reasonable prediction of the impact of related projects on the Company's existing traffic volumes.

The risk of the expiry of franchise

The franchise of the toll road asset has a certain limitation, and after the expiry of the time limit, the sustainable development of highway management enterprises will face major challenges. Under the current environment, the company's restructuring of the highway assets of parent company will be difficult, and the main business scale development will be severely restricted.

The measures to be taken:

To formulate "twelfth five-year" development strategy, and to seek long-term development. In terms of diversification, it has established the strategy of moderate development on the basis of main business. The Company will combine with conditions of highway industry and the financial characteristics, and moderately and steadily touch upon the non-bank finance field, seek new profit growth point, and realize the sustainable development of the Company.

Financial Risk

The Group's RMB 2 billion issued corporate bonds will expire at the end of 2014, and it will face the larger centralized fund redemption pressure. At the same time, the construction of the Company's capital projects has become more centralized in recent years, fund demand continues to increase, and external debt financing costs and difficulties become larger. Due to the complicated and changeable policy and market environment, direct financing of capital market also has certain risk and difficulty.

The measures to be taken:

This group will understand the credit policy and market environment change in time, and actively study the capital market financing. To plan fund arrangement continually, predict reasonably the cash flow and meet the demand of major construction project fund effectively. To closely pay close attention to the financing policy and cost, to determine reasonable financing channels and amount, and to strive to complete the connecting and displacement work of corporate bonds smoothly at the lowest cost and risk.

Section V Report of the Board of Directors

Financial Business Risks

On the basis of main business, the group has put forward appropriate careful investment on non-bank finance field strategy. Combined with the conditions and financial characteristics of the highway industry, the company has invested Xin'an Financial, Wan Tong Pawnshop and Wan Tong Microcredit. The scope of the business is to provide small loans and pawn business for small and medium-sized enterprises, with single investment direction and higher investment concentration. Along with the intensified market competition, the business management ability and the ability to resist risk needs to be improved.

The measures to be taken:

In order to reduce the single scale of investment of the Company in the financial industry, strengthen the control of financial investment, and reduce the non-control equity investment proportion of the enterprise, at the same time, to further guard against financial risks, the group held the twenty-first meeting of the Sixth Board of Directors on October 25, 2013, and approved the intention of the transfer of Xin'an Financial's part of equities. In 2014, it will continue to promote the work of transfer. In the next period, the Company will draw on the experience of investment control in financial business in recent years, fully demonstrate and do research on industry regulations and show clearly the development strategy and development system step by step.

Business expansion

HK Subsidiary has been registered, and overseas business development platform has been preliminarily set up. How to develop the business, how to make use of foreign resources to support the main business development and how to take advantage of low cost of financing for the convenience of the Group's financing, will be the keys to make breakthroughs in business, and formulate the new profit growth point and cost control points.

The measures to be taken:

To strengthen financial and international trade talent introduction and training, which will provide potent support for the company's overseas business development. On the basis of others' experience, Hong Kong subsidiary as the platform engaged in overseas investment, can be used to open up a new prospect of overseas business. At the same time, to actively learn overseas financing environment and the policy requirements, and explore overseas financing of low cost and risk.

III. The profit appropriation plan or transfers of share capital from capital reserves plan

1. The formulation, implementation and adjustment of the cash dividend and distribution policy

Since entering the market, the company has been always insisting on rendering returns to shareholders and has been constantly distributing cash dividends for 18 years. According to the requirements of the relevant regulatory agencies and combined with the company's actual situation, the Company has revised the Company's articles of association in August 2012. In the company's articles of association, it has further improved the company's cash dividend policy and standardized the decision-making mechanism of the Company's profit distribution plans and procedures.

The decision-making procedures and systems for the profit distribution after amendment mainly include: when the board make the profit distribution plan, they should pay attention to the reasonable return for the investors and the Sustainable development of the company, comprehensive analysis of the operation and development of the Company, the shareholders' desires, the social cost of capital, external financial environment and other factors. The Company's profit distribution plan was drawn up by the Company Secretary and the financial officers, submitted to the Board of Directors for consideration by the agreement of more than two-thirds of the independent directors. The Board of directors will proceed the full discussion of the rationality of the profit distribution plan, submitted to the general meeting for approval.

After the convening of the board of directors, the company should take a variety of methods to actively communicate with minority shareholders and listen to their advices. When the general meeting considers the cash dividends distribution plan, they should reply to the concern of minority shareholders as soon as possible.

According to the company's own operating condition, the need of investments and long-term development, or because of the significant changes of the external operating environment, which requires the adjustment of the cash dividends distribution plan, the adjusted profit distribution policies should be based on the protection of shareholders' equity as the starting point, and must not violate the laws, regulations and regulatory requirements.

The reason why the profit distribution plan should be adjusted needs to be concretely illustrated and discussed and the plan should be approved by more than two-thirds of the independent directors, passed by the Board of Directors and then delivered to the general meeting for approval.

When general meeting considers the adjustment of the profit distribution plan, the company provides the network voting platform, passed by 2/3 of the shareholders who attend the general meeting.

The Company established 2013 annual profit distribution plan (including cash bonus scheme) which conforms to the requirements of the journal in the articles of association. In the process of making the plan and decision-making process, the independent directors carefully studied and analyzed the related factors and published opinions independently, and the Company is also able to listen to the opinions of the independent directors and shareholders through various channels, and pay attention to small and medium-sized investors' demands and the legitimate rights and interests.

The 2012 profit appropriation plan of the Company has been accomplished on 28 June 2013.

Section V Report of the Board of Directors

2. The profit appropriation plan or transfers of share capital from capital reserves plan during those three years (including the reporting period)

Unit: RMB' 000

Distributed year	Basic earnings per ten shares (including tax)	Amount of cash dividend (including tax)	Net profit attributable to shareholders in consolidated financial statements of the distributed years (restated)	The rate of the net profit attributable to shareholders in consolidated financial statements
2013	2.2	364,894.20	847,910.07	43.03%
2012	2.0	331,722.00	761,000.77	43.59%
2011	2.1	348,308.10	868,325.19 (restated)	40.11%

IV. The fulfillment of the social responsibility

The Company faithfully fulfills the social responsibility. During the reporting period, the Company did not have major environmental protection or other major social security problems. For more details, please see the "social responsibility report".

V. The names of the directors during the reporting period

Names	Independent directors or not	notes
Zhou Renqiang	no	
Tu Xiaobei	no	
Li Junjie	no	
Li Jiezhong	no	
Wu Xinhua	no	Appointed on 16 May, 2013
Liu Xianfu	no	Resigned on 16 May, 2013
Meng Jie	no	
Hu Bing	yes	
Yang Mianzhi	yes	
Cui Yunfei	yes	

Section VI Management Discussion and Analysis

1. Capital flow, financial resources and capital structure

In 2013, the Group's bank loans were RMB 368,000 thousand. At the end of the reporting period, the balance of bank loans were RMB 746,000 thousand, of which RMB 15,800 thousand was short-term loan balance with interest rates ranging between 1.60% and 4.62% of a term of less than 12 months; RMB 11,000 thousand was a long-term loan balance due within one year; RMB 577,000 thousand was long-term loan balance, among which of 543,000 thousand was a floating rate loan borrowed from a bank for the construction of Ningxuanhang Expressway with a weighted average interest rate of 6.252% per annum. The principal will be repaid between 2018 and 2025. RMB 34,000 thousand bank loans was got by the mortgage of Guangci Expressway's charging rights. The interests will be paid once every quarter. The principal will be repaid between 2014 and 2015.

The rate of liability (long-term loan balance/net assets value) is 35.95%.

The group's capital management policy, is to continue operating security group, shareholders and other stakeholders to provide returns. In terms of the change of the external economic environment, the Group will timely make adjustment of capital structure and make the necessary strain. In order to maintain or adjust the capital structure, the group may be controlled by issuing new shares or capital expenditure for them if necessary to reduce the debt ratio. The Group will use capital debt ratio to monitor its capital, and the ratio will be calculated according to the net debt divided by the total capital. Net debt to total borrowing (including listed in the consolidated balance sheet flow and non-current borrowing) minus the cash and cash equivalents. Total capital as "rights", such as the consolidated balance sheet listed) plus net debt.

The group's strategy in 2013 compared with 2012 remain unchanged, efforts to maintain capital debt ratio at 30%, the credit rating of AAA.

2. Capital Charge and Contingent Liabilities

On 31 December 2013, no cash or collateral were used for the short-term bank loans (2012: Nil) and contingent liabilities (2012: Nil).

3. Major investment, acquisition and sales

Except for the contents Section VII disclosed, the Group did not have major investment or its subsidiaries' acquisitions and sales.

Section VI Management Discussion and Analysis

4. Risks of currency and interest rate

Because the unit of the revenue and expense of the Group is RMB, the major risks of currency of the operation activities can't be estimated.

The details of the financial risks and management is loaded in Accounting Notes 3 according to the PRC accounting standards.

5. Staff Members

The Group's staff members (including the number, remuneration and its policy, and details of training) have been written in Section IX.

Section VII Major Events

I. Material litigation, Arbitration and widespread media enquiry

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

II. Occupation of funds and Progress of payoff debt

There was not involved in any occupation of funds during the reporting period.

III. Bankruptcy Reorganization

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

IV. Assets Trading and Business Combination

There was not involved in any assets trading or business combination. during the reporting period.

V. Implementation of Share Incentive Scheme

The Company has not complemented the share incentive scheme

VI. Significant Connected Transactions

The Group's related party transactions and continuing connected transactions until 31 December 2013 have been disclosed in Note 39 in the comprehensive financial statements. The details of part of the above-mentioned transactions (also constituting related party transactions or continuing connected transactions under the Hong Kong Stock Exchange Listing Rules) are attached as follows.

1. Connected transactions in relation to daily operations

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	21,260	89.59	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	6.18	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	4.23	Transfer
Expressway Petrochemical	To lease the gas station within the Company and Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	26,288	54.10	Transfer
Yida Company	To lease service areas of the Company and Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	9,991	20.56	Transfer
Anhui Expressway Group	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	2,272	4.68	Transfer
The Construction Headquarters of High-grade highways	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	1,909	3.93	Transfer
Expressway Media	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	735	1.51	Transfer
Xiandai Transportation	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	742	1.53	Transfer

Section VII Major Events

RMB'000

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions (%)	Payment method
Anlian Company	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	507	1.04	Transfer
Wantong MicroCredit	To lease Wantong building in New and High-tech Park	To recognize on a straight-line basis over the lease period	180	0.37	Transfer
Xiandai Transportation	To receive management service	Made by negotiations through fair principles with reference to its costs	23,937	2.02	Transfer
Expressway Inspection Center	To receive supervisory service of project construction	Made by negotiations through fair principles with reference to its costs	6,472	0.55	Transfer
Expressway Project Supervision Company	To receive supervisory service of project construction	Made by negotiations through fair principles with reference to its costs	4,956	0.42	Transfer
Bangning Property	To receive management service	Made by negotiations through fair principles with reference to its costs	3,671	44.25	Transfer
Expressway Media	Accept advertising business	Made by negotiations through fair principles with reference to its costs	170	9.23	Transfer
Remuneration of key administrators			3,949		Transfer
Total			109,509		

Section VII Major Events

2. Items which haven't been disclosed in the temporary announcement

RMB '000

Related parties	Connected relation	The Company provides capital to related parties			Related parties provide capital to the Company		
		Initial Balance	Amount incurred	closing Balance	Initial Balance	Amount incurred	closing Balance
The Group	Controlling shareholder				340,000	230,347	570,347
Xuancheng Transportation and Investment	Other connected persons				545,416	-26,398	519,018
Total					885,416	203,949	1,089,365
Money for the amount supplied by the Company to the control shareholders and its subsidiary (RMB)				0			
Money for the remaining balance supplied by the Company to the control shareholders and its subsidiary (RMB)				0			
The forming reason for connected credit and debt	The joint investment of The Group and Xuancheng Transportation and investment exceeding Included long-term payables of registered capital of subsidiaries. The amounts had no guarantee, bore no interest, and no fixed repayment deadline.						

Section VII Major Events

3. Confirmation by the independent directors regarding connected transaction

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

- a. The transactions were carried out in the normal and usual course of business of the Company;
- b. 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
- c. The transactions were carried out in accordance with the terms of agreement governing such transactions.

The company confirmed the transactions were disclosed in accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In accordance with the Hong Kong authentication employment criteria 3000 “authentication employment in addition to historical financial information audit and review” issued by the Hong Kong Accountant Association, the board hereby employs the auditor for our company to implement relevant continuing transactions. The auditor has issued his unreserved advice letter about the discoveries and conclusions on the continuing transactions for our Group in this section in accordance with the listing rules. The copy of the letter will be submitted to the Stock Exchange of Hong Kong by the Company.

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.

As of the end of the reporting period, balance of guarantees provided by the Company to RMB0.181 billion.

(RMB'00,000,000)

Guarantees provided by the Company to its controlling subsidiaries

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

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

Total guarantee amount	1.81
Total guarantee amount as a percentage of net asset value (%)	2.56%

3. Other Material Contracts

During the reporting period, the Company did not entered into any material contracts.

Section VII Major Events

VIII. Implementation of Undertakings

- (1) The commitments for listed companies, shareholders holding 5% or more, the controlling shareholders and actual controllers during the reporting period or lasting until the reporting period.

Background of Commitment	Tyle of commitment	Commitment party	Content of commitment	Time and term of commitment	Whether there is the time limit for there is performance or not	Whether strictly comply in a timely manner or not
Commitment Related to the share reform	Other	Anhui Expressway Holding Group Company Limited	Continue to support the company's future acquisition of the good road assets owned by the Anhui Expressway Holding Group Company Limited and focus on the protection of shareholders' interests as always.	13 February 2006, long-term effective	No	yes
	Other	Anhui Expressway Holding Group Company Limited, China merchants Huajian Highway Investment Co.,Ltd	After the completion of the split-equity reforming, the Board of Directors of the company shall be suggested to develop a long-term incentive plan with equity incentive structure included. In accordance with the relevant provisions of the state, the Board of Directors of the company shall implement it directly or submit it to the General Meeting of Shareholders of the company. After their consideration and approval, the long-term incentive plan shall be implemented.	13 February 2006, long-term effective	No	yes

Section VII Major Events

Background of Commitment	Tyle of commitment	Commitment party	Content of commitment	Time and term of commitment	Whether there is the time limit for there is performance or not	Whether strictly comply in a timely manner or not
Commitment Related to IPO	Solve the competition	Anhui Expressway Holding Group Company Limited	Promise not to participate in any of the company's from time to time actual businesses or other business activities which may constitute direct or indirect competition to the Company.	12 October 1996, long-term effective	No	yes
Other Commitment	Other	Anhui Expressway Holding Group Company Limited	Commitment to continue to increase the holdings of the company's shares in the secondary market in your own name during the next 12 months and the cumulative shareholding percentage should be no more than 2% of the total shares (including the increased holdings of shares of this time) issued by the company. It is not allowed to reduce the holdings of shares during the increasing shareholding period and the statutory period.	Term of Overweight: 8 October 2012 to 7 October 2013; Term of Underweight: there is prohibitive in term of Overweight or six months after Completing overweight.	yes	yes

Section VII Major Events

IX. Appointment and Dismissal

(RMB 0'000)

Whether to change to hire a accounting firm or not	No
	Current Employment
The name of PRC Accountant	PricewaterhouseCoopers Zhong Tian LLP
Compensation of Domestic accounting firm	130
Term of audit of Domestic accounting firm	12
The name of Hong Kong Accountant:	PricewaterhouseCoopers Certified Public Accountants
Compensation of outside accounting firm	70
Term of audit of outside accounting firm	12

	Name	Compensation
Intenal Controlling to auditing and accounting firm	PricewaterhouseCoopers Zhong Tian LLP	30

The audit committee of the Company is responsible for reviewing the appointment, resignation and removal of the auditors as well as assessing their professional qualities for providing services, and submitting suggestions to the Board of Directors. Matters relating to the appointment and removal of auditors and the determination of audit fees as well should be submitted by the Board of Directors to the General Meeting of Shareholders for consideration and approval or authorization.

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Certified Public Accountants were approved to be appointed as the PRC auditors and Hong Kong auditors for 2013 respectively at the 2012 Annual General Meeting. As at 2013, they have provided services to the Company for 11 years and changed CPA in 2006, 2011 and 2012.

X. Punishment by Regulatory Authorities

During the reporting period, the Company, Directors, Supervisors, Senior Management, Shareholders who holding of shares more than 5% and the Real Controller of the Company have not been involved in any punishment by regulatory authorities.

XI. Analysis on Other Major Events

American depository receipt ('ADR') program

On 11 June 2009, the Company set up an American depository receipt ('ADR') program with Bank of New York Mellon (as the depository 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 HKEx. The Company does not issue new shares because of its American Depository Receipt program. American Depository Receipt in American Depository Receipt program is just traded in American OTC market and will not be listed on any stock exchange in the U.S.

Invested and Shared Huayuan Pawn Company

Through the consideration and approval of the Eleventh Session of Sixth Board Meeting on 26 June, 2012, the company plans to invest 45 million RMB with shares of Huayuan Pawn Company, accounting for 18.75% of its total equity after its increase endowment spread. Up to the issuing date of the report since its approval, the investment amounts have not been paid.

Set up Hong Kong wholly-owned subsidiary

On the 20th conference of the 6th board of directors, it's deliberated and passed that the company plans to fund at most 10 million US dollars to set up a wholly-owned subsidiary in Hong Kong, Anhui Expressway Company Limited (Hong Kong), to develop overseas business and international market and to develop the fund methods of the company on the basis of the status quos of the company. The actual amount invested subject to the registration in the registration authority. The RMB it has now will be used to swap and be the capital source of the subsidiary in HongKong. The business of the company include: products trade related to the major businesses; storage, manufacture, delivery; road building abroad, investment and consultation and technology service of businesses including operation.

On 4 September 2013, the company was registered and set up in Hong Kong. The capital stock is 76,440,000 shares. The pre-sale purchase of the company is 2,400,000 shares. By the time this report is approved to be released, the aforementioned investment hasn't been paid.

Plans to transfer a part of equity stake of Xin'an Financial Group

On the 21st conference of the 6th board of directors, the Company plans to transfer the stock of the 0.3 billion shares of the 0.5 billion shares of Xin'an Financial Group to Anhui Investment Group Holdings Co., Ltd. the transfer needs to be approved by Anhui SASAC. The board has agreed to the above transfer intention consistently and authorized the management level to deal with the examination and approval formalities of the transfer and asset appraisal. A boarding meeting will be convened to approve the equity transfer after the appraisal result is verified and registered by Anhui SASAC.

In December, 2013, the transfer was replied by Anhui SASAC. The company is currently organizing the asset appraisal.

Section VII Major Events

Controlling Shareholder Increase the Shareholdings of the Company Again

Anhui Expressway Holding Group Company Limited had completed the plan that increase the shareholdings for 12 months. From 8 October, 2012 to 7 October, 2013, Anhui Expressway Group has bought 5,376,120 shares of the Company, accounting for about 0.32% of the total issued shares of the Company.

On 9 January 2014 and 10 January 2014, Anhui Expressway Group has increased the shareholdings of 16,900 shares and 670,200 shares separately accounting for about 0.001% and 0.040% of the total issued shares of the Company. Before increasing of shareholding, the Group held 523,957,120 shares of the Company, accounting for about 31.59% of the total issued shares of the Company. After increasing of shareholding, the Group held 524,644,220 shares of the Company, accounting for about 31.63% of the total issued shares of the Company.

Anhui Expressway Holding Group Company Limited plans to continue to increase the holdings of the Company's shares through the buying ways of trading system of SSE in its own name during the next 12 months (counting from 9 January 2014) and the cumulative shareholding percentage should be no more than 2% of the total shares (including the increased holdings of shares of this time) issued by the Company. The Group promises not to reduce the holdings of shares during the increasing shareholding period and the statutory period.

XII. Pre-emptive Right

In accordance with *the Cooperation Articles* or Chinese laws, there is no subscription indicating that the company should give priorities to the existing shareholders to the purchase of new shares in proportion to the number of shares owned.

XIII. Tax Relief

The Company isn't aware of any details about enjoying tax relief on the condition of holding the company's securities.

XIV. Reserves

During the reporting period, the number and details of important changes in the reserves of the Company are listed in the notes 19 to the accounts worked out in accordance with Hong Kong Financial Reporting Standards.

Section VIII Change of Share Capital and Shareholders

I. Change of share capital

(I) Change of shares

1. Change of shares

(Unit: share)

	Before this change		New issue of shares	Increase and decrease of this change (+,-)			Sub-total	After this change	
	number	proportion (%)		Sent shares	Accumulation fund turn	Other		Number	Proportion (%)
I. The conditions limited the sale of the shares									
1. State-owned shares									
2. State-owned legal person shares									
3. Other Domestic shares									
Among: shareholding of Domestic Non-state-owned corporate Shareholding of Domestic natural person									
4. Foreign shareholding									
Among: shareholding of Outside legal person Shareholding of Outside natural person									
II. The conditions of unlimited sale of the negotiable shares									
1. RMB common shares	1,165,600,000	70.28					1,165,600,000	70.28	
2. Domestic listed foreign shares	0	0					0	0	
3. Outside listed foreign shares	493,010,000	29.72					493,010,000	29.72	
4. Other	0	0					0	0	
III. The total number of shares	1,658,610,000	100					1,658,610,000	100	

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.

Section VIII Change of Share Capital and Shareholders

II. Issue of share and listing

(I) Previous securities issuance Nearly three years as of the end of the reporting period

(Unit: share, RMB)

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
Convertible bonds, separably-traded convertible bond, type of corporate bonds						
Corporate Bonds	17-22 December 2009	RMB100 each	20,000,000	21 January 2010	20,000,000	16 December 2014

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).

In April 2013, 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 2013, the Company paid annual interests of RMB 50 (tax included) per bond (face value RMB1000) according to contract.

(II) Changes in the total number of shares of the Company and the Shareholders structural changes and changes of the company’s assets and liabilities structure as well

During the reporting period, no changes in the total number of shares and the shares’ structure of the Company should be caused by bonus shares, allotment and other reasons.

(III) Employees shares

The Company did not issue employees shares.

Section VIII Change of Share Capital and Shareholders

(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.

III. SHAREHOLDERS AND REAL CONTROLLER

(I) Number of shareholders and the situation of shareholdings

(Unit: share)

Number of shareholders as at the end of the reporting period	The total number of shareholders of the Company was 55,146, of which 55,057 were state-owned shareholders and 89 were H shareholders.	The total number of shareholders at the fifth session before the date to the publication of the Annual Report	The total number of shareholders of the Company was 53,162, of which 53,074 were state-owned shareholders and 88 were H shareholders
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The Ten largest shareholders of the Company

Name of shareholders	Nature of shareholders	Shareholding percentage	Total shareholding as at the end of the year	Change during the reporting period	Number of restricted shares	Number of shares pledged or locked-up
Anhui Expressway Holding Group Company Limited	State-owned shares	31.59%	523,957,120	+2,223,746	0	Nil
HKSCC NOMINEES LIMITED (agent)	Overseas shareholders	29.46%	489,157,898	-706,000	0	Not known
China Merchants Huajian Highway Investment Co., Ltd.	State-owned legal person shares	21.52%	356,913,158	+7,567,469	0	Nil
Xiong Liwu	The domestic natural person	1.07%	17,717,757	+17,717,757	0	Not known
407 combination of the national social security fund	Others	0.43%	7,188,647	+7,188,647	0	Not known
Templeton Investment Consultant Company Limited	Others	0.38%	6,304,771	-1,428,400	0	Not known
Kuang Shunqing	The domestic natural person	0.25%	4,117,923	0	0	Not known
Zhang Fengtong	The domestic natural person	0.12%	2,000,000	-2,059,938	0	Not known
Shu Xiaodong	The domestic natural person	0.11%	1,877,394	+98,500	0	Not known
Yuan Hui	The domestic natural person	0.10%	1,645,625	+87,000	0	Not known

Section VIII Change of Share Capital and Shareholders

The ten largest shareholders of unrestricted circulating shares of the Company

Name of shareholders	Number of unrestricted circulating shares	Type and Number of shares
Anhui Expressway Holding Group Company Limited	523,957,120	Renminbi-denominated ordinary shares
HKSCC NOMINEES LIMITED (agent)	489,157,898	Overseas listed foreign shares
China Merchants Huajian Highway Investment Co., Ltd.	356,913,158	Renminbi-denominated ordinary shares
Xiong Liwu	17,717,757	Renminbi-denominated ordinary shares
407 combination of the national social security fund	7,188,647	Renminbi-denominated ordinary shares
Templeton Investment Consultant Company Limited	6,304,771	Renminbi-denominated ordinary shares
Kuang Shunqing	4,117,923	Renminbi-denominated ordinary shares
Zhang Fengtong	2,000,000	Renminbi-denominated ordinary shares
Shu Xiaodong	1,877,394	
Yuan Hui	1,645,625	

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 ascertained, 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.

Section VIII Change of Share Capital and Shareholders

(II) 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 2013, so far is known to, or can be ascertained after reasonable enquiry by the Directors, the persons (except directors, supervisors and chief executives of the Company) 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 336 of Part XV of the Securities of Futures Ordinance.

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	523,957,120 (L)	+2,223,746	State-owned shares	31.59%	No
China Merchants Huajian Highway Investment Co.,Ltd.	356,913,158 (L)	+7,567,469	State-owned legal person shares	21.52%	No

Section VIII Change of Share Capital and Shareholders

Name	As at the end of the period (shares)	Change during the reporting period	Type of shares	As a percentage of H shares	Pledged or locked-up
Cheah Capital Management Limited	39,548,000 (L)	+39,548,000	H shares	8.02%	Not known
Cheah Cheng Hye	39,548,000 (L)	+39,548,000	H shares	8.02%	Not known
Cheah Company Limited	39,548,000 (L)	+39,548,000	H shares	8.02%	Not known
Hang Seng Bank Trustee International Limited	39,548,000 (L)	+39,548,000	H shares	8.02%	Not known
To Hau Yin	39,548,000 (L)	+39,548,000	H shares	8.02%	Not known
Value Partners Group Limited	39,548,000 (L)	+39,548,000	H shares	8.02%	Not known
Value Partners High-Dividend Stocks Fund	39,466,000 (L)	+39,466,000	H shares	8.00%	Not known
Colonial First State Group Ltd	33,358,000(L)	Not available	H shares	6.77%	Not known
Colonial Holding Company (No.2) Pty Limited	33,358,000(L)	Not available	H shares	6.77%	Not known
Colonial Holding Company Pty Ltd.	33,358,000(L)	Not available	H shares	6.77%	Not known
Colonial Ltd	33,358,000(L)	Not available	H shares	6.77%	Not known
First State Investment Managers (Asia) Ltd	33,358,000(L)	Not available	H shares	6.77%	Not known
First State Investments (Bermuda) Ltd	33,358,000(L)	Not available	H shares	6.77%	Not known
The Colonial Mutual Life Assurance Society Ltd	33,358,000(L)	Not available	H shares	6.77%	Not known
First State (Hong Kong) LLC	32,166,000(L)	Not available	H shares	6.52%	Not known
First State Investments (Hong Kong) Limited	30,712,000(L)	Not available	H shares	6.23%	Not known
First State Investments (Singapore)	30,608,000(L)	Not available	H shares	6.21%	Not known
First State Investments Holdings (Singapore) Limited	30,608,000(L)	Not available	H shares	6.21%	Not known
JPMorgan Chase & Co.	41,782,852 (L) 0(S)	-10,854,518 -430,000	H shares	8.48% 0%	Not known
	41,424,800 (lendable shares)	-10,538,570		8.40%	

Section VIII Change of Share Capital and Shareholders

Except for as disclosed in this Annual Report, The register maintained in accordance with Part XV, Section 336 of *the Securities and Futures Ordinance* on 31 December 2013 shows that the Company has never received any information about the interests or short positions in the shares and underlying shares of the Company on 31 December 2013.

IV. Information of the controlling shareholder and the real controller of the Company

(I) The controlling shareholder of the Company

1. Legal representative

(Unit: RMB00,000,000')

Name	Anhui Expressway Holding Group Company Limited
Legal representative	Zhou Renqiang
Date of establishment	27 April 1993
Organization code	14894636-1
Registered capital	RMB50.034487
Business scope	Planning, design, supervision, technical consultation and ancillary service of highway construction, Real Estate investment and motor vehicles fittings and storage.
Operating results	AEHC achieved the unaudited operating income of RMB15.842 billion in 2013; Total operating costs of RMB13.963 billion; Total profit of RMB2.184 billion; Net profit attributable to the Parent Company of RMB0.996 billion
Financial Position	At the end of 2013, the unaudited total assets of AEHC is RMB 112.632 billion; Total liabilities of RMB 75.936 billion; Total shareholders' equity of RMB 36.696 billion; Shareholders' equity attributable to the Parent Company of RMB30.499 billion.
Cash flow and future development strategy	Net declines in the unaudited cash flows of AEHC in 2013 is RMB0.355 billion; Net cash inflows from operating activities is RMB6.387 billion, net cash flows from investment activities is RMB8.081 billion and net cash inflows from financial activities is RMB1.339 billion. Development strategy: Focused on roads, driven by 4 wheels and proceed with diversification to a proper extent", which means the development of four main sectors "expressways, real estate industry, road zone economy, finance and investments" and strives to build up a modern, diversified, multi-regional, large-scale conglomerate group with development across industries.
The condition of holdings and joint-stock of other domestic and outside listed companies during the reporting period	AEHC hold 469,032,613 Domestic shares of Huishang Bank, accounting for 4.24% of the total shares of it. Huishang Bank was listed on the Stock Exchange in November 2013.

Section VIII Change of Share Capital and Shareholders

(II) 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.



V. Other legal person shareholders who hold more than 10% of the share capital

(Unit: RMB00,000,000')

Name	Legal representative	Date of establishment	Organization code	Registered capital	Business scope
China Merchants Huajian Highway Investments Company Limited	Li Jianhong	18 December 1993	10171700-0	15	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.

Section IX Directors, Supervisors, Senior Management and Staff

I. Changes in ownership and compensation

(I) The Changes in ownership and compensation of Incumbent and Retired during the reporting period directors and supervisors

Name	Position	Sex	Age	Term of office	Rewards drawn from the Company of the year (RMB ten thousand)	Rewards drawn from the share-holding companies of the year (RMB ten thousand)
Zhou Renqiang	Chairman	Male	59	2011.08.17—2014.08.16	81.60	0
Tu Xiaobei	Deputy Chairman	Male	60	2011.08.17—2014.08.16	58.20	0
Li Junjie	Director	Male	54	2011.08.17—2014.08.16	58.20	0
Li Jiezhong	Director	Male	51	2011.08.17—2014.03.28	58.20	0
Wu Xinhua	Non-executive Director	Male	47	2013.05.16—2014.08.16	0	—
Meng Jie	Non-executive Director	Male	37	2011.08.17—2014.08.16	0	—
	Deputy General Manager			2013.07.12—2014.08.16		
Hu Bin	Independent Director	Male	43	2011.08.17—2014.08.16	8	0
Yang Mianzhi	Independent Director	Male	45	2011.08.17—2014.08.16	8	0
Cui Yunfei	Independent Director	Male	38	2012.08.30—2014.08.16	12	0
Wang Weisheng	Chairman of Supervisory Committee	Male	60	2011.08.17—2014.08.16	58.20	0
Yang Yicong	Supervisor	Male	58	2011.08.17—2014.08.16	38.70	0
Wang Wenjie	Supervisor	Male	30	2012.05.25—2014.08.16	0	—
Xie Xinyu	Deputy General Manager and Secretary to the Board	Male	47	2011.08.17—2014.08.16	38.41	0
Sheng Yao	Deputy General Manager	Male	55	2013.04.24—2014.08.16	28.86	0
Liang Bing	Deputy General Manager	Female	47	2013.04.24—2014.08.16	30.67	0
Liu Xianfu	Non-executive Director	Male	50	2011.08.17—2013.05.16	0	—
Wang Changyin	Deputy General Manager	Male	51	2011.08.17—2013.04.24	12.74	0
Total					491.78	

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

Section IX Directors, Supervisors, Senior Management and Staff

II. Position of Incumbent and Retired during the reporting period directors and supervisors

(I) Positions held by Directors, Supervisors and Senior Management in shareholders in 2013

Name	Name of shareholders	Position	Term of office	Expiration Date of the term
Zhou Renqiang	Anhui Expressway Holding Group Co., Ltd.	Chairman Secretary of the Party Committee	Since November 2009 Since June 2008	at yet
Wang Weisheng	Anhui Expressway Holding Group Co., Ltd.	Deputy Secretary of the Party Committee	Since August 2009	at yet
Tu Xiaobei	Anhui Expressway Holding Group Co., Ltd.	Deputy Chairman	Since May 2010	February 2014
Li Junjie	Anhui Expressway Holding Group Co., Ltd.	Deputy General Manager	Since October 2009	at yet
Li Jiezhong	Anhui Expressway Holding Group Co., Ltd.	Deputy General Manager	Since November 2010	December 2013
Wu Xinhua	China Merchants Huajian Highway Investment Co., Ltd.	Deputy General Manager	Since April 2007	at yet
Liu Xianfu	China Merchants Huajian Highway Investment Co., Ltd.	Chief Financial Officer	Since April 2007	at yet
Meng Jie	China Merchants Huajian Highway Investment Co., Ltd.	Deputy General Manager of Enterprise Management	Since November 2013	at yet
Wang Wenjie	China Merchants Huajian Highway Investment Co., Ltd.	Project Manager of Enterprise Management	Since July 2011	at yet
Wang Changyin	Anhui Expressway Holding Group Co., Ltd.	General Manager Assistant Minister of Investment and Development Department	Since June 2012 Since May 2010	at yet

(II) Positions held by Directors, Supervisors and Senior Management in Other Units

Name	Other units in which they hold post	Position	Term of office
Tu Xiaobei	Anhui Ningxuanhang Expressway Investment Co., Ltd.	Chairman	Since 2008.4
	Anhui Provincial Highway Project Supervision Co., Ltd.	Chairman	Since 2005.11
Li Junjie	Anhui province Expressway real estate group	Chairman	Since 2012.6
	Anhui Anlian Expressway Co., Ltd.	Chairman	Since 2012.6
Li Jiezhong	Anhui Fortunately International Logistics Co., Ltd.	Chairman	2010.10—2014.3
	Anhui Xinan Financial Group Co., Ltd.	Deputy Chairman	2011.7—2014.2
	Anhui Guoyuan Capital Co., Ltd.	Director	2010.6—2013.12
Wu Xinhua	China Merchants Group (Pacific) Ltd.	Executive Director and Director of Operations	Since 2011.2
	CHTS-Expressway Operations Management Chapter	Executive Vice Chairman,	Since 2008.10
Liu Xianfu	Guangxi Wuzhou Transportation Co., Ltd.	Deputy Chairman	Since 2007.11
	Hubei Chutian Expressway Co., Ltd.	Deputy Chairman	Since 2010.6
Meng Jie	Guangxi Wuzhou Transportation Co., Ltd.	Director	Since 2005.5
	North China Expressway Co., Ltd.	Director	Since 2008.8
	Zhongyuan Expressway Co., Ltd.	Director	2009.11

Section IX Directors, Supervisors, Senior Management and Staff

Name	Other units in which they hold post	Position	Term of office
Wang Weisheng	Anhui Expressway petrochemical Co., Ltd.	Chairman	Since 2013.11
Yang Yicong	Xuanguang Expressway Co., Ltd. Anhui Expressway Media Co., Ltd. Anhui Guangci Expressway Co., Ltd. Anhui Ningxuanhang Expressway Investment Co., Ltd. Anhui Civil Aviation Airport Group Co., Ltd. Anhui Anlian Expressway Co., Ltd.	Chairman of Supervisory Committee Chairman of Supervisory Committee Chairman of Supervisory Committee Convener of Supervisory Committee Director Chairman of Supervisory Committee	Since 1998.7 Since 2008.8 Since 2005.2 Since 2008.4 Since 2005.11 Since 1998.7
Hu Bin	Institute of Finance and Banking, Chinese Academy of Social Sciences Tongling Jingda Special Magnet Wire Co., Ltd Wuxi Guoliang Trust Co., Ltd. Shaanxi Baoguang Vacuum Electric Device Co., Ltd.	Assistant to Head of Institute and Head of Laboratory Independent Director Independent Director Independent Director	Since 2003.9 2006.12-2013.2 Since 2011.5 Since 2011.11
Yang Mianzhi	College of Commerce, Anhui University Anhui Sun Create Electronics Co., Ltd. Anhui Sun Create Electronics Co., Ltd. Anhui Jiangnan Chemical Co., Ltd. Anhui Anli Artificial Co., Ltd.	Vice Principal Independent Director Independent Director Independent Director	Since 2000.3 Since 2010.3 Since 2012.4 Since 2012.4
Cui Yunfei	The Hong Kong branch of American International Assurance Co.,Ltd. Win & Win Financial Services Company	Senior Manager General manager	Since 2006.1 Since 2009.7
Xie Xinyu	Anhui Ningxuanhang Expressway Investment Co.,Ltd. Anhui Xinan Financial Group Co., Ltd. Anhui Expressway Holding Group Co., Ltd (Hong Kong) Anhui Expressway Company Limited (Hong Kong)	Director Director Director Director	Since 2008.4 Since 2011.7 Since 2013.9 Since 2013.9
Wang Changyin	Hefei Wantong Pawn Co., Ltd. Anhui State Road Expressway Co., Ltd. Xuanguang Expressway Co., Ltd. Anhui Guangci Expressway Co., Ltd. Anhui Fortunately International Logistics Co., Ltd. Anhui Guoyuan Capital Co., Ltd.	Chairman Deputy Chairman Director Director Chairman Director	2012.6—2013.4 Since 2011.8 Since 2006.3 Since 2012.2 Since 2014.3 Since 2013.12
Sheng Yao	Anhui Fortunately International Logistics Co., Ltd.	Deputy Chairman	Since 2012.2
Liang Bing	Anhui Ningxuanhang Expressway Investment Co., Ltd. Anhui Xinan Financial Group Co., Ltd. Hefei Wantong Pawn Co., Ltd. Xuancheng City Guangci Expressway limited liability company Xuanguang Expressway Co., Ltd.	Director Chief Financial Officer Supervisor Director Director Director	Since 2012.12 Since 2008.4 Since 2011.7 Since 2012.6 Since 2013.11 Since 2013.4

Section IX Directors, Supervisors, Senior Management and Staff

III. Biography of Directors, Supervisors and Senior Management

(I) 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 majoring 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. Tu Xiaobei, born in 1954, Senior Engineer. Mr. Tu graduated from Hefei Industrial University in 1984. Mr. Tu has held various positions such as the head of the infrastructure division of Anhui Department of Communications, director of Anhui Expressway Administration Bureau and Anhui Expressway Holding Group Limited. 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, fourth and fifth Board. Mr. Tu is now the member of the Party Committee and deputy chairman of Anhui Expressway Holding Group Company Limited, the chairman of Anhui Ningxuanhang Expressway Investment Company Limited and Anhui Provincial Highway Project Supervision Company Limited.

Mr. Li Junjie, born in 1960, holder of 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 of Anhui Expressway Holding Corporation and secretary of Party General Branch of Bengbu Administration Office, general manager of Anhui Xiandai Transportation Economic Technology Development Centre, general manager of Anhui Expressway Real Estate Company Limited, director of the Human Resources Division, member of the Communist Party Committee and deputy general manager of Anhui Expressway Holding Corporation, the chairman of Anhui Expressway Media Company Limited, the deputy general manager and deputy managing director of the Company, etc. He is now a member of the Communist Party Committee and the deputy general manager of Anhui Expressway Holding Group Company Limited. He also concurrently the chairman of the board of directors of Anhui Anlian Expressway Company Limited and Anhui province Expressway real estate group.

Section IX Directors, Supervisors, Senior Management and Staff

Mr. Li Jiezhi, born in 1963, holder of Postgraduate Diploma and a senior auditor and registered accountant. He has held positions such as staff member, deputy staff member, principal staff member, deputy director and consultant of Anhui Provincial Audit Bureau. He was transferred to be head of the financial division of Anhui Expressway Holding Corporation in 2000. Currently, he is the deputy general manager of Anhui Expressway Holding Group Company Limited and concurrently the chairman of the board of directors of Anhui Fortunately International Logistics Co., Ltd. as well as the director of Anhui Xinan Financial Group Co., Ltd. and Anhui Guoyuan Capital Co.,Ltd. In November 2013 he was under investigation by a relevant regulatory body and the board meeting holding on 28 March 2014 authorized his resignation for personal reasons.

Non-Executive Directors

Mr. Wu Xinhua, aged 46, graduated from Renmin University of China and obtained a bachelor's degree in Economics, is the vice general manager of China Merchants Hua Jian Highway Investment Co., Ltd., the executive director and chief operating officer of China Merchants Holdings (Pacific) Limited. Mr. Wu is also the deputy director of Operations Management Branch of the China Highway & Transportation Society. Mr. Wu had been the manager of the securities department of Nanfang Glass Company Limited* in China Merchants Shekou Industrial Zone, the managing director of the banking investment department of China Merchants Securities. After joining China Merchants Hua Jian Highway Investment Co., Ltd. in 2007, Mr. Wu had also been the director or vice chairman of the board of Fujian Expressway Development Co., Ltd., Jiangsu Yangtze Bridge Co., Ltd.* and Guangjin Xicheng Expressway Co., Ltd.

Mr. Meng Jie, born in 1977, holder of Master of Engineering, Master of Business Administration, senior engineer, Registered Consultation Engineer (Investment), graduated with the profession of bridges and tunnels from Hunan University in 2002. Since August 2002, he has held the positions as project manager, assistant to manager, deputy general manager and general manager of First Department of Shares Management of China Merchants Huajian Transportation Economic Development Center. Since November 2013, he was in the position of deputy general manager of Enterprise Management department at Hua Jian Center. Former he was the supervisor of North China Expressway Company Limited and Guangxi Wuzhou Transportation Company Limited, and was the director of Dongbei Expressway Company Limited. On 12 July 2013 he was offered the deputy general manager of the Company. Since May 2005, he is the director of Guangxi Wuzhou Transportation Co., Ltd., since April 2008, he is the director of North China Expressway Co., Ltd. and since November 2009, he is the director of Zhongyuan Expressway Co., Ltd.

Section IX Directors, Supervisors, Senior Management and Staff

Independent Non-Executive Directors

Mr. Hu Bin, born in 1971, Doctor of Laws, Doctor of Financial Studies and researcher. He is now assistant to the director of Financial Institute of the Chinese Social Sciences Academy, head of the Law and Finance Research Centre, head of the Financial Laws and Financial supervision Research Base, deputy head of Medium and Small Banks Research Base. His major public service positions include deputy secretary of the Chinese Social Sciences Doctors' Beijing Social Committee, special expert of the State Development Bank, independent director of Wuxi United Trust Company Limited, independent director of Tongling Jingda Special Magnet Wire Co., Ltd. and Shaanxi Baoguang Vacuum Electric Device Co., Ltd., and Honorary Researcher of Monash University.

Mr. Yang Mianzhi, born in 1969, Doctor of Management (Finance) at People's University of China. He is now the deputy head, Deputy Professor and Tutor of Masters of the Business Faculty of Anhui University. He was elected the National Accounting Army Leading Back-up personnel of the Finance Department, elected the back-up academic and technical leader of Anhui Province in 2010, and has concurrently acted as independent director of Anhui Sun Create Electronics Company, Ltd., Anhui Jiangnan Chemical Co., Ltd. and Anhui Anli Artificial Co., Ltd.

Mr. Cui Yunfei, born in 1976, is a Master of Business Administration (International) of The University of Hong Kong. He has been working for the Hong Kong branch of American International Assurance Co.,Ltd. since 2006 and is now a senior manager. He has also been the general manager of Win & Win Financial Services Company since 2009.

2. Supervisors

Mr. Wang Weisheng, born in 1954, a senior political officer. He was graduated from Anhui Workers University majoring in Philosophy in 1979. Mr. Wang had been a monitor, first class monitor, deputy head and the head of the chief tribunal of the organisation 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 Anhui Province Energy Group and was the director, the vice chairman of the board of directors and the chairman of the supervisory committee of Anhui Wenergy 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 chairman of the supervisory committee of the Company on 26 March 2010.

Section IX Directors, Supervisors, Senior Management and Staff

Mr. Yang Yicong, born in 1956, a senior political officer, was graduated from Anhui Industrial Institute in 1982. He was a director of the political division of Anhui Vehicle Transportation Administration Bureau, a director of the political division and secretary of the Disciplinary Committee of the Anhui Expressway Transportation Administration Bureau. He has extensive experience in personnel management. Mr. Yang has been elected as a supervisor representing the employees since the second supervisory committee of the Company. He is concurrently the chairman of the supervisory committee of Xuanguang Expressway Company Limited, Xuancheng Guangci Expressway Company Limited, Anhui Expressway Media Limited and Anhui Anlian Expressway Company Limited. He is also the convener of the supervisory committee of Anhui Ningxuanhang Expressway Investment Limited and director of Anhui Civil Aviation Airport Group Co., Ltd.

Mr. Wang Wenjie, born in 1984, was graduated from AUT University, NZ in 2008 and obtained a bachelor's degree in finances and accounting. Mr. Wang carried out the accounting work at the accounting firms in New Zealand and currently served as project manager of Enterprise Management department at the China Merchants Huajian Highway Investment Co., Ltd..

3. Other Senior Management

Mr. Xie Xinyu, born in 1967, an associated member of The Hong Kong Institute of Chartered Secretaries, deputy general manager, secretary to the board of directors and senior engineer of the Company. He was the deputy general manager and secretary to the board of directors of the Company between 1996 and 1999; deputy general managing director and secretary to the board of directors of the Company between 1999 and 2002; and has been the deputy general manager and secretary to the board of directors of the Company since August 2002. He is concurrently a director of Anhui Ningxuanhang Expressway Investment Company Limited and Anhui Xinan Financial Group Co., Ltd. Since 27 December 2012 he was in charge of the Company discharging general manager duties, instead and temporarily.

Section IX Directors, Supervisors, Senior Management and Staff

Mr. Sheng Yao, born in 1959, holder of postgraduate diploma, senior political engineer. He had been the Deputy Chief of Political Affairs Department of Hefei Highway Bureau, Deputy Officer of the Office of Anhui Provincial High Grade Highway Administration Bureau, Assistant to the Head and Officer of the Engineering and Construction Department of Anhui Expressway Holding Corporation, Deputy Head of Hefei Administrative Bureau, Deputy General Manager and General Manager of Angao Investment Company Limited*, General Manager of Anhui Expressway Real Estate Group. He has been the chief economist of the Company since December 2011 and the Deputy General Manager of the Company and the deputy chairman of Anhui Fortunately International Logistics Co., Ltd. since 24 April 2013.

Ms. Liang Bing, born in 1967, holder of Postgraduate Diploma, manager of the Finance Department and senior accountant of the Company. Ms. Liang joined the Company in 1996 and has been manager of the Finance Department of the Company since December 2002. She is also the chief financial officer of Anhui Ningxuanhang Expressway Investment Company Limited, supervisor of Anhui Xinan Financial Group Company Limited and director of Hefei Wantong Pawn Company Limited., Xuancheng City Guangci Expressway limited liability company and Xuanguang Expressway Company Limited.

(II) Independent Non-Executive Directors

Mr. Liu Xianfu, born in 1964, senior accountant and registered accountant. Mr. Liu graduated from Changsha Communications University in 1984. He has held various positions as director of Audit Bureau of the Transportation Department (Audit Department directly under the National Audit Office at the Audit Bureau of the Transportation Department), the manager of Planning and Financial Department of Huajian Transportation Economic Development Center, chief of Financial Department of China Merchants Group, chairman of the supervisory committee of Dongbei Expressway Company Limited, the supervisor and director of Sichuan Chengyu Expressway Company Limited, and the supervisor of Hubei Chutian Expressway Company Limited. He is now the chief financial officer of China Merchants Huajian Transportation Economic Development Center and serves concurrently as the deputy chairman of Guangxi Wuzhou Transportation Company Limited and Hubei Chutian Expressway Company Limited.

Mr. Wang Changyin, born in 1963, deputy general manager, senior engineer and registered supervision engineer. He had held positions in the Transportation Bureau of the Zhongyang County, Anhui and Hetong Road Administration Office of Anhui Expressway Holding Corporation, and was the managing director of Anhui Gaojie Expressway Company Limited. Since October 2004, Mr. Wang has been the deputy general manager of the Company, General Manager Assistant of Anhui Expressway Holding Group Company Limited, Head of Corporate Planning Division and concurrently the deputy chairman of Anhui State Road Expressway Company Limited and director of Xuanguang Expressway Company Limited, and the director of Xuancheng Guangci Expressway Company Limited. He former was the Chairman of Hefei Wantong Pawnbroker Company Limited and On 24 April 2013 was no longer in the position of deputy general manager of the Company.

Section IX Directors, Supervisors, Senior Management and Staff

IV. Compensation of directors, supervisors and Senior Managers

Decision-making process of Compensation of directors, supervisors and Senior Managers	After the respective consideration of the board of directors and board of supervisors, it will be submitted to shareholders at a general meeting for approval.
Determination of the Basis of Compensation of directors, supervisors and Senior Managers	According to China's relevant policies and regulations consider the market and the company actual situation and then determine.
Time allowed of Compensation of directors, supervisors and Senior Managers	0
Total of Compensation of all directors, supervisors and Senior Managers at the end of the reporting period	RMB4,917.8 thousand

V. Change of Directors, Supervisors and Senior Management of the Company

Name	Position	Change	Reason
Wang Changyin	Deputy general manager	Retired	Job change
Sheng Yao	Deputy general manager	Engage	job demand
Liang Bing	Deputy general manager	Engage	job demand
Liu Xianfu	Non-Executive Directors	Retired	Job change
Wu Xinhua	Non-Executive Directors	Elected	job demand
Meng Jie	Deputy general manager	Engaged	job demand

The 17th Meeting of the Sixth board was held on 24 April 2013, at which the application of the resignation of Company deputy general manager Mr. Wang Changyin was approved. The board of directors decided to engage Mr. Sheng Yao and Ms. Liang Bing as a deputy general manager. The term commences from the date when the application was approved by the board of directors to 16 August 2014.

On 9 April 2013, China Merchants Hua Jian submitted a written correspondence to the Company, said that Mr. Liu Xianfu was not in the role of a director of the company for job demand and groomed a director candidate of Mr. Wu Xinhua. The annual general meeting of Shareholders of 2012 was held on 16 May 2013, at which Mr. Wu Xinhua was elected as the new Company director. The term commences from 16 May 2013 to 16 August 2014.

The 19th meeting of the 6th Board of Directors held on 12 July 2013 approves to engage Mr. Meng as a deputy general manager of the Company. The term commences from 12 July 2013 to 16 August 2014.

Section IX Directors, Supervisors, Senior Management and Staff

VI. Staff of the parent company and the main unit

(I) Staff

Number of serving staff of parent company	1,686
Number of serving staff of main subsidiary company	420
The total number of serving staff	2,106
Number of Retired Staff who parent company and main subsidiary company bear costs to	7

Profession composition

Profession type	Number
Production staff	1,512
Technical staff	98
Financial staff	36
Administration Staff	460
Total	2,106

Education

Education type	Number
Postgraduate diploma	26
University diploma	268
College graduate	1,040
Secondary vocational diploma	368
Senior high school and below	404
Total	2,106

2. Pay Policy

The company is carrying out pay system reform. Broadband pay system is introduced in and thus builds the multi-channels for staff professional development and salary promotion to incentivise the staff and guarantee the incentive effect of the pay system. The company has formulated the performance evaluation system according to the following principles: first, the management should cover all fields; second, the evaluation is supposed to have no dead zone; third, the rewards and punishment are evidence-based. Based on the status quos of the company, it has improved the evaluation system and associated the evaluation outcome with salary distribution, making sure the evaluation work as the direction.

Section IX Directors, Supervisors, Senior Management and Staff

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 RMB23,800 thousand 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 2013, the Company arranged RMB14,850 thousand of housing accumulation fund for staff.

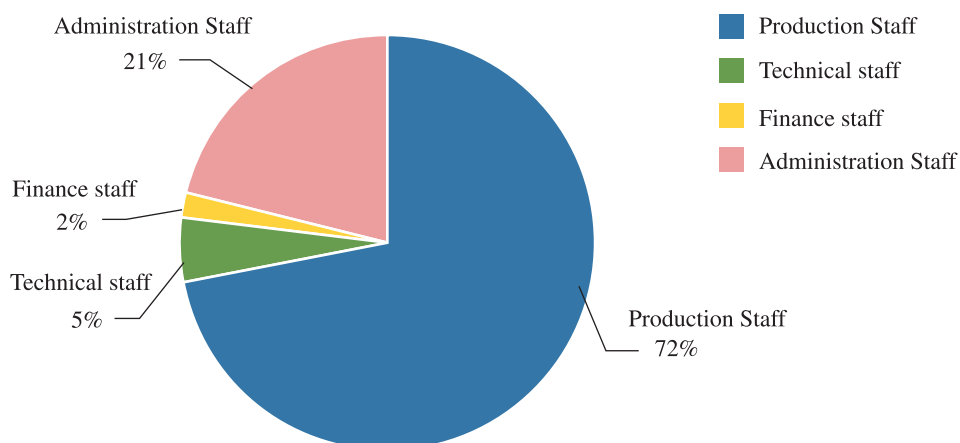
In addition to the above social security plans, the Company established a multi-level social security system, which protects the benefits of staff and strengthens the cohesion, unity and competitiveness of the Company. In 2008, the Company had completed the establishment of enterprise annuity plan according to the actual situation of the Company and relevant requirements of the Enterprise Annuity Tentative Procedures. In 2013, the total enterprise annuity expenses were RMB4,730 thousand.

3. Training plan

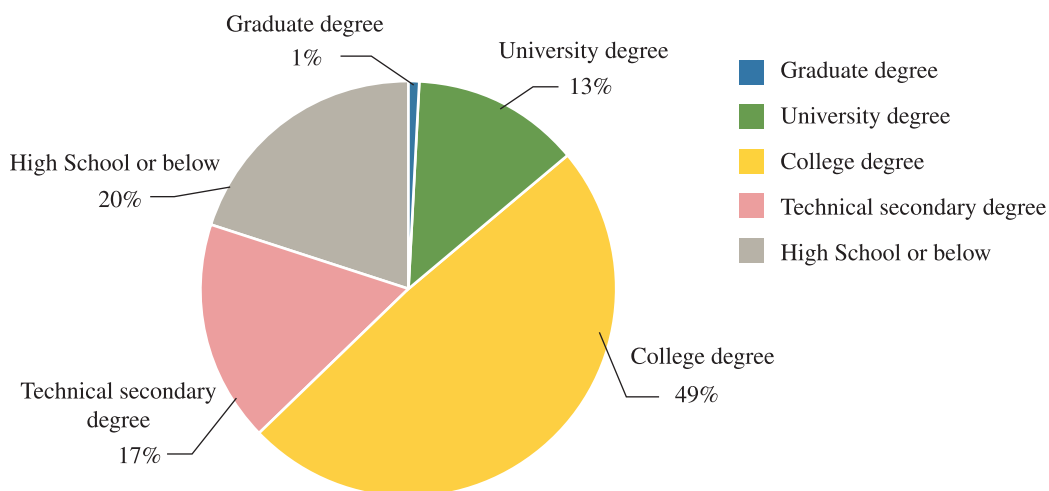
The company has always emphasised the importance of staff training. At the beginning of each year, annual training plans are established according to the annual work elements combined with training requirements. Also various training systems are completed, so as to continue to promote the learning-style organization establish and improve the educational and training level. During the reporting period, the Company and various departments have carried out integrated management, operational management, engineering techniques, safety management as well as other training, and highlighted the focus of training in order to enhance staff's professional skills and integrated management level. The introduced E-learning online learning system has effectively alleviate the contradiction between working and learning and improved staff's awareness of autonomous learning. The system has now achieved full coverage and further played the role as an e-learning platform.

Section IX Directors, Supervisors, Senior Management and Staff

4. The formation graph of Employees' specialty composition



5. The statistical graph of Employees' Education



Section IX Directors, Supervisors, Senior Management and Staff

VII. Other information of directors, supervisors and senior management

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:

- Each service contract was in effect from 17 August 2011 for a term of three years.
- For the three years commencing from 17 August 2011, the chairman shall receive an annual remuneration of RMB720,000. In addition, the chairman shall be entitled to a bonus of RMB60,000 upon completion of one year of service.
- For the three years commencing from 17 August 2011, other executive directors shall each receive an annual remuneration of RMB504,000. In addition, other executive directors shall each be entitled to a bonus of RMB42,000 upon completion of one year of service.
- For the three years commencing from 17 August 2011, each non-executive director shall not receive director's fee.
- For the three years commencing from 17 August 2011, the annual director's fee for each domestic independent non-executive director will be RMB80,000.
- For the three years commencing from 17 August 2011, the annual director's fee for each overseas independent non-executive director will be RMB120,000.

Non-executive directors and independent non-executive directors are not entitled to any bonus upon completion of one year of service nor required to enter into any service contracts with the Company.

- For the three years commencing from 17 August 2011, the chairman of the supervisory committee shall receive an annual remuneration of RMB504,000. In addition, the chairman of the supervisory committee shall be entitled to a bonus of RMB42,000 upon completion of one year of service.
- For the three years commencing from 17 August 2011, the worker supervisor shall receive an annual remuneration of RMB324,000. In addition, the worker supervisor shall be entitled to a bonus of RMB27,000 upon completion of one year of service. For the three years commencing from 17 August 2011, other supervisors shall not be entitled to any supervisor's fee.

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.

Section IX Directors, Supervisors, Senior Management and Staff

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 code referred to above.

5. 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.

6. Interests to be disclosed

As at 31 December 2013, 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.

Section X Corporate Governance Structure and Governance Report

I. Corporate Governance and manage of insiders Registration

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 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.

Code on Corporate Governance Practices

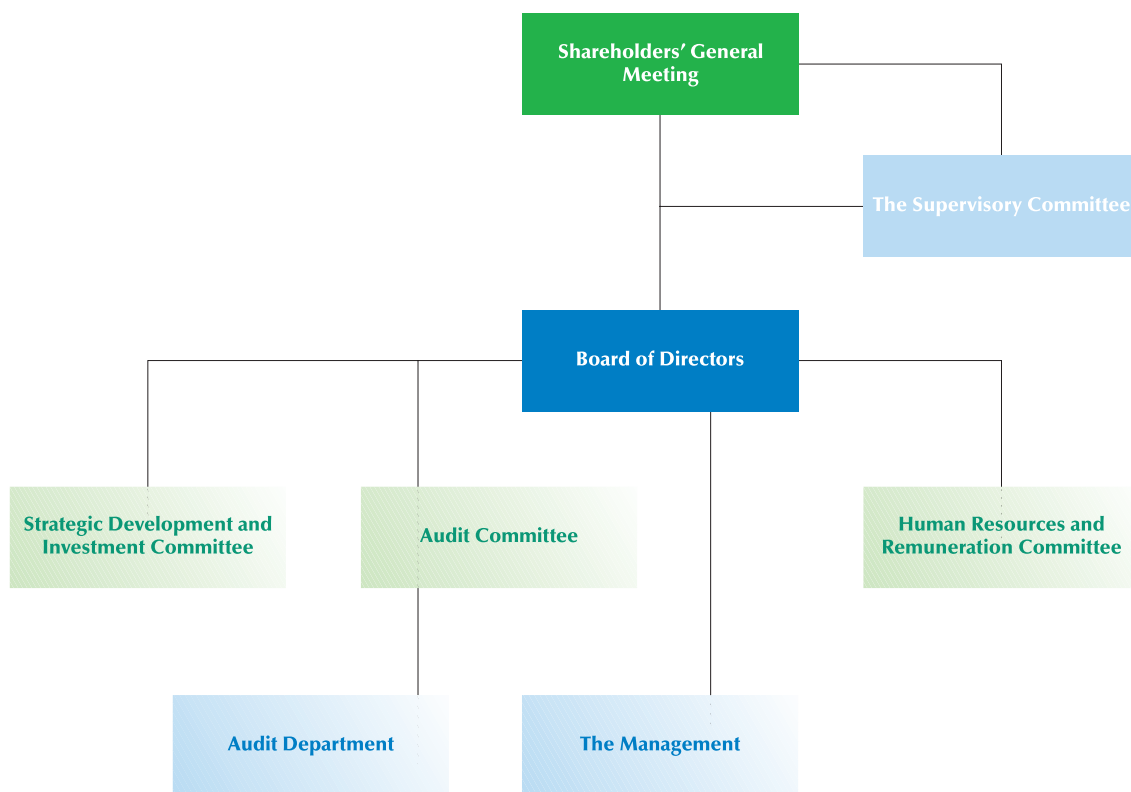
During the report period, the company complies with Enterprise Management and Control Regular Rule and Enterprise Management and Control Regulation and strives to maintain high-standard company management and control system to promote the enterprise transparency and guarantee stockholders' equity. It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

During the reporting period, the Company shall strictly adhere to Company Law, Securities Act and the relevant laws and regulations as well as requirements from normative documents of the CSRC (China Securities Regulatory Commission) and continue to improve the corporate governance structure, vigorously promoting the internal control and regulation construction work. By carefully performing the obligation of disclosing information and enhancing the management of investors' relations, the standard operation level of the company has been improved.

Section X Corporate Governance Structure and Governance Report

II. Governance structures and rules

The Company has established the corporate administrating structure composed of stockholders' meeting, board of directors, board of supervisors and managerial staff, which has been constantly examined and optimized through practices. The company also formulates multi-level administrating rules and regulations on the basic of corporate constitutions so as to ascertain the obligations, authorities and standards of behavior for each party. The administrative configuration of the Company is explicated as follows:



The main documents about the corporate administration include Corporate Constitution and its attachments *Rules of Procedure for Stockholders' Meeting*, *Rules of Procedure for Board of Supervisors*, *Action Guide for General Managers and Regulation on Terms of Reference* for various specialized committees, etc., all of which can be consulted in websites of SEHK and our official corporate website.

During the reporting period, In order to ensure the company's regulations and rules harmonious and unified, combining with real situation, the company amended relevant clauses of the former *Rule of Procedure of Shareholders Meeting and General Manager Work Regulations*.

Section X Corporate Governance Structure and Governance Report

1. Shareholders and Shareholders' 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.

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. 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.

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 scrutineers to monitor the counting of votes so as to ensure the procedure of the meeting is legal, fair and transparent.

Anhui Expressway Group and Huajian Center are the substantial shareholders of the Company. 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 by passing the general meetings.

2. Directors and the Board of Directors

The Board of Directors

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.

Section X Corporate Governance Structure and Governance Report

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.

During the reporting period, the Company faithfully implemented the decisions made in the stockholders' meetings, and examined great events within their extent of competence in strict accordance with the regulations. The specialized committees of the board of directors has held specialized meetings respectively, and put forward suggestions and advice on issues like the development strategy and capital operation of the Company, which contributed to the standard operation and scientific decision-making of the board of directors.

The Board holds periodic meetings quarterly and extraordinary meetings if necessary. The notice of periodic Board meeting shall be sent to all Directors at least 10 days before the meeting, and the notice of extraordinary Board meeting shall be sent to all Directors at least 2 days before the meeting. One-thirds or more of Directors may jointly, and the general manager may, convene an extraordinary Board meeting. Supporting documents containing the details of relevant resolutions to be proposed at a Board meeting shall be sent to all Directors at least 3 days before the meeting. The Board held a total of 6 meetings in 2013. Please refer to the section headed "Usual Operation of the Board of Directors" in this annual report for details.

The Board of Directors has established three specific committees in order to assist the Board of Directors in performing duties and operating effectively. In considering matters such as corporate strategies, financial reporting, accounting policies, project investment and the selection of and remuneration for Directors and managers, the proposals will be first submitted to the relevant committee for consideration and discussion, which will review the same within its terms of reference and make recommendations to the Board and has contributed to the improved efficiency and effectiveness of the Board's decision-making.

The management is responsible for the provision of relevant materials and information necessary for the Board's consideration of various proposals and arranging for the senior management to report works at a Board meeting. The Board and the specialized committees under the Board shall have the right to seek the service of independent professional institutions 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. During the year, none of the Directors has requested to seek independent professional opinions for any matter.

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. During the reporting period, when the Board of the Company considered connected transactions in relation to the share issue of Ningxuanhang Company and asphalt procurement, all relevant directors complied with the principle of avoidance and abstained from voting. The independent non-executive directors expressed their opinions about procedural compliance and the fairness of the transactions.

Section X Corporate Governance Structure and Governance Report

The minutes of a board meeting set out in detail the date, venue and agenda of the meeting, key points made by directors, the voting result of each item put to the vote etc. The minutes of a board meeting are kept as files of the Company which can be accessed by directors at any time through the secretary to the Board.

Director

At present, the board of directors of the Company is composed of 9 directors, including 4 executive directors, 2 non-executive directors and 3 independent non-executive directors, this meeting is the six board meeting of the Company, and the directors (including non-executive director) whose term of office ends on 16 October 2014 possess industry background or professional skills on highway industry, engineering construction, investment strategy, company management, financial accounting, law, investment bank, etc. respectively. Among all the directors, there are 3 independent non-executive directors and 1 independent non-executive director with professional knowledge about accounting. Independent non-executive directors are equipped with abundant professional knowledge and management experience in company management, finance and securities, financial management, etc. and hold important posts in the specialized committees. Independent non-executive directors account for more than half of all the directors in both audit committee and human resource and compensation committee; the chairmen of the committees are also assumed by independent non-executive directors. The staff arrangement for members of the board of directors and the specialized committees accords with the requirement regulated in *Instruction to Establishing Non-executive Director System in Public Companies*. Please refer to Item Nine of the annual report for the personal resume of directors (including their professional background and working experience in the stockholding company and other companies).

Directors attend board meeting and shareholders' meeting

Name	Independent non-executive director (yes or no)	Times for that should attend during this year	Attend board meeting				Attend shareholders' meeting	
			Times for attending in person	Times for on-line meeting	Times for Delegating to attend	Absent Times	Two successive be absent the meeting (yes or no)	Times for attending
Zhou Renqiang	No	6	3	3	0	0	No	1
Tu Xiaobei	No	6	3	3	0	0	No	1
Li Junjie	No	6	3	3	0	0	No	1
Li Jiezhi	No	6	3	3	0	0	No	1
Liu Xianfu	No	2	1	1	0	0	No	1
Wu Xinhua		4	2	2	0	0	No	1
Meng Jie	No	6	3	3	0	0	No	1
Hu Bin	Yes	6	3	3	0	0	No	1
Yang Mianzhi	Yes	6	3	3	0	0	No	1
Cui Yunfei	Yes	6	3	3	0	0	No	1

Section X Corporate Governance Structure and Governance Report

Note: Each of the directors has attended all board meetings of their term during the reporting period.

Times for Convening board meeting this year	6
Among: times for on-site meeting	3
Times for on-line meeting	3
Times for on-line meeting and on-site meeting	0

Independent Non-executive Directors and independence

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

During the reporting period, apart from attending Board meetings and specialised committee meetings seriously, the Independent Directors of the Company have provided written independent opinions on matters such as the Company's executive appointment and external guarantees, and held meetings with external auditors two times to discuss the annual audit arrangement and problems identified in the audit. During the reporting period, none of the Independent Non-executive Directors has raised any objections to any matters relating to the Company, and neither of them has proposed to convene any Board meeting, general meeting or seek voting rights from public shareholders.

Section X Corporate Governance Structure and Governance Report

Duty performance of directors

All the directors of the Company are able to receive materials and news about the legal, regulatory and other continuing obligations directors in public companies should assume timely with the help of the secretary of the board. The directors are determined to obey the rule A.6.5 on the training of directors regulated in the *Company Governance Rules* which came into force on 1 April 2012 to ensure that the directors can inform the board of directors of relevant information and make related contribution. Reviewing the achievement of this year, directors of the company have attend trainings or lectures hold by Anhui Securities Bureau and the Hong Kong Institute of Chartered Secretaries, and provided with the company with relevant training records. Based on the records, the trainings the directors received in the year reviewed are as follows:

Director's name	Corporate governance and the update of Laws and regulations		Accounting/finance/ manage and other professional skill	
	Information read	Attend the lecture/ training	Information read	Attend the lecture/ training
Zhou Renqiang	√		√	
Tu Xiaobei	√		√	
Li Junjie	√	√	√	√
Li Jiezhi	√	√	√	√
Wu Xinhua	√		√	
Liu Xianfu	√		√	
Meng Jie	√	√	√	√
Hu Bin	√		√	
Yang Mianzhi	√		√	
Cui Yunfei	√		√	

Liability Insurance for Directors, Supervisors

According to the Stock Exchange of Hong Kong's latest regulations of the CG Code, the Company has purchased liability insurance for directors, supervisors and senior management of the Company and authorized the executive directors or the secretary of the board since 2012, in the case of no significant adjustment of liability limits and premiums budget matters, to handle subsequent annual renewal of insurance.

Section X Corporate Governance Structure and Governance Report

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

The Company has adopted the code provisions on the trading of shares of the Company by relevant directors contained in the “Model Code for Securities Transactions by Directors and Supervisors 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 and supervisors, the Company confirms that all directors and supervisors fully complied with the “Model Code for Securities Transactions”.

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.

Members of the specialized committees are appointed by the board of directors with the tenure being 3 years, which is the same to that of directors. Independent non-executive directors assume important posts and responsibilities in specialized committees, and they account for more than half of all the directors in both audit committee and human resource and compensation committee; the chairmen of the committees are also assumed by independent non-executive directors.

The Board has set up three committees. The table below provides membership information of these committees on which each Board members serves.

Director/Board committee	Nomination Committee	Remuneration Committee	Audit Committee
Zhou Renqiang	C		
Tu Xiaobei			
Li Junjie	M		
Li Jiezhi	M		
Wu Xinhua	M		M
Meng Jie		M	
Hu Bin	M	C	M
Yang Mianzhi			C
Cui Yunfei		M	

Notes:

C Chairlady of relevant Board Committees

M Member of relevant Board Committees

Section X Corporate Governance Structure and Governance Report

Strategic Development and Investment Committee (the “Strategic Committee”)

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.

By 31 December 31 2013, the committee members of which include Mr Zhou Renqiang (Chairman), Mr. Li Junjie, Mr. Li Jiezhhi, Mr. Wu Xinhua and Mr. Hu Bin (Independent Non-executive Director).

During the reporting period, the strategic development and investment committee will pass the analysis and studies on macro-economic status, the policy and trend of industry development and the analysis and studies on risks of financial business. With the main thought unchanged, partial business structure and strategies are re-evaluated and adjusted. The development way in the future is clarified gradually. The advantage of the owner will be strengthened continually and the management level should be improved. Based on these, the company would promote structure transformation in accordance with the policy trend, gradually decrease the investment ratio of non-holding enterprises in similar financial business to control the risk and explore and establish the multi-business development system gradually; overseas resource should be taken as the support for the development of the primary business and accelerate the development of the company and the internalization of the company with overseas platform as the basis to discover and take advantage of financial opportunity to cultivate new profit for the company.

Audit Committee

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.

By 31 December 31 2013, the Committee of the Company was composed of Mr. Yang Mianzhi (chairman), Mr. Wu Xinhua and Mr. Hu Bin, all being non-executive directors and two of them being Independent Non-executive Directors.

In the year 2013, the Audit Committee convened 4 meetings. Details of attendance of the meeting of the Audit Committee are as follows:

Member’s name	Attend the meeting (times)	Should attend the meeting (times)	Attendance
Yang Mianzhi	4	4	100%
Liu Xianfu (left office on 16 May 2013)	2	2	100%
Wu Xinhua (took office on 16 May 2013)	2	2	100%
Hu Bin	4	4	100%

Section X Corporate Governance Structure and Governance Report

The works of the Audit Committee under the current year: the Audit Committee convened 4 meetings during the reporting period and had sufficient communication with the Company and the auditors, it reviewed the 2012 annual, 2013 first quarterly, interim and third quarterly financial statements of the Company. It agreed to submit for the board approval the 2013 audited report, internal control and self evaluation report and the re-appointment of Price Waterhouse Coopers (special general partnership) and PricewaterhouseCoopers as the audit institution in the new year.

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

The committee has specified the specific terms of reference in writing, which explained clearly the authority and responsibilities of the committee. The rights and responsibilities of Nomination and Compensation Committee have included the particular responsibilities regulated in the items of the rule, except for certain amendments made as needed.

By 31 December 31 2013, the Remuneration Committee of the Company was composed of 1 non-executive director and 2 independent non-executive directors, the members including Mr. Hu Bin (the chairman of the committee) Mr. Meng Jie and Mr. Cui Yunfei, which lives up to requirement of relevant regulations. The major responsibilities of the Remuneration Committee of the board of directors are: in charge of making human resource development strategies and plans for the company, researching and formulating compensation policies and incentive mechanism, conducting performance appraisal of and put forward suggestions as to the appointment and dismissal of directors, general managers and other senior executives of the Company.

In accordance with the new amendments made to the listing rules, the board of directors approved to adopt the new range of rights and responsibilities in 2012. According to the new terms of reference, Remuneration Committee acts as the consultant in terms of the compensation of directors and senior executives of the company while the board of directors reserves the final authority in approving the compensation of directors and senior executives.

The main achievement of Remuneration Committee consists of: nominated independent non-executive directors during the reporting period, and confirmed their independence. It also examined the materials about the compensation of directors, supervisors and senior executives announced in the annual report, holding that the announced data were accurate and real, which conformed to the actual issuing condition.

Section X Corporate Governance Structure and Governance Report

The Remuneration Committee held 2 meetings during 2012:

Name of committee member	Be present at a meeting (time)	Should be be present at a meeting (time)	Attendance
Hu Bin	2	2	100%
Meng Jie	2	2	100%
Cui Yunfei	2	2	100%

Summary of Board Diversity Policy

In order to promote the quality of its performance, the Company's board of directors had passed to adopt Board Diversity Policy.

This Policy aims to set out the approach to achieve diversity on the Company's board of directors. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

Human resources and compensation committee is committed to ensuring required skill, experience and view of diversity for the Company's business. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Human resources and compensation committee will monitor the implementation of this Policy and I review this Policy, as appropriate, to ensure the effectiveness of this Policy.

Besides reviewing, Human resources and compensation committee did not set the measurable objectives for implementing this Policy for the time being this year.

Section X Corporate Governance Structure and Governance Report

3. Supervisor and Supervisory Committee

The Supervisory Committee consists of three supervisors, including two shareholder's representatives and one employee's representative. The size and composition of the Supervisory Committee has complied with the requirements of the legal rules and regulations. The Supervisory Committee is responsible to all shareholders as a whole and exercises the supervisory rights of the Company according to law. 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.

In 2013, the Supervisory Committee convened 4 meetings with all supervisors present, 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 the 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" in this annual report.

4. Information Disclosure

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.

During the reporting period, the Company published annual, interim and quarterly report and issued 4 periodic reports and 39 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.

Section X Corporate Governance Structure and Governance Report

5. 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.

In 2013, the company held diverse investor relationship activities with complete information release to build smooth communication channel with investors. Excellent communication platform has been built by means of websites, hotline and email; business performance, investment and financing has been released at length; the transparency and international fame of the company has been improved by attending investors’ activities, thus building a marvelous external image for the company.

Major investor relationship activities in 2013:

- The Company held 2012 Annual Results Press Conference in Hong Kong, visited multiple funds and held one-on-one meetings in March 2012.
- The Company jointed 2013 China Summit in Beijing held by JP Morgan Chase in June 2013.
- The Company jointed the Asia Transportation Industry Corporations Seminar held by UBS in June 2013;
- The Company held 2013 Interim Results Press Conference in Hong Kong, visited multiple funds and held one-on-one meetings in August 2013.
- The Company jointed the Citi Greater China Investor Conference 2013 held in Macau in November 2013.

6. Training for the secretary of the Company

Mr. Xie Xinyu, the deputy general manager and secretary of the board of directors is a contact member of HKICS. During the reporting period, Mr. Xie Xinyu attended 1 lectures about strengthening the continuing professional development held by HKICS, the total hours reaching 17 hours, the content of which covers *the macro economic situation analysis and prospect at home and abroad, An Overview of the latest Revision and Regulatory focus of Hong Kong Listing Rules and Regulations, the Preparation of Annual Auditing of Financial Statements and Performance Reporting, Prevention and Control of Insider Trading and Abnormal stock Trading Regulation*, etc.

Besides, the secretary of the board of directors attended related professional training held by SSE in order to Stand starting professional knowledges and skills and better support the operation of the board.

Section X Corporate Governance Structure and Governance Report

7. Registration management for insiders of inside information

The company has drawn up *Registration Management for Insiders of Inside Information*. During the reporting period, the company registered in details the relevant personnel, items, time of knowing the information and usage related to the inside information in strict accordance with the regulations of the system, and required the relevant personnel to make commitment and reminded them to fulfill their obligation of keeping secrets.

8. Company government systems established during the reporting period

During the reporting period, the Company attached great importance to promoting institutional improvements and strengthen risk control and prevention. the total that the Company established and revised the systems reached 110 items.

During the reporting period, in order to ensure the company's regulations and rules operate in a harmonious and unified manner, combining with real situation, the company amended relevant clauses of the former *Rule of Procdeure of Shareholders Meeting* and *General Manager Word Regulations* in accordance with the Memorandum and Articles of Association of the Company.

Section X Corporate Governance Structure and Governance Report

II. About the General Meeting

Session	Date	Index	Date
2012 Annual General Meeting	16 May 2013	《Shanghai Securities News》 《China Securities journal》 http://www.sse.com.cn http://ww.anhui-expressway.net	17 May 2013

Resolutions approved in 2012Annual General Meeting:

- To approve the working report of the board of directors, the working report of the supervisory committee, the audited financial report and the profit appropriation proposal for the year 2012; (Ordinary resolution)
- To approve the appointment of the auditors for the year 2013 and to authorize the board of directors in determining their remuneration; (Ordinary resolution)
- To approve the appointment of Mr. Wu Xinhua as the Company's new non-executive director; (Ordinary resolution)
- To approve the exercise by the Board of Directors of the Company of all the powers of the Company to allot or issue new shares. (Special resolution)

The method of General Meeting, held extraordinary general meeting by shareholders and making suggestions

According to the articles of association, Article 88, half of the total number of the independent directors, Shareholders who singly or jointly hold more than 10 per cent of the shares carrying rights to vote (hereinafter called "Requisitioning Shareholder") or supervisory committee, may request the board of directors to convene an extraordinary general meeting or a class meeting in accordance with the following procedures:

- (1) Upon requisition by more than half of the independent directors to convene an extraordinary general meeting, the board of directors must act according to the laws, administrative rules and the Articles herein, and provide written reply on whether they agree or disagree to convene the extraordinary general meeting within 10 days of the date of receipt of the proposal.

If the board of directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days after such a board resolution is made, If the board of directors decline to convene an extraordinary general meeting, reasons must be given and announced.

- (2) Requisitioning Shareholder or supervisory committee signing a written requisition in one or more counterparts in the same form and content (including the agenda for the meeting and completed motion, Requisitioning Shareholder or supervisory committee shall ensure the motion comply with law, regulation and the requirements of these Articles) require the board of directors to convene an extraordinary general meeting or a class meeting and state in such written requisition the matters to be considered at the meeting.

Section X Corporate Governance Structure and Governance Report

- (3) The board of directors shall, after receipt of the aforesaid written requisition from the supervisory committee, within 15 days issue a notice for convention of extraordinary general meeting or class meeting, the process for convention shall comply with these Articles. The number of shares held by the shareholders as at the date of the deposit of the written requisition shall be taken as the number of shares held by them for the purposes of this sub-paragraph.
- (4) As regards to the written requisition from the Requisitioning Shareholder for convention of extraordinary general meeting or a class meeting, the board of directors shall be based on the law, regulation and these Articles to determine whether to convene general meeting. The decision of the board of directors shall be given to the Requisitioning Shareholder within 15 days from the date of the aforesaid written requisition.

The board of directors consents to the convention of general meeting shall give notice of general meeting within 15 days from the date of their resolution. Amendment to the original motion to be stated in the notice shall be agreed by the Requisitioning Shareholder. After the issue of notice, the board of directors shall not make new motion. The board of directors shall not change or postpone the time for convention of meeting without consent of the Requisitioning Shareholder.

The board of directors of the opinion that the motion made by the Requisitioning Shareholder is violating the law, regulation and the provisions of these Articles, the board of directors shall make the decision for not agreeing to the convention of general meeting or class meeting. The decision of the board of directors shall be given to the Requisitioning Shareholder within 15 days from the date of their resolution. The Requisitioning Shareholder may, within 15 days from the date of receipt of notice, decide to give up the convention of general meeting or class meeting, or issue notice of general meeting or class meeting by himself.

- (5) If the board of directors fails to issue a notice convening a meeting within 30 days of its receipt of the aforesaid written requisition, the requisitioning shareholders may on their own convene a meeting within 4 months of the receipt of such requisition by the board of directors. Such a meeting shall be convened in a manner as nearly as possible to that of a general meeting convened by the board of directors.

All reasonable expenses incurred in relation to a meeting convened by the shareholders themselves which arises from the board of directors fail to convene a meeting pursuant to the requisition shall be borne by the Company and shall be set off against sums owed by the Company to those directors in default.

- (6) When supervisory committee or Requisitioning Shareholder decide to convene extraordinary general meeting or class meeting by itself, it shall give written notice to the board of directors and at the same time notify the local agent of China Securities Regulatory Commission and file at the stock exchange in China. The content of the notice for convention of meeting shall comply with the following requirements:
 - (i) new content shall not be added to the motion, otherwise the supervisory committee or Requisitioning Shareholder shall make request to the board of directors for convention of meeting again in accordance with the provision of this Article;
 - (ii) the venue for the meeting shall be the legal address of the Company.

Section X Corporate Governance Structure and Governance Report

- (7) As regards to general meeting or class meeting convened by Supervisory committee or Requisitioning Shareholder, the board of directors and Secretary of the board of directors shall perform their duties. The board of directors shall ensure that the procedure of the meeting is regular, the reasonable costs for convention of meeting shall be borne by the Company.
- (8) The board of directors cannot assign a director to be chairman of the meeting, the meeting shall be presided by supervisory committee or the Requisitioning Shareholder according to these Articles. The secretary of the board of directors shall perform his duty. Other procedure for summoning of meeting shall comply with the provision of law, regulation and these Articles.
- (9) The Requisitioning Shareholder shall submit relevant evidence to the local agent of China Securities Regulatory Commission and stock exchange in China when issuing a notice of general meeting and board resolution.

And according to articles of association, Article 65, Where the Company convenes general meeting, board of directors, Supervisory Committee and shareholders, solely or jointly, holding more than 3 per cent. (including 3 per cent) the total shares of the Company carrying the right to vote are entitled to submit in writing any new proposal for the Company's consideration. The Company shall include in the agenda of that meeting those matters contained in the proposal which are within the scope of the duties of the shareholders in general meeting. Shareholders, solely or jointly, holding more than 3 per cent the total shares of the Company, may on or before the 10 days prior to the holding of a general meeting propose, with written submission to the convener, temporary proposal. The convener shall within 2 days from the date of receipt of such proposal issue a supplementary notice, in respect of the announcement of the contents of the temporary proposal, to the general meeting. Apart from the situation stipulated in the previous sub-clauses, after the announcement of the notice of general meeting, the convener shall not amend proposed resolution stated in notice of the general meeting or to add any new proposed resolution. Any resolution which is not stated in the notice of general meeting or not complied with Article 98 of these Articles shall not be proposed for voting and be resolved.

Proposed Amendment of Articles of Association

Reviewing the achievement of this year, the articles of association had no proposed amendment.

Auditors

The audit committee has discussed and evaluated the accountants' professional quality and the execution of 2013 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.

Section X Corporate Governance Structure and Governance Report

The 2012 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 2012 PRC and Hong Kong auditors. In 2013, the audit fees were RMB2,300,000, apart from the said fees, the Company did not pay any other fees to the auditors nor affect their independence.

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 2013, 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 2013 Self-evaluation Report Regarding of Internal Control of the Company.

Internal audit

In order to independently review the effectiveness of the Group's operation, management and internal control system, the Audit Department was established in September 2008. The Audit Department reports on a regular basis the audit results, recommendations for improvement, responses and improvement plans of auditees and rectification results to the Board.

Responsibility statement made by the board of directors on financial statement

This statement aims at explaining and distinguishing the responsibilities assumed by the directors and auditors respectively as to financial statement. The statement should be understood combined with the auditors' statement written in the audit report in Chapter 13 of the annual report.

The board of directors held that: the resources the company owns are abundant for the company to continue operating the business in the predictable future. Therefore, the financial statement was made on the basis of continual operation; and in making the financial statement, the company has applied appropriate accounting policies. These policies were applied with the support of reasonable and prudent judgment and evaluation, in line with all the accounting standards regarded as applicable by the board of directors. The directors are responsible for ensuring that the accounts made by the company can reflect the financial condition of the company in a reasonable and accurate way, and that the financial statement meets the requirement of relevant accounting principles.

The method of asking the board of directors for inquiring information

If the shareholders need to inquire any information, they can write to the company; noting that the addressee is the secretary of the company.

Section XI Report of the Supervisory Committee

In 2013, 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.

The major jobs of the board of supervisors during the reporting period include: knowing about and supervising the behaviors of directors, general managers and other senior executives in daily management and in making operational decisions, judging whether their behaviors are legitimate and reasonable; examining carefully the business performance and financial condition of the company, discussing and checking the financial reports to be submitted to the stockholders’ meeting by the board of directors; supervising, examining and coordinating the development, execution and improvement of the company’s internal control.

In 2013, the Supervisory Committee held four meetings, the notice, convening and resolutions of which were in accordance with the statutory procedures and the Articles of Association of the Company. During the reporting period, the items that the Supervisor representative of the Company negotiates or sues to the directors has not occurred.

The Supervisory Committee issued the following opinions related to relevant items in 2013 in accordance with relevant regulations:

I. 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.

II. Financial situation of the Company

The Supervisory Committee carefully examined the 2013 financial report made by the company’s board of directors to be submitted to the stockholders’ meeting, considered that the report was objective, true, and fairly reflected the financial situation, operation results and cash-flow of the Company.

Section XI Report of the Supervisory Committee

III. 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.

IV. 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: 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

28 March 2014

Section XII Documents Available for Inspection

I. Including the following documents:

1. The original copy of the Annual Report signed by the Chairman;
2. The accountant's report, signed by the legal representative, accountant director in charge of accounting, and accounting director and stamped with corporate seal;
3. 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;
4. The original copies of corporate documents and announcements published in the Shanghai Securities Post and China Securities Post.
5. 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

II. Information Disclosure Index

Number	Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
	H Share Announcement- the 2012 Annual Reults		24 March 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-01	Announcement of the Resolutions of the 16th Meeting of the 6th Board	China Securities Post, the Shanghai Securities Post	25 March 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Section XII Documents Available for Inspection

Number	Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
2013-02	Announcement of the Resolutions of the 8th Meeting of the 6th Supervisory Committee	China Securities Post, the Shanghai Securities Post	25 March 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-03	Notice of the 2012 Annual General Meeting	China Securities Post, the Shanghai Securities Post	25 March 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn.
	H Share Announcement-2012 Annual General Meeting		25 March 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-04	Complementary Announcement of the 2012 Annual Results	China Securities Post, the Shanghai Securities Post	9 April 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement-Complementary Announcement of the 2012 Annual General Meeting		13 April 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Section XII Documents Available for Inspection

Number	Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
2013-05	Announcement of the Additional Proposal in the 2012 Annual General Meeting & Complementary Notice of the 2012 Annual General Meeting	China Securities Post, the Shanghai Securities Post	13 April 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn
2013-06	Result for Tracking and Evaluating "09 Anhui Expressway bond"	China Securities Post, the Shanghai Securities Post	20 April 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement-2013 First Quarterly Report		25 April 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement-Change of the General Manager		25 April 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-07	Announcement of the Resolutions of the 17th Meeting of the 6th Board	China Securities Post, the Shanghai Securities Post	25 April 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Section XII Documents Available for Inspection

Number	Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
2013-08	Announcement of the Change of the Senior Management	China Securities Post, the Shanghai Securities Post	25 April 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement-the Voting Result of the Annual General Meeting held on 16 May 2013 & the Change of the Directors and the Members of Directors Committee		17 May 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement-the Name List of the Members of the Board of Directors & Their Roles and Functions	China Securities Post, the Shanghai Securities Post	17 May 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-09	Announcement of the Resolutions of the 2012 Annual General Meeting	China Securities Post, the Shanghai Securities Post	17 May 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn

Section XII Documents Available for Inspection

Number	Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
2013-10	Announcement of the Resolutions of the 18th Meeting of the 6th Board	China Securities Post, the Shanghai Securities Post	17 May 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-11	Announcement of the 2012 Dividends Distribution of Anhui Expressway	China Securities Post, the Shanghai Securities Post	18 June 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement-the 2012 Annual Reults		25 March 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-12	Announcement of the Resolutions of the 19th Meeting of the 6th Board	China Securities Post, the Shanghai Securities Post	13 July 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-13	Announcement of Company's Deputy General Manager	China Securities Post, the Shanghai Securities Post	13 July 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Section XII Documents Available for Inspection

Number	Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
2013-14	Announcement of Loans in Trust for Ningxuanhang Company	China Securities Post, the Shanghai Securities Post	13 July 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement-Announcement of Interim Results for the Six Months Ended 30 June 2013		25 August 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement-Terms of Reference of Human Resources and Remuneration Committee		25 August 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-15	Announcement of the resolutions of the 20th meeting of the 6th Board	China Securities Post, the Shanghai Securities Post	26 August 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-16	Announcement of Setting up a Site of the Expressway from Xuancheng to Ningguo and operating Charges	China Securities Post, the Shanghai Securities Post	10 September 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Section XII Documents Available for Inspection

Number	Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
2013-17	Announcement of buying bank financing products	China Securities Post, the Shanghai Securities Post	13 September 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-18	Announcement of The stock price's abnormal fluctuation	China Securities Post, the Shanghai Securities Post	16 September 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-19	Announcement of buying bank financing products	China Securities Post, the Shanghai Securities Post	28 September 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-20	Announcement of Taking back Capital of bank financing products and Earnings on time	China Securities Post, the Shanghai Securities Post	9 October 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Section XII Documents Available for Inspection

Number	Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
2013-21	Announcement of Performance of the Plan that Controlling Shareholder increased Holdings of Shares	China Securities Post, the Shanghai Securities Post	11 October 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-22	Announcement of buying bank financing products	China Securities Post, the Shanghai Securities Post	16 October 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement-2013 Third Quarterly Report		27 October 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-23	Announcement of the resolutions of the 21th meeting of the 6th Board	China Securities Post, the Shanghai Securities Post	28 October 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Section XII Documents Available for Inspection

Number	Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
2013-24	Significant Issues Announcement	China Securities Post, the Shanghai Securities Post	19 November 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement-Announcement Pursuant to Rule 13.09(2)(a) and Rule 13.51b(2) of the Listing Rules		19 November 2013	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-25	Service Announcement of Anhui Expressway Company Limited's Corporation Bonds of 2009	China Securities Post, the Shanghai Securities Post	9 December 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2013-26	Announcement of Redemption of Bank Financial Products	China Securities Post, the Shanghai Securities Post	25 December 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Section XII Documents Available for Inspection

Number	Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
2013-27	Announcement of Buying Bank Financing Products	China Securities Post, the Shanghai Securities Post	28 December 2013	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk



羅兵咸永道

**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 107 to 201, which comprise the consolidated and company balance sheets as at 31 December 2013, 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 information.

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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Independent Auditor's Report

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 2013, 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, 28 March 2014

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Consolidated balance sheet

As at 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

ASSETS	Note	As at 31 December	
		2013	2012
Non-current assets			
Concession intangible assets	6	9,034,524	8,847,086
Land use rights	7	9,958	10,644
Property, plant and equipment	8	955,257	691,841
Investment property	9	378,009	326,104
Intangible assets	10	2,490	2,526
Investments in an associate	13	55,973	41,316
Available-for-sale financial assets	14	515,000	515,000
		10,951,211	10,434,517
Current assets			
Inventories	16	3,824	3,554
Trade and other receivables	15	440,169	246,605
Restricted cash	17	358,403	—
Cash and cash equivalents	17	545,670	762,838
		1,348,066	1,012,997
Total assets		12,299,277	11,447,514
EQUITY AND LIABILITIES			
Equity attributable 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	115,991	117,367
Retained earnings			
– Proposed final dividend	35	364,894	331,722
– Others		3,595,708	3,120,084
		7,150,796	6,643,376
Non-controlling interests		834,213	777,111
Total equity		7,985,009	7,420,487

The notes on pages 116 to 201 are an integral part of these consolidated financial statements.

Consolidated balance sheet (Continued)

As at 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

LIABILITIES	Note	As at 31 December	
		2013	2012
Non-current liabilities			
Long-term payables	24	644,328	491,966
Borrowings	22	577,050	2,463,776
Deferred income tax liabilities	25	131,827	118,320
Deferred income	20	39,453	41,626
		<u>1,392,658</u>	<u>3,115,688</u>
Current liabilities			
Trade and other payables	21	692,036	772,693
Current income tax liabilities	32	48,809	32,470
Provision	23	17,638	6,826
Borrowings	22	2,163,127	99,350
		<u>2,921,610</u>	<u>911,339</u>
Total liabilities		<u>4,314,268</u>	<u>4,027,027</u>
Total equity and liabilities		<u>12,299,277</u>	<u>11,447,514</u>
Net current (liabilities)/assets		<u>(1,573,544)</u>	<u>101,658</u>
Total assets less current liabilities		<u>9,377,667</u>	<u>10,536,175</u>

The notes on pages 116 to 201 are an integral part of these consolidated financial statements.

The financial statements on pages 107 to 201 were approved by the Board of Directors on 28 March 2014 and were signed on its behalf.

Zhou Renqiang
Director

Li Junjie
Director

Balance sheet

As at 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

ASSETS	Note	As at 31 December	
		2013	2012
Non-current assets			
Concession intangible assets	6	5,326,604	5,923,934
Land use rights	7	9,958	10,644
Property, plant and equipment	8	709,676	629,712
Investment property	9	370,975	318,694
Intangible assets	10	958	658
Investments in subsidiaries	11	864,326	653,912
Loans to subsidiaries	12	889,570	757,676
Investments in an associate	13	18,999	18,999
Available-for-sale financial assets	14	515,000	515,000
		<u>8,706,066</u>	<u>8,829,229</u>
Current assets			
Inventories	16	3,486	3,081
Trade and other receivables	15	327,738	111,400
Restricted Cash	17	358,403	—
Cash and cash equivalents	17	396,570	390,732
		<u>1,086,197</u>	<u>505,213</u>
Total assets		<u><u>9,792,263</u></u>	<u><u>9,334,442</u></u>
EQUITY AND LIABILITIES			
Equity attributable 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	947,307	948,683
Retained earnings			
– Proposed final dividend	35	364,894	331,722
– Others		2,958,044	2,509,885
Total equity		<u><u>7,344,448</u></u>	<u><u>6,864,493</u></u>

The notes on pages 116 to 201 are an integral part of these consolidated financial statements.

Balance sheet (Continued)

As at 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

	Note	As at 31 December	
		2013	2012
LIABILITIES			
Non-current liabilities			
Borrowings	22	—	1,987,776
Deferred income tax liabilities	25	11,125	6,858
Deferred income	20	39,453	41,626
		<u>50,578</u>	<u>2,036,260</u>
Current liabilities			
Trade and other payables	21	196,845	329,483
Current income tax liabilities	32	31,242	32,345
Provisions	23	17,373	6,561
Borrowings	22	2,151,777	65,300
		<u>2,397,237</u>	<u>433,689</u>
Total liabilities		<u>2,447,815</u>	<u>2,469,949</u>
Total equity and liabilities		<u>9,792,263</u>	<u>9,334,442</u>
Net current (liabilities)/assets		<u>(1,311,040)</u>	<u>71,524</u>
Total assets less current liabilities		<u>7,395,026</u>	<u>8,900,753</u>

The notes on pages 116 to 201 are an integral part of these consolidated financial statements.

The financial statements on pages 107 to 201 were approved by the Board of Directors on 28 March 2014, and were signed on its behalf.

Zhou Renqiang
Director

Li Junjie
Director

Consolidated income statement

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December	
		2013	2012
Revenue	27	3,403,817	3,122,350
Cost of sales	29	(2,066,306)	(1,818,369)
Gross profit		1,337,511	1,303,981
Other gains – net	28	88,475	4,595
Administrative expenses	29	(99,149)	(81,845)
Operating profit		1,326,837	1,226,731
Finance costs – net	31	(144,828)	(135,777)
Share of profit of an associate	13	14,657	12,031
Profit before income tax		1,196,666	1,102,985
Income tax expense	32	(288,395)	(274,000)
Profit for the year		908,271	828,985
Attributable to:			
Owners of the Company		839,142	752,152
Non-controlling interests		69,129	76,833
		908,271	828,985
Basic and diluted earnings per share (expressed in RMB per share)	34	0.5059	0.4535
Dividends	35	364,894	331,722

The notes on pages 116 to 201 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

	Year ended 31 December	
	2013	2012
Profit for the year	908,271	828,985
Other comprehensive income	—	—
Other comprehensive income for the year, net of tax	—	—
Total comprehensive income for the year	908,271	828,985
Total comprehensive income attributable to:		
Owners of the Company	839,142	752,152
Non-controlling interests	69,129	76,833
	908,271	828,985

The notes on pages 116 to 201 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Attributable to owners of the Company				Non-controlling Interests	Total
		Ordinary share capital (Note 18)	Share premium (Note 18)	Other reserves (Note 19)	Retained earnings		
Balance at 1 January 2012		1,658,610	1,415,593	345,042	3,046,586	380,868	6,846,699
Comprehensive income							
Profit for the year		—	—	—	752,152	76,833	828,985
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	752,152	76,833	828,985
Others	19	—	—	(1,376)	1,376	—	—
Transactions with owners							
Dividends relating to 2011		—	—	—	(348,308)	—	(348,308)
Dividends paid to non-controlling interests of subsidiaries relating to 2011		—	—	—	—	(70,475)	(70,475)
Non-controlling interests' contributions to the Group	11(b) (d)	—	—	—	—	242,353	242,353
Consideration paid to the then equity owner for acquisition of a subsidiary under common control		—	—	(215,330)	—	—	(215,330)
Changes in ownership interests in a subsidiary without change of control		—	—	(10,969)	—	(7,911)	(18,880)
Difference between the carrying amount and undiscounted amount of interest free loan received from non-controlling interests, net of tax	11(b), 24, 25	—	—	—	—	155,443	155,443
Balance at 31 December 2012		<u>1,658,610</u>	<u>1,415,593</u>	<u>117,367</u>	<u>3,451,806</u>	<u>777,111</u>	<u>7,420,487</u>

Consolidated statement of changes in equity (Continued)

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Attributable to owners of the Company				Non-controlling Interests	Total
		Ordinary share capital (Note 18)	Share premium (Note 18)	Other reserves (Note 19)	Retained earnings		
Comprehensive income							
Profit for the year		—	—	—	839,142	69,129	908,271
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	839,142	69,129	908,271
Others	19	—	—	(1,376)	1,376	—	—
Transactions with owners							
Dividends relating to 2012	35	—	—	—	(331,722)	—	(331,722)
Dividends paid to non-controlling interests of subsidiaries relating to 2012		—	—	—	—	(73,588)	(73,588)
Difference between the carrying amount and undiscounted amount of interest free loan received from non-controlling interests, net of tax	11(b), 24, 25	—	—	—	—	61,561	61,561
Balance at 31 December 2013		<u>1,658,610</u>	<u>1,415,593</u>	<u>115,991</u>	<u>3,960,602</u>	<u>834,213</u>	<u>7,985,009</u>

The notes on pages 116 to 201 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December	
		2013	2012
Cash flows from operating activities			
Cash generated from operations	37	716,912	861,655
Interest paid		(136,224)	(136,524)
Income tax paid		(279,069)	(363,866)
Net cash generated from operating activities		301,619	361,265
Cash flows from investing activities			
Purchase of property, plant and equipment		(49,221)	(44,690)
Purchase of intangible assets	10	(3,466)	(1,104)
Purchase of available-for-sale financial assets	14	—	(215,000)
Payment for acquisition of a subsidiary under common control		—	(165,330)
Payment to non-controlling interest for acquisition of ownership interests in a subsidiary		—	(18,880)
Net increase in restricted cash	17	(358,403)	—
Net increase in purchasing financial products	15	(130,000)	—
Proceeds from sales of property, plant and equipment	56	134	—
Interest received	28	7,531	3,830
Dividend received from an associate	15(b)	38,999	10,298
Net cash used in investing activities		(494,504)	(430,742)
Cash flows from financing activities			
Proceeds from bank borrowings		603,075	505,300
Repayments of bank borrowings		(196,950)	(86,169)
Repayments of long-term payables to non-controlling interests		(31,078)	—
Proceeds from non-controlling interests' contributions to subsidiaries	11(b) (d)	—	242,353
Dividends paid to the non-controlling interests		(66,629)	(77,141)
Dividends paid to the then equity owner of a subsidiary		—	(6,937)
Dividends paid to the Company's shareholders	35	(331,722)	(348,308)
Net cash (used in)/generated from financing activities		(23,304)	229,098
Net (decrease)/increase in cash and cash equivalents		(216,189)	159,621
Cash and cash equivalents at beginning of the year		762,838	603,223
Exchange losses on cash and cash equivalents		(979)	(6)
Cash and cash equivalents at end of the year		545,670	762,838

The notes on pages 116 to 201 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

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. Besides, the Group has commenced to operate pawn business since 2012.

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

As at 31 December 2013, 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
Guangci Expressway	14	From 20 July 2004 to 20 July 2029
Ningxuanhang Expressway Anhui Section	122	Under construction as at 31 December 2013*

* As at 31 December 2013, the section of Xuancheng to Ningguo of Ningxuanhang Expressway Anhui Section is officially opened to traffic. The length of toll road is 46 kilometres and the temporary granted concession period is 5 years starting from 8 September 2013. The formal granted concession period for Ningxuanhang Expressway Anhui Section will be determined according to future assessment and relevant provisions. The remaining road section is still under construction.

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 28 March 2014.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention.

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

As at 31 December 2013, the Group’s current liabilities exceeded current assets by RMB 1,573,544 thousand, mainly due to the corporate bonds amounting to RMB 2,000,000 thousand, which will be repaid on 16 December 2014 and was reclassified from non-current liabilities to current liabilities. The management of the Group estimates that the Group has sufficient unused bank borrowing facilities and operating cash flow to repay the above debt. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further analysis on the Group’s liquidity risk is given in Note 3.1.

2.1.1 Changes in accounting policy and disclosures

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

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013:

- Amendment to HKAS 1, ‘Financial statement presentation’ regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The adoption of amendment to HKAS 1 has no financial impact on the Group after the assessment by the Company’s management.
- HKAS 19 (revised) ‘Employee benefits’. HKAS 19 (revised) amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The adoption of HKAS 19 (revised) has no financial impact on the Group after the assessment by the Company’s management.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

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

- Amendment to HKFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The adoption of amendment to HKFRS 7 has no financial impact on the Group after the assessment by the Company's management.
- HKFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. Management has assessed the financial impact of HKFRS 10. Because the Company's equity interests and voting rights in all consolidated subsidiaries are more than 50%, management believe the adoption of HKFRS 10 have no significant impact to the Group.
- HKFRS 11, 'Joint arrangements'. Under HKFRS 11 Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The adoption of HKFRS 11 has no financial impact on the Group after the assessment by the Company's management.
- HKFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.
- HKFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact. The Group will also consider the impact of the remaining phases of HKFRS 9 when completed by the Board.
- HK(IFRIC) 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

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

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations*

The Group applies the acquisition method 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 to the former owners of the acquiree 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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 the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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 income statement.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised 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 recognised in other comprehensive income 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 recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Notes to the consolidated financial statements

*For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.3 Associates

An associate is an entity 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 are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of an associate" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are 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.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2.4 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.

Notes to the consolidated financial statements

*For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.5 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 consolidated financial statements are presented in Renminbi ("RMB"), which is the Group's and the Company'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 consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains – net".

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 other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised 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.

Notes to the consolidated financial statements

*For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.6 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 consolidated 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 HKAS 11 and account for revenue and costs relating to operation services under the Service Concessions in accordance with HKAS 18. Please refer to Note 2.25(b) and (e) 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 (Note 1).

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 2.11).

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 2.23 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.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.7 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation on 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	25 or 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 to 9 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains – net" in the consolidated income statement.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.8 Investment property

Investment property, principally comprising buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, the Group chooses the cost method to measure its investment property. Investment property is stated at cost less accumulated depreciation and accumulated impairment loss.

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	25 or 30 years
---------------------	----------------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains – net" in the consolidated income statement.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property; or
- end of owner-occupation, for a transfer from owner-occupied property to investment property.

2.9 Intangible assets – acquired computer software licenses

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire the specific software. These costs are amortised over their estimated useful lives of five years.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.10 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 2.6. For other lands, the premiums paid for such right are treated as prepayment for operating lease and recorded as land use rights and separately presented as non-current assets, which are amortised over the lease period using the straight-line method.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life or have not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are not subject to amortisation 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.

2.12 Financial assets

2.12.1 Classification

The Group only has financial assets in the following categories: loans and receivables 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) *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 the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated balance sheet (Notes 2.14 and 2.15).

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.12 Financial assets (continued)

2.12.1 Classification (continued)

(b) *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 reporting period.

2.12.2 Recognition and measurement

Regular way 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 consolidated 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 are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated 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 consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2.12.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the consolidated financial statements

For the year ended 31 December 2013
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2 Summary of significant accounting policies (continued)

2.12 Financial assets (continued)

2.12.4 Impairment of financial assets

(a) *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.12 Financial assets (continued)

2.12.4 Impairment of financial assets (continued)

(b) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets 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 profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.13 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.

2.14 Trade and other receivables

Trade and other receivables are amounts due from customers for operation of pawn business, toll roads and associated service sections. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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.

Notes to the consolidated financial statements

*For the year ended 31 December 2013
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2 Summary of significant accounting policies (continued)

2.15 Cash and cash equivalents

In the consolidated cash flow statement, 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. In the consolidated and Company's balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.16 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.

2.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other 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.

2.18 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 consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 end of the reporting period.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current 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's 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, 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 tax liabilities are not recognised if they arise from the initial recognition of goodwill, the 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 realised or the deferred income tax liability is settled.

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

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.20 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability 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. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, the deferred income tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

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.

2.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

Notes to the consolidated financial statements

*For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.22 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.

2.23 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 rate 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.

2.24 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 consolidated income statement on a straight-line basis over the period of the lease.

Notes to the consolidated financial statements

*For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.25 Revenue recognition

(a) Toll income from toll roads operation

Toll income from toll roads operation 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 from bank deposits

Interest income from bank deposits is recognised on a time-proportion basis using the effective interest method.

(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.

(g) Interest income from pawn loans to customers

Interest income from pawn loans to customers is recognised on a time-proportion basis using the effective interest method.

Notes to the consolidated financial statements

*For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.26 Dividend distribution

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

2.27 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 1 January 2004 onwards unless the accrued balance exceeds 1.5% 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 the Group's investments in available-for-sale financial asset is unquoted equity shares, which is not directly related to the changes in market price of securities. The Group is also not exposed to commodity price risk.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand 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 (including pawn loans to customers). The carrying amounts of cash at banks, trade and other receivables represented 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 2013 and 2012:

Counterparties	31 December 2013	31 December 2012
Major financial institutes	<u>904,062</u>	<u>762,828</u>

The Group has policies to place its deposits only with major financial institutions. As at 31 December 2013 and 2012, 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.

Toll income from toll roads operations are settled in cash.

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

	31 December 2013	31 December 2012
Loans to subsidiaries (Note 12)	<u>889,570</u>	<u>757,676</u>

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.

Notes to the consolidated financial statements

*For the year ended 31 December 2013
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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Credit risk (continued)

Hefei Wan Tong Pawn Co., Ltd. (“合肥皖通典当有限公司”, “Wan Tong Pawn”), the Company’s subsidiary, is engaged in pawn business. Wan Tong Pawn’s business takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge on obligation. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in Wan Tong Pawn’s portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to above credit risk. Wan Tong Pawn’s credit exposures arise principally from pawn loans to customers.

Wan Tong Pawn employs a range of policies and practices to mitigate the credit risk. For Wan Tong Pawn’s business, the most traditional of these is the taking of specific classes of collateral from customers. The principal collateral types for pawn loans to customers are:

- Real estate;
- Equity instruments, mainly equity interest in unlisted companies which are typically related to the borrowers; and
- Personal properties and other property rights.

All pawn loans granted are backed by collateral as security. Wan Tong Pawn also focuses on ascertaining legal ownership and the valuation of the real estate collaterals. A loan granted is based on the value of the collaterals. Wan Tong Pawn monitors the value of the collaterals throughout the loan period.

Further to collateral held as security for pawn loans, Wan Tong Pawn introduces other credit enhancement measures for equity interest backed loans, primarily third party guarantee against the security of loan repayment, taking into consideration the borrower’s repayment ability, repayment records, collateral status, financial performance, industry outlook and competition, etc.

Impairment provisions are recognised for financial reporting purposes only for losses that have incurred at the balance sheet date based on objective evidence of impairment.

Notes to the consolidated financial statements

For the year ended 31 December 2013
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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Credit risk (continued)

The table below shows Wan Tong Pawn's gross amount of loans to customers and the associated impairment allowances by collateral type:

	31 December 2013	31 December 2012
Pawn loans to customers		
– Equity interest backed pawn loans	104,113	50,462
– Real estate backed pawn loans	94,991	122,783
– Personal properties backed pawn loans	—	450
	199,104	173,695
Less: Impairment allowances		
– Equity interest backed pawn loans	(8,438)	(515)
– Real estate backed pawn loans	(4,590)	(1,260)
– Personal properties backed pawn loans	—	(5)
	(13,028)	(1,780)
	186,076	171,915

Notes to the consolidated financial statements

*For the year ended 31 December 2013
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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Credit risk (continued)

Wan Tong Pawn's management determines whether objective evidence of impairment exists, based on the criteria set out as following:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral; and
- Filing of a lawsuit against the borrower.

Wan Tong Pawn's credit risk management policies require the review of individual outstanding loans secured by real estate, equity interest and personal properties collateral at least semi-annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis. The assessment normally encompasses collateral held and the anticipated receipts for that individual account, taking into account the borrower's repayment ability, repayment records, collateral status, financial performance, industry outlook and competition, and the financial standing of the third party guarantor, etc.

Notes to the consolidated financial statements

For the year ended 31 December 2013
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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Credit risk (continued)

Collectively assessed impairment allowances are provided for: (i) portfolios of outstanding loans that have been individually assessed with no objective evidence of impairment by homogenous collateral type; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

Maximum exposure to credit risk before collateral held or other credit enhancements are as follows:

	31 December 2013	31 December 2012
Pawn loans to customers:		
– Equity interest backed pawn loans	104,113	50,462
– Real estate backed pawn loans	94,991	122,783
– Personal properties backed pawn loans	—	450
	<u>199,104</u>	<u>173,695</u>

The above table represents a worst case scenario of credit risk exposure to the Wan Tong Pawn, without taking into account of any collateral held for or other credit enhancements attached. The exposures set out above for assets are based on net carrying amounts as reported in the consolidated balance sheet.

Notes to the consolidated financial statements

For the year ended 31 December 2013
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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Credit risk (continued)

Pawn loans to customers are summarised as follows:

	31 December 2013	31 December 2012
Neither past due nor impaired (i)	174,104	173,695
Past due but not impaired	—	—
Impaired	25,000	—
	199,104	173,695
Less: Impairment allowances	(13,028)	(1,780)
	186,076	171,915

(i) Pawn loans to customers neither past due nor impaired

Pawn loans to customers that are neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

(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 consolidated balance sheet and balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the consolidated financial statements

For the year ended 31 December 2013
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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
Group				
At 31 December 2013				
Bank borrowings, including interest (Note 22)	181,556	102,864	66,993	711,345
Corporate bonds, including interest (Note 22)	2,100,000	—	—	—
Trade and other payables, excluding other taxation payables, staff salaries and welfare, current portion of long-term payables and interest payable (Note 21)	617,352	—	—	—
Long-term payables, including interest and current portion (Note 24)	<u>73,307</u>	<u>87,769</u>	<u>153,674</u>	<u>859,797</u>
At 31 December 2012				
Bank borrowings, including interest (Note 22)	130,778	124,300	46,500	535,462
Corporate bonds, including interest (Note 22)	100,000	2,100,000	—	—
Trade and other payables, excluding other taxation payables, staff salaries and welfare, current portion of long-term payables and interest payable (Note 21)	660,350	—	—	—
Long-term payables, including interest and current portion (Note 24)	<u>34,010</u>	<u>85,476</u>	<u>102,932</u>	<u>685,206</u>

Notes to the consolidated financial statements

For the year ended 31 December 2013
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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 2013				
Bank borrowings, including interest (Note 22)	160,515	—	—	—
Corporate bonds, including interest (Note 22)	2,100,000	—	—	—
Trade and other payables, excluding other taxation payables, interest payable and staff salaries and welfare (Note 21)	164,430	—	—	—
At 31 December 2012				
Bank borrowings, including interest (Note 22)	66,636	—	—	—
Corporate bonds, including interest (Note 22)	100,000	2,100,000	—	—
Trade and other payables, excluding other taxation payables, interest payable and staff salaries and welfare (Note 21)	292,911	—	—	—

As at 31 December 2013, net current liabilities of the Group amounting to RMB 1,573,544 thousand mainly resulted from Corporate bonds which should be repaid at the end of 2014. As the date of the financial statements approved by the Board of Directors, the Company has obtained new bank borrowing facilities of RMB 300,000 thousand. The management of the Company also expect current borrowing facilities amounting to RMB 1,400,000 thousand extended, both of above borrowing facilities will not expired until 31 December 2014. Meanwhile, the Company estimated future net operating cash flow is sufficient to meet short-term requirements.

Notes to the consolidated financial statements

*For the year ended 31 December 2013
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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(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 pawn loans to customers, bank borrowings, corporate bonds and long-term payables.

Pawn loans to customers bearing fixed interest rate expose the Group to fair value interest risk. Contractual interest rate re-pricing is matched with maturity date of each pawn loan granted to customer. As at 31 December 2013, maturity dates of pawn loans to customers are all within six months. Therefore the fair value of pawn loans to customers approximated their carrying amount.

Bank borrowings issued at floating rates expose the Group to cash flow interest rate risk. During 2013 and 2012, the Group's bank borrowings at floating rate were denominated in RMB. The Group's bank borrowings to the extent of RMB 588,400 thousand (2012: RMB 575,350 thousand) were issued at floating rates. As at 31 December 2013, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB 1,486 thousand (2012: RMB 1,865 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 of RMB 160,000 thousand (2012: RMB 15,000 thousand) were at floating rate and expose the Group to cash flow interest rate risk. As at 31 December 2013, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB 186 thousand (2012: RMB 75 thousand) higher or lower. The Group's long-term payables of RMB 515,406 thousand (including current portion of long-term payables) were interest free and expose the Group to fair value interest rate risk. The fair value of long-term payables is disclosed in Note 24.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2013
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3 Financial risk management (continued)

3.2 Capital risk management (continued)

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 2013 and 2012 were as follows:

	31 December 2013	31 December 2012
Total borrowings (Note 22)	2,740,177	2,563,126
Less: cash and cash equivalents (Note 17)	(545,670)	(762,838)
Net debts	2,194,507	1,800,288
Total equity	7,985,009	7,420,487
Total capital	10,179,516	9,220,775
Gearing ratio	21.56%	19.52%

3.3 Fair value estimation

Below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 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).

As at 31 December 2013, the Group did not have financial instruments that were measured at fair value.

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.

Notes to the consolidated financial statements

*For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)*

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 2.6, 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 recognised 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 recognised 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.

Notes to the consolidated financial statements

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4 Critical accounting estimates and judgements (continued)

(b) Provision for maintenance obligations

As described in Note 2.6, 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 2013 of RMB 17,638 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 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 amortisation periods of concession intangible assets

The Group amortises the concession intangible assets using the straight-line method over the concession periods granted (Note 1). The concession periods are approved by the Grantor therefore the Group does not have renewal or termination option for the concession periods.

If the Grantor requires to extend or shorten the concession periods, management will revise the amortisation charges which are different to previously calculated, or recognise an impairment loss, if any.

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For the year ended 31 December 2013
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4 Critical accounting estimates and judgements (continued)

(e) Estimation of deferred income tax 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.

(f) Estimation of payment schedule of long-term payables

The non-controlling interests provided financing to the Group in the form of long-term loans. The annual repayment of the long-term loans equals certain percentage of annual amortisation of the concession intangible assets and depreciation of property, plant and equipment. Management estimated the annual amortisation of the concession intangible assets and depreciation of property, plant and equipment by reference to the carrying amount of long-term assets and future capital expenditure. If the actual amortisation and depreciation amount was to be differed from management's current estimates, the Group would account for the change prospectively.

(g) Impairment allowances on pawn loans to customers

The Group reviews its loan portfolios to assess impairment at least on a semi-annual basis. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group (e.g. payment delinquency or default), or local economic conditions that correlate with defaults on assets in a group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Notes to the consolidated financial statements

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(All amounts in Renminbi thousand unless otherwise stated)

5 Segment information

The strategic steering committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the strategic steering committee for the purposes of allocating resources and assessing performance.

The strategic steering committee considers the business from a service perspective, and assesses the performance of the business segment based on profit before income tax, which is consistent with that in the income statement.

The amount provided to the strategic steering committee with respect to total assets is measured in a manner consistent with that of the balance sheet. These assets are allocated based on the operation of segments.

The amount provided to the strategic steering committee with respect to total liabilities is measured in a manner consistent with that of the balance sheet. These liabilities are allocated based on the operation of segments.

The Group's operations are mainly organized under the following business segments:

- Toll roads services, including construction, operation, management and development of toll roads; and
- Pawn services, including pawn loan services.

(a) Revenue

There is no transaction between segments. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the income statement.

The revenue of the Group for the years ended 31 December 2013 and 2012 are set out as follows:

	Year ended 31 December	
	2013	2012
Toll roads services	3,346,503	3,108,021
Pawn services	57,314	14,329
	<u>3,403,817</u>	<u>3,122,350</u>

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

5 Segment information (continued)

(b) Segment information (continued)

The segment information provided to the strategic steering committee for the reportable segments for the year ended 31 December 2013 is as follows:

	For the year ended 31 December 2013		
	Toll roads services	Pawn services	Total
Revenue			
Segment revenue	3,346,503	57,314	3,403,817
Inter-segment sales	—	—	—
Revenue from external customers	<u>3,346,503</u>	<u>57,314</u>	<u>3,403,817</u>
Results			
Segment gross profit	<u>1,283,530</u>	<u>53,981</u>	<u>1,337,511</u>
Other gains – net	88,040	435	88,475
Administrative expenses	(84,272)	(14,877)	(99,149)
Finance costs	(144,828)	—	(144,828)
Share of profits of associates	<u>14,657</u>	<u>—</u>	<u>14,657</u>
Profit before income tax	<u><u>1,157,127</u></u>	<u><u>39,539</u></u>	<u><u>1,196,666</u></u>
Other information			
Amortisation of concession intangible assets	490,958	—	490,958
Depreciation of property, plant and equipment	87,512	116	87,628
Depreciation of investment property	16,963	—	16,963
Amortisation of land use rights	686	—	686
Amortisation of intangible assets	<u>3,502</u>	<u>—</u>	<u>3,502</u>
	<u><u>12,044,073</u></u>	<u><u>255,204</u></u>	<u><u>12,299,277</u></u>
As at 31 December 2013			
Total assets	<u>12,044,073</u>	<u>255,204</u>	<u>12,299,277</u>
Total liabilities	<u>4,306,424</u>	<u>7,844</u>	<u>4,314,268</u>

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

5 Segment information (continued)

(b) Segment information (continued)

The segment information provided to the strategic steering committee for the reportable segments for the year ended 31 December 2012 is as follows:

	For the year ended 31 December 2012		
	Toll roads services	Pawn services	Total
Revenue			
Segment revenue	3,108,021	14,329	3,122,350
Inter-segment sales	—	—	—
Revenue from external customers	<u>3,108,021</u>	<u>14,329</u>	<u>3,122,350</u>
Results			
Segment gross profit	<u>1,290,459</u>	<u>13,522</u>	<u>1,303,981</u>
Other gains – net	3,502	1,093	4,595
Administrative expenses	(77,562)	(4,283)	(81,845)
Finance costs	(135,777)	—	(135,777)
Share of profits of associates	<u>12,031</u>	<u>—</u>	<u>12,031</u>
Profit before income tax	<u>1,092,653</u>	<u>10,332</u>	<u>1,102,985</u>
Other information			
Amortisation of concession intangible assets	454,288	—	454,288
Depreciation of property, plant and equipment	82,728	39	82,767
Depreciation of investment property	14,761	—	14,761
Amortisation of land use rights	686	—	686
Amortisation of intangible assets	<u>945</u>	<u>—</u>	<u>945</u>

	As at 31 December 2012		
	Toll roads services	Pawn services	Total
Total assets	<u>11,226,738</u>	<u>220,776</u>	<u>11,447,514</u>
Total liabilities	<u>4,023,994</u>	<u>3,033</u>	<u>4,027,027</u>

(c) Geographical segments

The Group is domiciled in Anhui Province, the PRC. The result of its revenue is from Anhui Province, the PRC. As at 31 December 2013 and 2012, total assets of the Group are located in the PRC.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

6 Concession intangible assets

Group	31 December 2013	31 December 2012
Cost	13,265,370	12,660,227
Accumulated amortisation	(4,230,846)	(3,813,141)
Net book amount	<u>9,034,524</u>	<u>8,847,086</u>
	Year ended 31 December 2013	Year ended 31 December 2012
Opening net book amount	8,847,086	8,430,757
Additions	1,073,713	899,842
Disposals	(24,361)	(1,660)
Transfer out to property, plant and equipment (Note 8)	(370,956)	(27,565)
Amortisation charges (Note 29)	(490,958)	(454,288)
Closing net book amount	<u>9,034,524</u>	<u>8,847,086</u>
	31 December 2013	31 December 2012
Company		
Cost	8,902,171	9,161,457
Accumulated amortisation	(3,575,567)	(3,237,523)
Net book amount	<u>5,326,604</u>	<u>5,923,934</u>
	Year ended 31 December 2013	Year ended 31 December 2012
Opening net book amount	5,923,934	6,313,502
Additions	21,924	6,390
Disposals	(24,361)	—
Transfer out to property, plant and equipment (Note 8)	(183,596)	—
Amortisation charges (Note 29)	(411,297)	(395,958)
Closing net book amount	<u>5,326,604</u>	<u>5,923,934</u>

As at 31 December 2013 and 2012, 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 25 to 30 years from the dates of acquisition, and expiring from 2026 to 2032.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

6 Concession intangible assets (continued)

Borrowing costs with the amount of RMB 29,862 thousand (2012: RMB 28,202 thousand), including amortisation of long-term payables to non-controlling interests with the amount of RMB 9,303 thousand (2012: RMB 4,960 thousand) (Note 24), have been capitalised in 2013 at an average interest rate of 5.9281% (2012: 5.2656%).

Amortisation expenses of RMB 490,958 thousand has been charged in “cost of sales” (2012: RMB 454,288 thousand).

As at 31 December 2013, certain land use right certificates for Ninghuai expressway Tianchang section, Hening expressway, Ningxuanhang expressway Anhui section and one toll station in Guangde have not yet been obtained.

As at 31 December 2013, concession intangible assets with a carrying amount of approximately RMB 244,369 thousand (a cost of RMB 353,589 thousand) (31 December 2012: a carrying amount of RMB 260,050 thousand and a cost of RMB 353,589 thousand) have been pledged as collateral for bank borrowings of RMB 45,400 thousand (31 December 2012: RMB 102,150 thousand) (Note 22 (b)).

7 Land use rights

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

Group and Company	31 December 2013	31 December 2012
Cost	17,790	17,790
Accumulated amortisation	(7,832)	(7,146)
Net book amount	9,958	10,644
	Year ended 31 December 2013	Year ended 31 December 2012
Opening net book amount	10,644	11,330
Amortisation charges (Note 29)	(686)	(686)
Closing net book amount	9,958	10,644

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 expenses of RMB 686 thousand has been charged in “cost of sales” (2012: RMB 686 thousand).

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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 2012							
Cost	517,097	561,770	117,925	77,215	125,969	21,335	1,421,311
Accumulated depreciation	(67,373)	(346,032)	(74,507)	(51,896)	(70,500)	—	(610,308)
Net book value	<u>449,724</u>	<u>215,738</u>	<u>43,418</u>	<u>25,319</u>	<u>55,469</u>	<u>21,335</u>	<u>811,003</u>
Year ended 31 December 2012							
Opening net book amount	449,724	215,738	43,418	25,319	55,469	21,335	811,003
Additions	23,520	13	491	6,952	4,795	34,826	70,597
Disposals	(264)	—	—	(217)	(84)	—	(565)
Transfers	—	2,906	6,427	—	676	(10,009)	—
Transfer in from concession intangible assets (Note 6)	13,227	9,483	—	—	4,855	—	27,565
Transfer in from investment property (Note 9)	2,306	—	—	—	—	—	2,306
Transfer out to investment property (Note 9)	(136,298)	—	—	—	—	—	(136,298)
Depreciation (Note 29)	(9,744)	(42,364)	(10,723)	(5,982)	(13,954)	—	(82,767)
Closing net book amount	<u>342,471</u>	<u>185,776</u>	<u>39,613</u>	<u>26,072</u>	<u>51,757</u>	<u>46,152</u>	<u>691,841</u>
At 31 December 2012							
Cost	416,882	575,520	124,843	79,053	136,631	46,152	1,379,081
Accumulated depreciation	(74,411)	(389,744)	(85,230)	(52,981)	(84,874)	—	(687,240)
Net book value	<u>342,471</u>	<u>185,776</u>	<u>39,613</u>	<u>26,072</u>	<u>51,757</u>	<u>46,152</u>	<u>691,841</u>
Year ended 31 December 2013							
Opening net book amount	342,471	185,776	39,613	26,072	51,757	46,152	691,841
Additions	4,694	2,504	1,040	5,464	3,900	31,619	49,221
Disposals	(257)	(1)	—	(7)	—	—	(265)
Transfers	3,934	7,895	6,800	—	1,313	(19,942)	—
Transfer in from concession intangible assets (Note 6)	182,766	171,354	10,760	—	6,076	—	370,956
Transfer out to investment property (Note 9)	(68,868)	—	—	—	—	—	(68,868)
Depreciation (Note 29)	(12,319)	(41,874)	(10,558)	(5,954)	(16,923)	—	(87,628)
Closing net book amount	<u>452,421</u>	<u>325,654</u>	<u>47,655</u>	<u>25,575</u>	<u>46,123</u>	<u>57,829</u>	<u>955,257</u>
At 31 December 2013							
Cost	552,925	794,799	156,940	84,510	150,794	57,829	1,797,797
Accumulated depreciation	(100,504)	(469,145)	(109,285)	(58,935)	(104,671)	—	(842,540)
Net book value	<u>452,421</u>	<u>325,654</u>	<u>47,655</u>	<u>25,575</u>	<u>46,123</u>	<u>57,829</u>	<u>955,257</u>

Depreciation expenses of RMB 71,145 thousand has been charged in “cost of sales” (2012: RMB 70,744 thousand); depreciation expenses of RMB 16,483 thousand has been charged in “administrative expenses” (2012: RMB 12,023 thousand).

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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 2012							
Cost	526,177	535,841	100,115	68,676	127,887	20,090	1,378,786
Accumulated depreciation	(71,153)	(334,350)	(67,919)	(46,756)	(73,553)	—	(593,731)
Net book value	<u>455,024</u>	<u>201,491</u>	<u>32,196</u>	<u>21,920</u>	<u>54,334</u>	<u>20,090</u>	<u>785,055</u>
At 31 December 2012							
Opening net book amount	455,024	201,491	32,196	21,920	54,334	20,090	785,055
Additions	23,520	13	1,091	5,135	3,716	24,533	58,008
Disposals	—	—	—	(120)	(76)	—	(196)
Transfers	—	2,906	6,427	—	676	(10,009)	—
Transfer in from investment property (Note 9)	606	—	—	—	—	—	606
Transfer out to investment property (Note 9)	(136,298)	—	—	—	—	—	(136,298)
Depreciation	(10,568)	(38,071)	(9,869)	(5,333)	(13,622)	—	(77,463)
Closing net book amount	<u>332,284</u>	<u>166,339</u>	<u>29,845</u>	<u>21,602</u>	<u>45,028</u>	<u>34,614</u>	<u>629,712</u>
At 31 December 2012							
Cost	407,326	538,760	107,633	70,403	131,734	34,614	1,290,470
Accumulated depreciation	(75,042)	(372,421)	(77,788)	(48,801)	(86,706)	—	(660,758)
Net book value	<u>332,284</u>	<u>166,339</u>	<u>29,845</u>	<u>21,602</u>	<u>45,028</u>	<u>34,614</u>	<u>629,712</u>
Year ended 31 December 2013							
Opening net book amount	332,284	166,339	29,845	21,602	45,028	34,614	629,712
Additions	4,694	2,504	912	5,320	1,244	27,213	41,887
Disposals	—	—	—	(7)	—	—	(7)
Transfers	—	7,466	4,087	—	856	(12,409)	—
Transfer in from concession intangible assets (Note 6)	105,226	69,444	10,760	—	(1,834)	—	183,596
Transfer out to investment property (Note 9)	(68,868)	—	—	—	—	—	(68,868)
Depreciation	(12,118)	(34,884)	(9,188)	(5,129)	(15,325)	—	(76,644)
Closing net book amount	<u>361,218</u>	<u>210,869</u>	<u>36,416</u>	<u>21,786</u>	<u>29,969</u>	<u>49,418</u>	<u>709,676</u>
At 31 December 2013							
Cost	462,152	655,701	136,889	75,716	134,874	49,418	1,514,750
Accumulated depreciation	(100,934)	(444,832)	(100,473)	(53,930)	(104,905)	—	(805,074)
Net book value	<u>361,218</u>	<u>210,869</u>	<u>36,416</u>	<u>21,786</u>	<u>29,969</u>	<u>49,418</u>	<u>709,676</u>

Depreciation expenses of RMB 60,642 thousand has been charged in “cost of sales” (2012: RMB 65,521 thousand); depreciation expenses of RMB 16,002 thousand has been charged in “administrative expenses” (2012: RMB 11,942 thousand).

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9 Investment property

Group

	Buildings
At 1 January 2012	
Cost	271,501
Accumulated amortisation	(64,628)
Net book amount	<u>206,873</u>
Year ended 31 December 2012	
Opening net book amount	206,873
Transferred in from property, plant and equipment (Note 8)	136,298
Transferred out to property, plant and equipment (Note 8)	(2,306)
Amortisation expenses (Note 29)	(14,761)
Closing net book amount	<u>326,104</u>
At 31 December 2012	
Cost	411,674
Accumulated amortisation	(85,570)
Net book amount	<u>326,104</u>
Year ended 31 December 2013	
Opening net book amount	326,104
Transferred in from property, plant and equipment (Note 8)	68,868
Amortisation expenses (Note 29)	(16,963)
Closing net book amount	<u>378,009</u>
At 31 December 2013	
Cost	486,124
Accumulated amortisation	(108,115)
Net book amount	<u>378,009</u>

Amortisation expenses of RMB 16,963 thousand has been charged in "cost of sales" (2012: RMB 14,761 thousand).

The fair value for the investment property as at 31 December 2013 was RMB 486,394 thousand. The fair value was based on an independent assessment made by Anhui Guoxin Assets Valuation Company Limited ("安徽國信資產評估有限責任公司").

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9 Investment property (continued)

Company

	Buildings
At 1 January 2012	
Cost	255,734
Accumulated amortisation	(58,959)
Net book amount	<u>196,775</u>
Year ended 31 December 2012	
Opening net book amount	196,775
Transferred in from property, plant and equipment (Note 8)	136,298
Transferred out to property, plant and equipment (Note 8)	(606)
Amortisation expenses	(13,773)
Closing net book amount	<u>318,694</u>
At 31 December 2012	
Cost	398,105
Accumulated amortisation	(79,411)
Net book amount	<u>318,694</u>
Year ended 31 December 2013	
Opening net book amount	318,694
Transferred in from property, plant and equipment (Note 8)	68,868
Amortisation expenses	(16,587)
Closing net book amount	<u>370,975</u>
At 31 December 2013	
Cost	472,554
Accumulated amortisation	(101,579)
Net book amount	<u>370,975</u>

Amortisation expenses of RMB 16,587 thousand has been charged in “cost of sales” (2012: RMB 13,773 thousand).

The fair value for the investment property as at 31 December 2013 was RMB 471,686 thousand. The fair value was based on an independent assessment made by Anhui Guoxin Assets Valuation Company Limited.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

10 Intangible assets

Group

	Computer Software
At 1 January 2012	
Cost	3,887
Accumulated amortisation	<u>(1,520)</u>
Net book amount	<u>2,367</u>
Year ended 31 December 2012	
Opening net book amount	2,367
Additions	1,104
Amortisation expenses (Note 29)	<u>(945)</u>
Closing net book amount	<u>2,526</u>
At 31 December 2012	
Cost	4,991
Accumulated amortisation	<u>(2,465)</u>
Net book amount	<u>2,526</u>
Year ended 31 December 2013	
Opening net book amount	2,526
Additions	3,466
Amortisation expenses (Note 29)	<u>(3,502)</u>
Closing net book amount	<u>2,490</u>
At 31 December 2013	
Cost	8,457
Accumulated amortisation	<u>(5,967)</u>
Net book amount	<u>2,490</u>

Amortisation expenses of RMB 3,502 thousand has been charged in “administrative expenses” (2012: RMB 945 thousand).

Notes to the consolidated financial statements

For the year ended 31 December 2013
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10 Intangible assets (continued)

Company

	Computer Software
At 1 January 2012	
Cost	1,234
Accumulated amortisation	(394)
Net book amount	<u>840</u>
Year ended 31 December 2012	
Opening net book amount	840
Additions	439
Amortisation expenses	(621)
Closing net book amount	<u>658</u>
At 31 December 2012	
Cost	1,673
Accumulated amortisation	(1,015)
Net book amount	<u>658</u>
Year ended 31 December 2013	
Opening net book amount	658
Additions	3,446
Amortisation expenses	(3,146)
Closing net book amount	<u>958</u>
At 31 December 2013	
Cost	5,119
Accumulated amortisation	(4,161)
Net book amount	<u>958</u>

Amortisation expenses of RMB 3,146 thousand has been charged in “administrative expenses” (2012: RMB 621 thousand).

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11 Investments in subsidiaries – Company

	31 December 2013	31 December 2012
Investments, at cost:		
Unlisted shares	864,326	653,912

The following is a list of the subsidiaries at 31 December 2013:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Paid in, issued and fully paid share capital ('000)	Interest directly held by the Company (%)
Xuan Guang Expressway Company Limited ("宣廣高速公路有限責任公司", "Xuan Guang") (a)	PRC, limited liability company	Management and operation of expressway in Anhui province, PRC	RMB 111,760	55.47%
Anhui Ningxuanhang Expressway Investment Company Limited ("安徽寧宣杭高速公路投資有限公司", "Ningxuanhang") (b)	PRC, limited liability company	Management and operation of expressway in Anhui province, PRC	RMB 300,000	51.00%
Xuancheng Guangci Expressway Co., Ltd. ("宣城市廣祠高速公路有限責任公司", "Guangci") (c)	PRC, limited liability company	Management and operation of expressway in Anhui province, PRC	RMB 56,800	55.47%
Wan Tong Pawn (d)	PRC, limited liability company	Pawn, small loan and related services in Anhui province, PRC	RMB 210,000	71.43%
Anhui Expressway (H.K.) Limited ("安徽皖通高速公路股份(香港)有限公司", "AEHK") (e)	Hong Kong, limited company	Management and operation of expressway outside Mainland China	—	100%

Notes to the consolidated financial statements

For the year ended 31 December 2013
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11 Investments in subsidiaries – Company (continued)

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

	2013					Total
	Xuan Guang (Note a)	Ningxuanhang (Note b)	Guangci (Note c)	Wan Tong Pawn (Note d)	AEHK (Note e)	
Balance at 1 January 2013	61,995	332,781	109,136	150,000	—	653,912
Changes in the year	—	210,414	—	—	—	210,414
Balance at 31 December 2013	<u>61,995</u>	<u>543,195</u>	<u>109,136</u>	<u>150,000</u>	<u>—</u>	<u>864,326</u>

	2012					Total
	Xuan Guang (Note a)	Ningxuanhang (Note b)	Guangci (Note c)	Wan Tong Pawn (Note d)		
Balance at 1 January 2012	61,995	163,019	—	—	—	225,014
Changes in the year	—	169,762	109,136	150,000	—	428,898
Balance at 31 December 2012	<u>61,995</u>	<u>332,781</u>	<u>109,136</u>	<u>150,000</u>	<u>—</u>	<u>653,912</u>

(a) Investment in Xuan Guang

Xuan Guang is a co-operative joint venture established by the Company and Xuancheng Communication Investment Co., Ltd. (“宣城市交通投资有限公司”, “XCIC”, formerly named “Xuancheng Highway Management Company”) 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. Long-term loan represented the Company’s share of the total investment in Xuan Guang in excess of the Company’s share of its registered capital. It was free of interest charge. 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 XCIC 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 XCIC dated 11th August 2003, XCIC 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. The long-term loan was interest free as well.

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11 Investments in subsidiaries – Company (continued)

(a) Investment in Xuan Guang (continued)

Pursuant to a share transfer agreement dated 11 September 2003 subsequently entered into by the Company and XCIC, the Company acquired XCIC'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 borrowings of Xuan Guang in priority before settlement of long-term payables to the Company and XCIC since 2007, until the short term borrowings are fully repaid.

According to the contracts, agreements and board resolution mentioned above, for the year ended 31 December 2013, the net profit portion of the distribution attributable to XCIC amounted to RMB 70,832 thousand (2012: RMB 61,939 thousand); the depreciation and amortisation portion of the distribution attributable to XCIC amounted to RMB 31,078 thousand in 2013 (2012: nil).

(b) Investment in Ningxuanhang

Ningxuanhang is a co-operative joint venture established by the Company and Xuancheng Communication Construction Co., Ltd. (“宣城市交通建設投資有限公司”, “XCCC”) in April 2008. The original registered capital of Ningxuanhang was RMB 100,000 thousand. The Company and XCCC's equity interest in Ningxuanhang were 70% and 30% respectively. The official operating period will be granted after toll road construction is completed.

Pursuant to a share transfer agreement dated in January 2012 between XCCC and XCIC, XCIC acquired XCCC's equity interests in Ningxuanhang. XCCC also transferred its shareholder's loan (Note 24) to XCIC.

Pursuant to a capital injection agreement among the Company, Anhui Expressway Holding Co., Ltd. (“安徽省高速公路控股集團有限公司”, “AEHC”, parent company of the Company), and XCIC dated 20th August 2012, the Company made cash contribution of RMB 129,362 thousand to Ningxuanhang in the forms of paid-in capital of RMB 83,000 and capital surplus of RMB 46,362 thousand; AEHC made cash contribution of RMB 182,353 thousand to Ningxuanhang in the forms of paid-in capital of RMB 117,000 thousand and capital surplus of RMB 65,353 thousand. After the cash contribution, the Company, AEHC and XCIC's equity interest in Ningxuanhang changed to 51%, 39% and 10% respectively.

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(All amounts in Renminbi thousand unless otherwise stated)

11 Investments in subsidiaries – Company (continued)

(b) Investment in Ningxuanhang (continued)

The Company, AEHC and XCIC also provided funding to Ningxuanhang in the form of long-term shareholders' loans. Details of the undiscounted long-term shareholders' loans in 2013 are as follows:

	The Company		AEHC		XCIC		Total
	Interest free	Interest bearing	Interest free	Interest bearing	Interest free	Interest bearing	
Beginning of the year	265,500	414,500	340,000	—	82,500	15,000	1,117,500
Additions/(repayments)	271,108	85,000	70,347	160,000	19,680	(15,000)	591,135
Ending of the year	<u>536,608</u>	<u>499,500</u>	<u>410,347</u>	<u>160,000</u>	<u>102,180</u>	<u>—</u>	<u>1,708,635</u>

The interest rate of interest bearing long-term loans ranged from 6.22% to 6.55% in 2013 (2012: 6.55% to 7.755%).

According to the agreement among the Company, AEHC and XCIC, annual net profit is to be made as dividends to the Company, AEHC and XCIC. The amortisation and depreciation are to be made as repayments to bank borrowings and long-term shareholders' loans. After all the bank borrowings are fully settled, annual net profit and the amortisation and depreciation are distributed to the Company, AEHC and XCIC in proportion to their respective contributions to Ningxuanhang's paid-in capital.

The interest free loan of the Company is initially recognised at its fair value, which equals 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, and is subsequently carried at amortised cost using the effective interest method. The amortisation of RMB 210,414 thousand of the interest free loan was recognised as an addition to the Company's investment in Ningxuanhang in 2013 (2012: RMB 40,400 thousand).

The interest bearing loan of the Company is accounted for by using effective interest rate method as well. As the interest rate is floating and determined by reference to market interest rate, the fair value approximated its carrying amount.

As at 31 December 2013, the Xuancheng to Ningguo of Ningxuanhang Expressway Anhui Section is officially opened to traffic (Note 1) and remaining road section is still under construction.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

11 Investments in subsidiaries – Company (continued)

(c) Investment in Guangci

Guangci is a co-operative joint venture established by AEHC and XCIC in July 2004 with an operating period of 25 years. The total registered capital of Guangci was RMB 56,800 thousand. AEHC and XCIC's equity interest in Guangci were 51% and 49% respectively.

Pursuant to a share transfer agreement dated 21 February 2012 among the Company, AEHC and XCIC, the Company acquired AEHC's and XCIC's interest in Guangci for a purchase consideration of RMB 215,330 thousand and RMB 18,880 thousand respectively, effective of 1 January 2012. After the acquisition, the Company and XCIC's equity interest in Guangci were 55.47% and 44.53% respectively.

(d) Investment in Wan Tong Pawn

Wan Tong Pawn is a joint venture established by the Company and Hefei Hua Tai Group Co., Ltd. (“合肥華泰集團股份有限公司”, “Hua Tai”) in June 2012 with an operating period of 30 years. The total registered capital of Wan Tong Pawn was RMB 210,000 thousand. The Company invested in RMB 150,000 thousand and held 71.43% equity interest in Wan Tong Pawn. Hua Tai invested in RMB 60,000 thousand and held 28.57% equity interest in Wan Tong Pawn.

For the year ended 31 December 2013, the net profit attributable to the Company amounted to RMB 21,156 thousand (For the period from the date of establishment to 31 December 2012: RMB 5,531 thousand); the net profit attributable to Hua Tai amounted to RMB 8,462 thousand (2012: RMB 2,212 thousand).

(e) Investment in AEHK

As at 31 September 2013, AEHK was set up in HK, PRC. The paid-in capital of AEHK is HKD 2,400 thousand. As at 31 December 2013, the Group still has not finished capital injection and AEHK is still in pre-operation stage.

(f) Material non-controlling interests

The total non-controlling interests as at 31 December 2013 are RMB 834,213 thousand, of which RMB 430,717 thousand is attributed to Ningxuanhang, RMB 239,430 thousand is attributed to Xuan Guang, RMB 93,393 thousand attributed to Guangci, and RMB 70,673 thousand attributed to Wan Tong Pawn.

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11 Investments in subsidiaries – Company (continued)

(f) Material non-controlling interests (continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the group.

Summarised balance sheet

	Ningxuanhang		Xuan Guang		Guangci		Wan Tong Pawn	
	2013	2012	2013	2012	2013	2012	2013	2012
Current								
Assets	30,158	274,000	67,071	93,136	5,527	31,979	251,247	219,562
Liabilities	(431,596)	(362,605)	(146,704)	(176,617)	(30,376)	(46,300)	(7,844)	(3,033)
Total current net (liabilities)/ assets	(401,438)	(88,605)	(79,633)	(83,481)	(24,849)	(14,321)	243,403	216,529
Non-current								
Assets	3,064,701	2,051,826	1,155,201	1,185,414	268,658	287,620	3,957	1,214
Liabilities	(1,799,879)	(1,271,035)	(481,215)	(527,017)	(34,050)	(68,100)	—	—
Total non-current net assets	1,264,822	780,791	673,986	658,397	234,608	219,520	3,957	1,214
Net assets	863,384	692,186	594,353	574,916	209,759	205,199	247,360	217,743

Summarised income statement

	Ningxuanhang		Xuan Guang		Guangci		Wan Tong Pawn	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	1,036,139	857,607	460,823	455,802	68,028	69,290	57,314	14,329
Profit before income tax	(49,445)	—	212,533	185,523	40,254	37,641	39,538	10,332
Income tax (expense)/income	1,270	—	(53,467)	(46,429)	(10,068)	(9,160)	(9,921)	(2,589)
(Losses)/profit for the year	(48,175)	—	159,066	139,094	30,186	28,481	29,617	7,743
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive (losses)/income	(48,175)	—	159,066	139,094	30,186	28,481	29,617	7,743
Total comprehensive (losses)/income allocated to non-controlling interests	(23,606)	—	70,832	61,939	13,441	12,682	8,462	2,212
Dividends paid to non-controlling interests	—	—	62,176	70,475	4,453	6,666	—	—

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11 Investments in subsidiaries – Company (continued)

(f) Material non-controlling interests (continued)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised cash flows

	Ningxuanhang		Xuan Guang		Guangci		Wan Tong Pawn	
	2013	2012	2013	2012	2013	2012	2013	2012
Cash flows from operating activities								
Cash (used in)/generated from operations	(939,640)	(624,619)	301,420	231,105	82,661	75,563	24,742	(154,536)
Interest paid	(29,834)	(57,342)	—	(813)	(4,944)	(8,115)	—	—
Income tax paid	—	—	(79,413)	(41,009)	(12,498)	(7,124)	(8,674)	(7,124)
Net cash (used in)/generated from operating activities	(969,474)	(681,961)	222,007	189,283	65,219	60,324	16,068	(161,660)
Net cash (used in)/generated from investing activities	(2,361)	—	(4,520)	(10,990)	39	(840)	(47)	(808)
Net cash generated from/(used) in financing activities	726,234	941,715	(209,419)	(198,264)	(66,750)	(59,771)	—	210,000
Net (decrease)/increase in cash and cash equivalents	(245,601)	259,754	8,068	(19,971)	(1,492)	(287)	16,021	47,532
Cash and cash equivalents at beginning of the year	273,627	13,873	45,812	65,783	5,134	5,421	47,532	—
Exchange losses on cash and cash equivalents	—	—	—	—	—	—	—	—
Cash and cash equivalents at end of the year	<u>28,026</u>	<u>273,627</u>	<u>53,880</u>	<u>45,812</u>	<u>3,642</u>	<u>5,134</u>	<u>63,553</u>	<u>47,532</u>

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12 Loans to subsidiaries – Company

	Year ended 31 December 2013	Year ended 31 December 2012
Loans to Xuan Guang (Note 11(a))		
Beginning of the year	232,716	219,197
Repayments	(38,713)	—
Amortisations	13,381	13,519
End of the year	<u>207,384</u>	<u>232,716</u>
Loans to Ningxuanhang (Note 11(b))		
Beginning of the year	563,673	406,445
Additions	145,694	161,436
– interest-free loans	60,694	16,436
– interest-bearing loans	85,000	145,000
Revaluation	—	(11,836)
Amortisations	11,532	7,628
End of the year	<u>720,899</u>	<u>563,673</u>
Loans to subsidiaries – total	<u>928,283</u>	<u>796,389</u>
Less: current portion of loans to subsidiaries	<u>(38,713)</u>	<u>(38,713)</u>
	<u><u>889,570</u></u>	<u><u>757,676</u></u>

The carrying amounts and fair values of loans to subsidiaries (including current portion) are as follows:

	Carrying Amounts As at 31 December		Fair Value As at 31 December	
	2013	2012	2013	2012
Loans to Xuan Guang	207,384	232,716	204,323	228,738
Loans to Ningxuanhang	720,899	563,673	721,265	563,778
	<u>928,283</u>	<u>796,389</u>	<u>925,588</u>	<u>792,516</u>

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

As at 31 December 2013, the undiscounted amount of loans to Xuan Guang was RMB 248,219 thousand (2012: RMB 286,932 thousand) and to Ningxuanhang was RMB 1,036,108 thousand (2012: RMB 680,000 thousand).

The fair value of the loans are based on cash flows discounted using 6.55%, the annual interest rate published by the People's Bank of China for long-term bank loans as at 31 December 2013 (31 December 2012: 6.55%).

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13 Investments in an associate

Group

	31 December 2013	31 December 2012
Beginning of the year	41,316	29,285
Share of an associate's result:		
– Profit before income tax	20,344	16,173
– Income tax expenses	(5,687)	(4,142)
End of the year	55,973	41,316

The Group's interest in its associate which is unlisted, was as follows:

Name	Particulars of issued shares held	Country of incorporation	Assets	Liabilities	Revenue	Net Profit	% of Interest held
2013							
Anhui Expressway Advertisement Co., Ltd. ("安徽高速傳媒有限公司", "AEAC")	Equity capital	PRC	<u>95,889</u>	<u>39,916</u>	<u>46,451</u>	<u>14,657</u>	<u>38%</u>
2012							
AEAC	Equity capital	PRC	<u>93,983</u>	<u>52,667</u>	<u>43,803</u>	<u>12,031</u>	<u>38%</u>

	31 December 2013	31 December 2012
Company		
Unlisted equity, at cost	18,999	18,999

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14 Available-for-sale financial assets

Group and Company

	Equity interest in unlisted companies		
	AXFG	WTMC	Total
Opening balances	500,000	15,000	515,000
Changes in the year	—	—	—
Closing balances	<u>500,000</u>	<u>15,000</u>	<u>515,000</u>

Available-for-sale financial assets represented 16.67% equity interest in Anhui Xin'an Financial Group Co., Ltd. (“安徽新安金融集團股份有限公司”, “AXFG”) and 10% equity interest in Hefei Wan Tong Microcredit Co., Ltd. (“合肥市皖通小額貸款有限公司”, “WTMC”).

The available-for-sale financial assets did not have quoted market price in an active market and their fair values could not be reliably measured. As a result, these investments were carried at cost and were subject to review for impairment. At 31 December 2013, the Group performed an impairment review for these available-for-sale financial assets. No impairment existed for these available-for-sale financial assets.

15 Trade and other receivables

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Pawn loans to customers (a)	199,104	173,695	—	—
Financial products	130,000	—	130,000	—
Toll roll income receivable(c)	67,632	54,807	67,632	54,807
Dividends receivable (b)	35,000	—	43,668	—
Interests receivable	4,002	—	31,427	—
Current portion of loans to subsidiaries (Note 12)	—	—	38,713	38,713
Others	17,459	19,883	16,298	17,880
	453,197	248,385	327,738	111,400
Less: Provision for impairment (a)	(13,028)	(1,780)	—	—
	440,169	246,605	327,738	111,400

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15 Trade and other receivables (continued)

(a) Pawn loans to customers

At 31 December 2013 and 2012, the analysis of pawn loans to customers as follows:

Group	31 December 2013	31 December 2012
Pawn loans to customers		
– Principle	199,104	173,695
– interest	<u>—</u>	<u>—</u>
	199,104	173,695
Less: Impairment allowances		
– Individually assessed	(11,100)	—
– Collectively assessed	(1,928)	(1,780)
	(13,028)	(1,780)
Pawn loans to customers, net	186,076	171,915

Pawn loans to customers are arising from the Group's pawn loans business. The loan periods granted to customers are from one to six months and bore fixed interest rates ranging from 24.00% to 26.40% for the year ended 31 December 2013 (31 December 2012: bore fixed interest rates ranging from 24.00% to 26.40%).

Reconciliation of allowance account for losses on pawn loans to customers as follows:

Group	31 December 2013	31 December 2012
Collectively assessed –		
At beginning of year	(1,780)	—
Impairment losses recognised	(11,248)	(1,780)
At end of year	(13,028)	(1,780)

- (b) AXFG declared a cash dividend of RMB 73,999 thousand to the Company in 2013 (Note 28), and the remaining balance recorded in dividends receivable amounting to RMB 35,000 thousand will be paid in 2014.

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15 Trade and other receivables (continued)

- (c) At 31 December 2013, toll roll income receivables mainly represented 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 66,183 thousand (31 December 2012: RMB 51,294 thousand) for uncollected toll road income.

At 31 December 2013 and 2012, the ageing analysis of the trade and other receivables as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Up to 1 year	430,943	243,174	284,236	67,924
1 to 2 years	21,952	5,038	4,790	4,763
2 to 3 years	201	95	—	—
Over 3 years	101	78	38,712	38,713
	<u>453,197</u>	<u>248,385</u>	<u>327,738</u>	<u>111,400</u>

As at 31 December 2013 and 2012, all trade and other receivables balances were denominated in RMB. Except for pawn loans to customers which are analysed in Note (a), all trade and other receivables balances were fully performing.

As at 31 December 2013 and 2012, the fair value of the trade and other receivables of the Group and the Company, except for the prepayments which are not financial assets, approximated their carrying amount.

16 Inventories

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Materials for toll road maintenance	<u>3,824</u>	<u>3,554</u>	<u>3,486</u>	<u>3,081</u>

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17 Cash and cash equivalents and restricted cash

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Cash at bank and on hand	904,073	762,838	754,973	390,732
Less: restricted cash	(358,403)	—	(358,403)	—
Cash and cash equivalents at end of the period	<u>545,670</u>	<u>762,838</u>	<u>396,570</u>	<u>390,732</u>

The weighted average effective interest rate per annum on cash at bank in 2013 was approximately 1.63% (2012: 1.13%).

As at 31 December 2013, the restricted cash is bank deposit with original maturities over three months, including a bank deposit of RMB 88,400 thousand is pledged as collateral for the Group's short-term borrowings of HKD 111,186 thousand (equivalent to RMB 88,048 thousand) (Note 22(c)).

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

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
RMB	537,443	752,248	388,343	380,142
HKD (RMB equivalents)	8,227	10,590	8,227	10,590
	<u>545,670</u>	<u>762,838</u>	<u>396,570</u>	<u>390,732</u>

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 2012	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	—	—	—	—	—
At 31 December 2012	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	—	—	—	—	—
At 31 December 2013	<u>1,165,600</u>	<u>493,010</u>	<u>1,658,610</u>	<u>1,415,593</u>	<u>3,074,203</u>

The total authorised and issued 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.

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For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

19 Other reserves

Group

	Capital Surplus	Statutory Surplus Reserve Fund (Note 36 (a))	Discretionary Surplus Reserve Fund	Enterprise Safety Fund	Merge Reserve (a)	Excess of the consideration over carrying amount of the non-controlling interests acquired	Total
Balance at 1 January 2012	2,243	955,881	658	56,439	28,968	(699,147)	345,042
Appropriation to Enterprise Safety Fund	—	—	—	(1,376)	—	—	(1,376)
Consideration paid to the then equity owner for acquisition of a subsidiary under common control	—	—	—	—	(215,330)	—	(215,330)
Changes in ownership interests in subsidiaries without change of control	—	—	—	—	—	(10,969)	(10,969)
Balance at 31 December 2012	2,243	955,881	658	55,063	(186,362)	(710,116)	117,367
Appropriation to Enterprise Safety Fund	—	—	—	(1,376)	—	—	(1,376)
Balance at 31 December 2013	2,243	955,881	658	53,687	(186,362)	(710,116)	115,991

Company

	Statutory Surplus Reserve Fund (Note 36 (a))	Discretionary Surplus Reserve Fund	Enterprise Safety Fund	Total
Balance at 1 January 2012	898,724	658	50,677	950,059
Appropriation to Enterprise Safety Fund	—	—	(1,376)	(1,376)
Balance at 31 December 2012	898,724	658	49,301	948,683
Appropriation to Enterprise Safety Fund	—	—	(1,376)	(1,376)
Balance at 31 December 2013	898,724	658	47,925	947,307

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.

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 capital after approval.

For enterprise safety fund, please refer to Note 2.27.

Notes to the consolidated financial statements

For the year ended 31 December 2013
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19 Other reserves (continued)

- (a) The merge reserve as at 31 December 2013 represented the excess of consideration over the Company's share of paid-in capital of Guangci acquired under common control (Note 11(c)).

	31 December 2013
The Company's share of paid-in capital of Guangci	28,968
Less: consideration paid to the then equity owner for acquisition of Guangci under common control	(215,330)
Merge reserve	<u>(186,362)</u>

20 Deferred income

Group and Company

	31 December 2013	31 December 2012
Government grants	<u>39,453</u>	<u>41,626</u>

Deferred income represents government grants relating to assets and is amortised over 25 years (Note 2.21). Amortisation of RMB 2,173 thousand (2012: RMB 2,173 thousand) has been charged in "other gains – net" (Note 28).

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For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

21 Trade and other payables

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Payables on acquisition of concession intangible assets	481,089	572,987	82,924	157,727
Payables on repair and maintenance projects	2,234	2,733	2,103	2,529
Deposit for construction projects	94,186	42,772	41,290	25,908
Toll road income received:	15,117	25,460	28,463	97,959
– on behalf of Xuan Guang	—	—	12,045	45,915
– on behalf of Guangci	—	—	1,885	26,844
– on behalf of other entities	15,117	25,460	14,533	25,200
Other taxation payables	12,913	52,582	10,552	15,897
Staff salaries and welfare	27,659	27,667	20,818	20,561
Dividends payable	6,959	—	—	—
Current portion of long-term payables (Note 24)	31,078	31,078	—	—
Interests payable	3,034	1,016	1,045	114
Others	17,767	16,398	9,650	8,788
	692,036	772,693	196,845	329,483

As at 31 December 2013, trade and other payables of RMB 175,010 thousand were aged over one year (2012: RMB 174,768 thousand). These payables were mainly for construction projects and will be settled after project is completed.

As at 31 December 2013 and 2012, all trade and other payables were denominated in RMB.

As at 31 December 2013 and 2012, the fair value of trade and other payables, except for staff salaries and welfare, approximated their fair value.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

22 Borrowings

Group

	31 December 2013		31 December 2012	
	Interest rate per annum	Amount	Interest rate per annum	Amount
Non-current				
Corporate bonds denominated in RMB (a)	—	—	5.00%	1,987,776
Long-term bank borrowings denominated in RMB – secured				
– Pledged (b)	5.76%-6.40%	34,050	5.76%-6.40%	68,100
– Guaranteed (d)	6.40%-7.05%	362,000	5.90%-7.21%	226,900
Long-term bank borrowings denominated in RMB				
– unsecured (d)	5.90%-6.35%	181,000	5.90%-6.35%	181,000
		<u>577,050</u>		<u>2,463,776</u>
Current				
Corporate bonds denominated in RMB (a)	5.00%	1,993,729	—	—
Short-term bank borrowings denominated in HKD – secured				
– Pledged (RMB equivalents) (c)	1.60%	88,048	—	—
Short-term bank borrowings denominated in RMB				
– unsecured	4.62%	70,000	5.70%-6.56%	65,300
Current portion of long-term bank borrowings denominated in RMB – secured				
– Pledged (b)	5.76%-6.40%	11,350	5.76%-6.40%	34,050
		<u>2,163,127</u>		<u>99,350</u>
Total borrowings		<u><u>2,740,177</u></u>		<u><u>2,563,126</u></u>

Notes to the consolidated financial statements

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22 Borrowings (continued)

Company

	31 December 2013		31 December 2012	
	Interest rate per annum	Amount	Interest rate per annum	Amount
Non-current				
Corporate bonds denominated in RMB (a)	—	—	5.00%	1,987,776
Current				
Corporate bonds denominated in RMB (a)	5.00%	1,993,729	—	—
Short-term bank borrowings denominated in RMB – secured – Pledged (b)	1.60%	88,048	—	—
Short-term bank borrowings denominated in RMB – unsecured (c)	4.62%	70,000	5.70%-6.56%	65,300
Total borrowings		2,151,777		2,053,076

- (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 45,400 thousand were pledged by service concession arrangements of Guangci Expressway as at 31 December 2013 (31 December 2012: RMB 102,150 thousand) (Note 6).
- (c) The bank borrowings of HKD 111,186 thousand (equivalent to RMB 88,048 thousand) were pledged by bank deposit of RMB 88,400 thousand as at 31 December 2013 (31 December 2012: nil) (Note 17).
- (d) The bank borrowings of RMB 152,000 thousand were guaranteed by XCIC, a non-controlling interest of subsidiaries; RMB 210,000 thousand were guaranteed by the AEHC; and RMB 181,000 thousand were guaranteed by the Company as at 31 December 2013 (31 December 2012: RMB 74,900 thousand were guaranteed by XCCC; RMB 152,000 thousand were guaranteed by XCIC; and RMB 181,000 thousand were guaranteed by the Company).

Notes to the consolidated financial statements

For the year ended 31 December 2013
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22 Borrowings (continued)

At 31 December 2013 and 2012, the Group's and the Company's borrowings are repayable as follows:

Group

	Bank borrowings		Corporate bonds	
	2013	2012	2013	2012
Within 1 year	169,398	99,350	1,993,729	—
Between 1 and 2 years	34,050	34,050	—	1,987,776
Between 2 and 5 years	—	34,050	—	—
Over 5 years	543,000	407,900	—	—
	<u>746,448</u>	<u>575,350</u>	<u>1,993,729</u>	<u>1,987,776</u>

Company

	Bank borrowings		Corporate bonds	
	2013	2012	2013	2012
Within 1 year	158,048	65,300	1,993,729	—
Between 1 and 2 years	—	—	—	1,987,776
	<u>158,048</u>	<u>65,300</u>	<u>1,993,729</u>	<u>1,987,776</u>

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For the year ended 31 December 2013
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22 Borrowings (continued)

As at 31 December 2013, the fair value of corporate 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 2013	31 December 2012
Expiring within one year	<u>2,657,899</u>	<u>2,149,650</u>

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	
	2013	2012	2013	2012
Within 1 year	<u>746,448</u>	<u>575,350</u>	<u>158,048</u>	<u>65,300</u>

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

	Group	Company
Balance at 1 January 2013	6,826	6,561
Addition of provision	33,651	17,373
Utilization of provision	(22,839)	(6,561)
Balance at 31 December 2013	<u>17,638</u>	<u>17,373</u>

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24 Long-term payables – Group

	31 December 2013	31 December 2012
Long-term payables to XCIC (Note 11(a)(b))		
Beginning of the year	370,719	298,653
Additions	3,300	
– interest – free loans	3,300	—
– interest – bearing loans	—	—
Repayments	(46,078)	—
Transfer in from XCCC (Note 11(b))	—	68,268
Revaluation	(991)	(15,926)
Amortisation – capitalised in concession intangible assets (Note 6)	786	1,304
Amortisation – charged to income statement (Note 31)	19,428	18,420
End of the year	347,164	370,719
Long-term payables to XCCC (Note 11(b))		
Beginning of the year	—	68,268
Transfer out to XCIC (Note 11(b))	—	(68,268)
End of the year	—	—
Long-term payables to AEHC (Note 11(b) (c))		
Beginning of the year	152,325	12,119
Additions	171,187	148,669
– interest – free loans	11,187	148,669
– interest – bearing loans	160,000	—
Repayments	—	(12,119)
Revaluation	(5,550)	—
Amortisation – capitalised in concession intangible assets (Note 6)	8,517	3,656
Amortisation – charged to income statement (Note 31)	1,763	—
End of the year	328,242	152,325
Long-term payables – total	675,406	523,044
Less: current portion of long-term payables (Note 21)	(31,078)	(31,078)
	644,328	491,966

The interest rate of interest bearing long-term loans ranged from 6.22% to 6.55% in 2013 (2012: 6.55% to 7.755%).

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For the year ended 31 December 2013
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24 Long-term payables – Group (continued)

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

	Carrying Amounts As at 31 December		Fair Value As at 31 December	
	2013	2012	2013	2012
Long-term payables to XCIC	347,164	370,719	339,161	361,566
Long-term payables to AEHC	328,242	152,325	329,585	150,239
	<u>675,406</u>	<u>523,044</u>	<u>668,746</u>	<u>511,805</u>

The fair values of long-term payables are based on cash flows discounted using 6.55%, the annual interest rate published by the People's Bank of China for long-term bank loans as at 31 December 2013 (31 December 2012: 6.55%).

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

	31 December 2013	31 December 2012
Long-term payables to XCIC	519,018	545,416
Long-term payables to AEHC	570,347	340,000
	<u>1,089,365</u>	<u>885,416</u>

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25 Deferred tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same tax authority. The deferred income tax balance before and after offsetting are as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Deferred tax assets:				
– Deferred tax to be realised after more than 12 months	22,766	20,833	6,878	17,643
– Deferred tax to be realised within 12 months	14,708	9,193	15,983	12,338
	<u>37,474</u>	<u>30,026</u>	<u>22,861</u>	<u>29,981</u>
Deferred tax liabilities:				
– Deferred tax to be settled after more than 12 months	(161,023)	(139,520)	(31,133)	(33,987)
– Deferred tax to be settled within 12 months	(8,278)	(8,826)	(2,853)	(2,852)
	<u>(169,301)</u>	<u>(148,346)</u>	<u>(33,986)</u>	<u>(36,839)</u>
Deferred tax liabilities – net	<u>(131,827)</u>	<u>(118,320)</u>	<u>(11,125)</u>	<u>(6,858)</u>

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25 Deferred tax assets and liabilities (continued)

The movement on the Group's deferred income tax assets and liabilities, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

	Accounting for government grants	Provision	Accrued bonus	Accounting for interest bearing shareholder's loans	Total
Deferred income tax assets					
Balance at 1 January 2012	14,157	1,707	6,341	1,341	23,546
Deferred taxation charged to income statement	(700)	445	—	6,735	6,480
Balance at 31 December 2012	13,457	2,152	6,341	8,076	30,026
Deferred taxation charged to income statement	(3,594)	5,515	—	5,527	7,448
Balance at 31 December 2013	<u>9,863</u>	<u>7,667</u>	<u>6,341</u>	<u>13,603</u>	<u>37,474</u>

	Valuation of assets and depreciation – toll roads	Valuation and amortisation of toll roads related land use rights	Accounting for interest free long -term payables	Amortisation difference between accounting and tax regulations	Others	Total
Deferred income tax liabilities						
Balance at 1 January 2012	(31,930)	(5,027)	(44,624)	(9,025)	(4,631)	(95,237)
Deferred taxation charged to income statement	2,162	346	3,591	(8,880)	1,486	(1,295)
Deferred taxation charged to equity (a)	—	—	(51,814)	—	—	(51,814)
Balance at 31 December 2012	(29,768)	(4,681)	(92,847)	(17,905)	(3,145)	(148,346)
Deferred taxation charged to income statement	2,163	345	5,297	(8,714)	474	(435)
Deferred taxation charged to equity (a)	—	—	(20,520)	—	—	(20,520)
Balance at 31 December 2013	<u>(27,605)</u>	<u>(4,336)</u>	<u>(108,070)</u>	<u>(26,619)</u>	<u>(2,671)</u>	<u>(169,301)</u>

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25 Deferred tax assets and liabilities (continued)

- (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 XCIC and AEHC (Note 24), which was treated as shareholder contribution and recorded as a credit item in the equity.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. In 2013, the Group did not recognise deferred income tax assets of RMB 11,010 thousand (2012: nil) in respect of losses amounting to RMB 44,042 thousand (2012: nil) that can be carried forward against future taxable income. Carrying forward of these tax losses will expire, if unused, in the year ending 31 December 2018.

The movement on the Company's deferred income tax assets and liabilities, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Deferred income tax assets	Accounting for Government grants		Accrued bonus	Accounting for interest free loan		Total
	Provision					
Balance at 1 January 2012	14,157	1,640	4,711	15,459	35,967	
Deferred taxation charged to income statement	(700)	—	—	(5,286)	(5,986)	
Balance at 31 December 2012	13,457	1,640	4,711	10,173	29,981	
Deferred taxation charged to income statement	(3,594)	2,703	—	(6,229)	(7,120)	
Balance at 31 December 2013	<u>9,863</u>	<u>4,343</u>	<u>4,711</u>	<u>3,944</u>	<u>22,861</u>	

Deferred income tax liabilities	Valuation and amortisation of toll roads related land use rights		Others	Total
	Valuation of assets and depreciation – toll roads			
Balance at 1 January 2012	(31,930)	(5,027)	(2,734)	(39,691)
Deferred taxation charged to income statement	2,163	345	344	2,852
Balance at 31 December 2012	(29,767)	(4,682)	(2,390)	(36,839)
Deferred taxation charged to income statement	2,162	346	345	2,853
Balance at 31 December 2013	<u>(27,605)</u>	<u>(4,336)</u>	<u>(2,045)</u>	<u>(33,986)</u>

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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% (2012: 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 2013, the retired employees of the Group were 54 (31 December 2012: 43).

27 Revenue – Group

	Year ended 31 December	
	2013	2012
Toll income from toll roads operation	2,188,382	2,127,491
Revenue from construction or upgrade work under Service Concessions	1,073,713	899,842
Rental income (Note 39(b))	48,593	43,069
– from toll roads service sector (a)	33,947	28,930
– from other investment property	14,646	14,139
Service income from roads emergency assistance	10,052	18,873
Service income from management of toll roads (Note 39(b))	23,730	18,545
Interest income from pawn loans to customers	57,314	14,329
Others	2,033	201
	<u>3,403,817</u>	<u>3,122,350</u>

(a) Pursuant to a lease agreement with Anhui Yida Toll Road Service Sector Management Co., Ltd. (“YTMC”, “安徽省驛達高速公路服務區經營管理有限公司”), the Company’s toll road service sectors were leased to YTMC with annual rental fee of RMB 7,200 thousand. The lease period was from 1 January 2012 to 31 December 2013.

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

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28 Other gains – net – Group

	Year ended 31 December	
	2013	2012
Dividend income from an unlisted company	73,999	—
Interest income	11,691	4,923
Amortisation of government grants relating to assets (Note 20)	2,173	2,173
Loss from disposal on property, plant and equipment (Note 37)	(209)	(37)
Loss from disposal on concession intangible assets (Note 37)	—	(1,157)
Others	821	(1,307)
	88,475	4,595

29 Expenses by nature – Group

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

	Year ended 31 December	
	2013	2012
Costs payable to vendors for construction or upgrade work under the Service Concessions (Note 2.6)	1,073,713	899,842
Depreciation and amortisation expenses (Note 6,7,8,9,10)	599,737	553,447
Employee benefit expenses (Note 30)	212,837	194,648
Repair and maintenance expenses	161,343	151,475
Tax related to revenue (a)	82,920	77,160
Auditor's remuneration	2,300	2,150
Impairment for pawn loans to customers	11,248	1,780
Others	21,357	19,712
	2,165,455	1,900,214

(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% or 7% of BT payable.
- (ii) Local Education Surcharge – levied at 3% of BT payable.

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30 Employee benefit expenses – Group

	Year ended 31 December	
	2013	2012
Salaries and wages	152,094	143,232
Supplementary pension insurance	4,735	3,997
Other welfares	56,008	47,419
	<u>212,837</u>	<u>194,648</u>

As at 31 December 2013, the number of employees were 1,748 (31 December 2012: 1,946).

(a) Directors' emoluments

The remuneration of every Director of the Company for the year ended 31 December 2013 is set out below:

Name of Director	Fees	Salaries	Bonus	Contribution		Total
				Other benefits	to pension scheme	
Executive Directors						
Mr. Zhou Renqiang	—	720	60	—	36	816
Mr. Tu Xiaobei	—	504	42	—	36	582
Mr. Li Junjie	—	504	42	—	36	582
Mr. Li Jiezhong	—	504	42	—	36	582
Non Executive Directors						
Mr. Liu Xianfu	—	—	—	—	—	—
Mr. Meng Jie	—	—	—	—	—	—
Mr. Wu Xinhua*	—	—	—	—	—	—
Independent Directors						
Mr. Cui Yunfei	120	—	—	—	—	120
Mr. Yang Mianzhi	80	—	—	—	—	80
Mr. Hu Bin	80	—	—	—	—	80
	<u>280</u>	<u>2,232</u>	<u>186</u>	<u>—</u>	<u>144</u>	<u>2,842</u>

* Mr. Wu Xinhua was appointed as director effective from 16 May 2013.

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30 Employee benefit expenses – Group (continued)

(a) Directors' emoluments (continued)

The remuneration of every Director of the Company for the year ended 31 December 2012 is set out below:

Name of Director	Fees	Salaries	Bonus	Other benefits	Contribution to pension scheme	Total
Executive Directors						
Mr. Zhou Renqiang	—	720	60	—	32	812
Mr. Tu Xiaobei	—	504	42	—	32	578
Mr. Li Junjie	—	504	42	—	32	578
Mr. Li Jiezhi	—	504	42	—	32	578
Non Executive Directors						
Mr. Liu Xianfu	—	—	—	—	—	—
Mr. Meng Jie	—	—	—	—	—	—
Independent Directors						
Mr. To Cheng Chu*	75	—	—	—	—	75
Mr. Cui Yunfei*	45	—	—	—	—	45
Mr. Yang Mianzhi	80	—	—	—	—	80
Mr. Hu Bin	80	—	—	—	—	80
	<u>280</u>	<u>2,232</u>	<u>186</u>	<u>—</u>	<u>128</u>	<u>2,826</u>

* Mr. To Cheng Chu retired from the position in August 2012. Thereafter Mr. Cui Yunfei was appointed as director effective from 30 August 2012.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for 2013 include four directors (2012: four directors), whose emoluments are reflected in the analysis presented above, and one employees whose emoluments amounted to RMB 582 thousand (2012: one employees whose emoluments amounted to RMB 578 thousand).

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

31 Finance costs – Group

	Year ended 31 December	
	2013	2012
Interest expense on:		
– bank borrowings	17,683	11,704
– corporate bonds	105,954	105,653
– interest paid	100,000	100,000
– amortisation of corporate bonds	5,954	5,653
– amortisation of long-term payables (Note 24)	21,191	18,420
	<u>144,828</u>	<u>135,777</u>

32 Taxation – Group

	Year ended 31 December	
	2013	2012
Current taxation – CIT (a)	295,408	279,185
Deferred taxation credited to consolidated income statement (Note 25)	(7,013)	(5,185)
	<u>288,395</u>	<u>274,000</u>

(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%.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

32 Taxation – Group (continued)

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

Pursuant to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation, where the Company declares dividend in or after 2008 and beyond out of the cumulative retained earnings as of 31 December 2007 (i.e. 2007 retained earnings), such dividends earned by the foreign shareholders are exempted from WHT; For dividend which arises from the Company’s profit earned after 1 January 2008, WHT is levied on the foreign institute shareholders. Pursuant to the new CIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from 1 January 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. The Company has fulfilled the obligation of WHT for dividends related to 2012 which was paid to foreign institute shareholders until 31 December 2013.

- (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	
	2013	2012
Profit before income tax	1,196,666	1,102,985
CIT rate	25%	25%
Tax calculated at the CIT rate	299,167	275,746
Expenses not deductible for tax purpose	314	364
Income not subject to income tax	(22,164)	(3,008)
Tax adjustment made after tax filing by tax bureau	68	898
Deductible tax losses not recognised as deferred tax assets during the year	11,010	—
Tax Charges	<u>288,395</u>	<u>274,000</u>

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

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 811,676 thousand (2012: RMB 728,712 thousand).

(a) The movement of retained earnings

For the movement of retained earnings for the Group, please refer to consolidated statement of changes in equity.

The movement of retained earnings for the Company is as following:

1 January 2013	2,841,607
Profit for the year	811,676
Appropriation to Enterprise Safety Fund	1,377
Dividends relating to 2012	<u>(331,722)</u>
31 December 2013	<u><u>3,322,938</u></u>

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. The Company has no dilutive potential shares.

	Year ended 31 December	
	2013	2012
Profit attributable to equity holders of the Company	839,142	752,152
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	<u>0.5059</u>	<u>0.4535</u>

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

35 Dividends

The dividends paid during the years ended 31 December 2013 and 2012 were RMB 331,722 thousand (RMB 0.20 per share) and 348,308 thousand (RMB 0.21 per share) respectively. A final dividend in respect of 2013 of RMB 0.22 per share, amounting to a total dividend of RMB 364,894 thousand will be proposed at the Annual General Meeting in May 2014. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2013	2012
Proposed final dividend of RMB 0.22 (2012: RMB 0.20) per ordinary share	<u>364,894</u>	<u>331,722</u>

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.

At 31 December 2013, the balance of statutory surplus reserve has reached 50% of the Company's share capital. As a result, the Company did not appropriate statutory surplus reserve fund in 2013 in accordance with the PRC Company Law.

(b) Dividends distribution

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

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand 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	
	2013	2012
Profit before income tax	<u>1,196,666</u>	<u>1,102,985</u>
Adjustments for:		
Settlement of revenue in form of concession intangible assets	(1,056,262)	(812,512)
Amortisation of concession intangible assets	490,958	454,288
Depreciation of property, plant and equipment	87,628	82,767
Depreciation of investment property	16,963	14,761
Amortisation of land use rights	686	686
Amortisation of intangible assets	3,502	945
Impairment for pawn loans to customers	11,248	1,780
Loss on disposal of concession intangible assets	—	1,157
Loss on disposal of property, plant and equipment	209	37
Share of profit of an associate	(14,657)	(12,031)
Dividend income from an unlisted company	(73,999)	—
Interest income	(7,531)	(3,830)
Interest expense	<u>144,828</u>	<u>135,777</u>
Operating profit before working capital changes	800,239	966,810
Increase in inventories	(270)	(141)
Increase in provision	10,812	—
Increase in trade and other receivables	(28,564)	(72,203)
Decrease in trade and other payables	<u>(65,305)</u>	<u>(32,811)</u>
Cash generated from operating activities	<u>716,912</u>	<u>861,655</u>

Non-cash transaction

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

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

38 Commitments – Group

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

	Year ended 31 December	
	2013	2012
Concession intangible assets		
– Contracted but not provided for	582,499	1,329,185

39 Related party transactions

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

In accordance with HKAS 24 (Revised), "Related Party Disclosures", government related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include AEHC and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and AEHC as well as their close family members.

(a) Name of related party and relationship

Name	Relationship with the Group
AEHC	Parent company
Xuan Guang	Subsidiary
Ningxuanhang	Subsidiary
Guangci	Subsidiary
Wan Tong Pawn	Subsidiary
XCIC	Non-controlling interest of Xuan Guang, Ningxuanhang and Guangci
AEAC	Associate
WTMC	Subsidiary of AEHC
YTMC	Subsidiary of AEHC
Anlian Expressway Co., Ltd. ("安徽安聯高速公路有限公司", "ALEC")	Subsidiary of AEHC
Anhui Fuzhou Expressway Co., Ltd. ("安徽省阜周高速公路有限公司", "AFEC")	Subsidiary of AEHC

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

39 Related party transactions (continued)

(a) Name of related party and relationship (continued)

Name	Relationship with the Group
Anhui Expressway Investment Co., Ltd. ("安徽省高速公路投資有限公司", "AEIC")	Subsidiary of AEHC
Anhui Expressway Petrochemical Co., Ltd. ("安徽省高速石化有限公司", "AEPC")	Subsidiary of AEHC
Anhui Expressway Project Management Co., Ltd. ("安徽省高等級公路工程監理有限公司", "AEPMC")	Subsidiary of AEHC
Anhui Modern Transportation Facilities Co., Ltd. ("安徽省現代交通設施工程有限公司", "MTFC")	Subsidiary of AEHC
Anhui Expressway Experiment Research Centre ("安徽省高速公路試驗檢測科研中心", "AERC")	Subsidiary of AEHC
Hefei Bangning Property Management Company ("合肥市邦寧物業管理有限公司", "BNMC")	Subsidiary of AEHC
Anhui New Tongji Expressway Project Experiment Co., Ltd. ("安徽新同濟公路工程試驗檢測有限公司", "ATPEC")	Subsidiary of AEHC
Anhui Expressway Construction Headquarter ("安徽省高等級公路建設指揮部", "AECH")	Subsidiary of AEHC

(b) Related party transactions

Same as disclosed elsewhere in this report, during the years ended 31 December 2013 and 2012, the Group had the following significant transactions with related parties:

(i) Service income from management of toll roads

	Year ended 31 December	
	2013	2012
AEHC	21,260	16,075
ALEC	1,467	1,467
AFEC	1,003	1,003
	<u>23,730</u>	<u>18,545</u>

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

39 Related party transactions (continued)

(b) Related party transactions (continued)

(ii) Rental income

	Year ended 31 December	
	2013	2012
AEPC	26,288	20,113
YTMC (Note 27(a))	9,991	10,358
AEHC	2,272	2,246
AECH	1,909	1,907
MTFC	742	597
AEAC	735	853
ALEC	507	505
WTMC	180	58
	<u>42,624</u>	<u>36,637</u>

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

	Year ended 31 December	
	2013	2012
MTFC	23,937	2,850
AERC	6,472	109
AEPMC	4,956	2,424
BNMC	3,671	3,525
AEIC	—	1,262
ATPEC	—	63
	<u>39,036</u>	<u>10,233</u>

It mainly represented payable to above related parties for construction and testing services in connection with the office building construction project, and property management service in connection with High-tech Park, which is owned by the Company.

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

39 Related party transactions (continued)

(b) Related party transactions (continued)

(iv) Interest expenses for interest bearing long-term payables

	Year ended 31 December	
	2013	2012
AEHC	3,184	—
XCIC	551	1,072
	<u>3,735</u>	<u>1,072</u>

(v) Paid and payable for advertisement service

	Year ended 31 December	
	2013	2012
AEAC	170	589

(vi) 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 152,000 thousand was guaranteed by XCIC (Note 22).

(vii) Key management compensation

Key management includes directors (executive and non-executive), the Company Secretary, the head of Internal Audit and the head of Finance Department. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2013	2012
Salaries and other short-term employee benefits	<u>3,949</u>	<u>3,853</u>

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

39 Related party transactions (continued)

(b) Related party transactions (continued)

(viii) Transactions with the State-owned Enterprises

	Year ended 31 December	
	2013	2012
Borrowings from banks	685,000	146,300
Toll road repair and maintenance cost paid and payable	5,513	17,601
Toll road construction/upgrade cost paid and payable	2,332	518,003
	<u>692,845</u>	<u>681,904</u>

(c) Related party balances

(i) Trade and other receivables (excluding current portion of loans to subsidiaries)

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
AEPC	87	—	87	—
YTMC	—	734	—	734
State-owned Enterprises	199,672	70,135	197,855	69,763
	<u>199,759</u>	<u>70,869</u>	<u>197,942</u>	<u>70,497</u>

(ii) Trade payables

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
AEPC	1,919,970	—	—	—
AEAC	85,000	10	85	10
MTFC	19,739	1,752	246	1,294
AERC	6,750	1,690	1,215	1,384
AEPMC	5,718	2,090	689	1,112
BNMC	152	164	152	164
State-owned Enterprises	121,581	209,372	8,264	99,294
	<u>2,158,910</u>	<u>215,078</u>	<u>10,651</u>	<u>103,258</u>

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

39 Related party transactions (continued)

(c) Related party balances (continued)

(iii) Other payables

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
XCIC	7,510	—	—	—
AEHC	3,638	2,358	—	2,178
YTMC	161	161	161	161
AEPMC	139	129	—	—
AERC	100	100	—	—
ATPEC	100	100	—	—
WTMC	100	—	100	—
MTFC	30	436	30	77
AEPC	6	—	6	—
AEAC	2	27	2	17
Xuan Guang	—	—	12,045	45,915
Guangci	—	—	1,885	26,844
Ningxuanhang	—	—	2,021	—
Wan Tong Pawn	—	—	100	—
State-owned Enterprises	139,778	44,155	119,997	38,801
	<u>151,564</u>	<u>47,466</u>	<u>136,347</u>	<u>113,993</u>

(iv) Long-term payables (including current portion)

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
XCIC	347,164	370,719	—	—
AEHC	328,242	152,325	—	—
	<u>675,406</u>	<u>523,044</u>	<u>—</u>	<u>—</u>

Notes to the consolidated financial statements

For the year ended 31 December 2013
(All amounts in Renminbi thousand unless otherwise stated)

39 Related party transactions (continued)

(c) Related party balances (continued)

(v) Loans to subsidiaries (including current portion)

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Xuan Guang	—	—	207,384	232,716
Ningxuanhang	—	—	720,899	563,673
	—	—	928,283	796,389

As at 31 December 2013 and 2012, amounts due from and due to the related parties as aforementioned, except for long-term payables to XCIC and AEHC as disclosed in Note 24 and loans to subsidiaries as disclosed in Note 12, 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.

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

	Group		Company	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
State-owned banks				
– bank deposits	502,951	71,455	353,854	24,295
State-owned banks				
– borrowings	437,400	375,350	285,000	46,300

40 Events after the balance sheet date

- Pursuant to a resolution of the Board of Meeting on 28 March 2014, a cash dividend of RMB 364,894 thousand was proposed. Please refer to Note 35 for details.
- Pursuant to a resolution of the Board of Meeting on 23 February 2014, a cash dividend of RMB 70,000 thousand was declared by AXFG to the Company.

Appendix

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
Guangci Expressway	14	4	1	—	Commencing from 20 July 2004 to 20 July 2029
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 2013, it was under construction.

Note: The first-stage-project of Ning-Xuan-Hang Expressway which refers to the expressway from Xuancheng to Ningguo has been open to the traffic as a trial operation on 8 September 2013. The operation period with fee is decided to be as long as five years temporarily. The formal deadline will be determined according to the evaluation and relative rules. The total length of the sections is 45.96 km. along the road, two toll gates and one service zone are set up. On 31 December 2013, other sections are still being built.

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 Trunk Highway 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 Jieqidun 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 Jieqidun, 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 southeastern coastal region.

Appendix

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.

Guangci Expressway (G50 Huyu Expressway Guangci Section)

Guangci Expressway is an important part of Hefei-Hangzhou Highway, as well as a significant component of “one of the horizontal roads” designed in the highway network of Anhui province – “two roads along the rivers, three vertical roads, six horizontal roads and nine roads between cities”. The 14km-long route starts from Xuanguang Expressway, and stretches all the way to Cishangang-Jiepai Expressway which has been open to traffic with its whole length within the territory of Guangde County. Guangci Expressway is an inter-provincial highway connecting Hefei to Hangzhou, Shanghai, Jiangsu to Mount Huangshan and Hangzhou, which plays an important role in promoting the opening up and development as well as the economic growth of Wan-nan Area of Anhui province, and in strengthening the cooperation and exchange among Anhui, Jiangsu, Zhejiang and Shanghai provinces.

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, the second is Gaochun to Xuancheng section and the third is Ningguo to Qianqiuguan section.

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 (effective from 0:00 a.m 10 January 2012)

Vehicles type	Passenger vehicles	Toll rates (RMB/km)	Minimum toll collection
Type 1	7 seats or below (including 7 seats)	0.45	5
Type 2	Between 8 seats and 19 seats	0.675	10
Type 3	Between 20 seats and 39 seats	0.90	10
Type 4	40 seats or above (including 40 seats)	0.90	10

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

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

1. Weight toll rates for expressways

Gross weight of goods vehicle	10 tonnes < Gross weight of goods vehicle	
	< 10 tonnes	>40 tonnes
Basic toll rate	RMB0.09/tonnes for every km	RMB0.09/tonnes for every km and will be for every km linearly reduced to 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 < Gross weight of goods vehicle	
	< 10 tonnes	>40 tonnes
Basic toll rate	RMB1.5/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





Anhui Expressway Company Limited