

20
16



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

**ANNUAL
REPORT**

CONTENTS

	Important Notice	2
Section I	Definitions	4
Section II	Corporate Profile and Main Financial Indicators	5
Section III	Corporate Business Summary	15
Section IV	Report of the Board of Directors	21
Section V	Major Events	58
Section VI	Change of Ordinary Shares and Shareholders	77
Section VII	Directors, Supervisors, Senior Management and Staff	87
Section VIII	Corporate Governance Structure and Governance Report	107
Section IX	Social Responsibility Report	135
Section X	Report of the Supervisory Committee	153
Section XI	Independent Auditor's Report and Consolidated Financial Statements	155
Section XII	Documents Available for Inspection	255
	Appendix	

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 the contents of the annual report are true, accurate and complete, and that there are no false accounts, misleading statements or significant omissions of information and jointly and individually accept the legal responsibility.

2. Absence of Directors

Role of the absent director	Name of the absent director	Reason of absence	Name of alternate director
Director	Wang Xiufeng	Business commitment	Du Jian
Independent director	Jiang Jun	Business commitment	Kong Yat Fan

3. PricewaterhouseCoopers Zhong Tian LLP (PRC Accountant) and PricewaterhouseCoopers (Hong Kong Accountant) have issued standard unqualified audit opinions on the consolidated financial statements of the Company.

4. Mr. Qiao Chuanfu, the person in charge of the Company, Mr. Xu Zhen, the person in charge of managing the accounting work and Mr. Xiao Guangzhuo, the person in charge of the accounting authorities (manager of the accounts department) hereby confirm that the financial statements contained in the Annual Report are true, accurate and complete.

5. The profit appropriation plan or transfers of share capital from capital reserves plan for the period under review approved by the Board of Directors:

The Company's net profit as shown on the 2016 financial statements prepared in accordance with the PRC accounting standards was RMB 1,023,956 thousand. The Company's net profit as shown on the 2016 financial statements prepared in accordance with the Hong Kong accounting standards was RMB 1,001,953 thousand. As the statutory reserve fund of the Company has reached over 50% of the total share capital and therefore no appropriation is required this year. Consequently, the profit from year 2016 available for distribution to shareholders was RMB 1,023,956 thousand and RMB 1,001,953 thousand in accordance with the PRC accounting standards and the Hong Kong accounting standards respectively. The board of directors of the Company recommended the payment of a final dividend of RMB 381,480.30 thousand on the basis of RMB 2.30 for every 10 shares (tax included) based on the total share capital of 1,658,610,000 shares outstanding at the end of 2016. In 2016, no transfers of share capital from capital reserves were made.

6. The forward-looking risk statement

The major risks have been concretely described in the report, please refer to Section IV "Report of the Board of Directors". The related future plan, development strategy and other forward-looking descriptions do not constitute commitments to the investors. The investors should invest rationally and pay attention to the investment risk.

7. Was there non-operational use of funds by the controlling shareholder and its related parties?

No

Important Notice

8. Was there provision of guarantees in violation of specified decision-making procedure?

No

9. Major Risk Notice

The major risks have been concretely described in the report, please refer to Section IV “Report of the Board of Directors” for the possible risk factors and the corresponding tackling measures as set out in the discussion and analysis in respect of the future development of the Company.

Section I Definitions

I. Definitions

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

“the Company”, “Company”	Means	Anhui Expressway Company Limited
“the Group”	Means	the Company, its subsidiaries and associated companies
“ATHC” or “Anhui Transportation Group”	Means	Anhui Transportation Holding Group Company Limited (formerly known as Anhui Expressway Holding Group Company Limited and Anhui Expressway Holding Corporation)
“China Merchants Highway”	Means	China Merchants Highway Network Technology Holding Company Limited (formerly known as China Merchants Hua Jian Highway Investment Company Limited)
“SSE”	Means	Shanghai Stock Exchange
“SEHK” or “Hong Kong Stock Exchange”	Means	The Stock Exchange of Hong Kong Limited
“Xuanguang Company”	Means	Xuanguang Expressway Company Limited
“Expressway Media”	Means	Anhui Expressway Media Company Limited
“Xin’an Financial”	Means	Anhui Xin’an Financial Group Company Limited
“Xin’an Capital”	Means	Anhui Xin’an Capital Operating Management Group Company Limited
“Ningxuanhang Company”	Means	Anhui Ningxuanhang Expressway Investment Company Limited
“Guangci Company”	Means	Xuancheng City Guangci Expressway Limited Liability Company
“Wantong Pawn”	Means	Hefei Wan Tong Pawnshop Co., Limited
“Wantong Micro Credit”	Means	Hefei Wantong MicroCredit Company Limited
“Huatai Group”	Means	Hefei Huatai Group Corporation Limited
“HK Subsidiary”	Means	Anhui Expressway (H.K.) Limited
“Expressway Petrochemical” or “AEPC”	Means	Anhui Expressway Petrochemical Co., Ltd.
“Modern Transportation” or “MFTC”	Means	Anhui Modern Transportation Facilities Co., Ltd.
“Bangning Property” or “ATPEC”	Means	Hefei Bangning Property Management Company
“Anhui Expressway Network Operations”	Means	Anhui Expressway Network Operations Company Limited
“Listing Rules”	Means	the Rules Governing the Listing of Securities on the SEHK and/ or the Rules Governing the Listing of Stocks on the SSE (as the case may be)

Section II Corporate Profile and Main Financial Indicators

1. Company Information

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

2. Contact Person and Contact Details

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

3. Introduction of Basic Information

Registered address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
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

4. Information Disclosure and Addresses for Keeping Report

Newspapers designated for publishing report	China Securities Post, Shanghai 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.net
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

Section II Corporate Profile and Main Financial Indicators

5. Company Stock Information

Company Stock Information

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

6. Other Related Information

Accountant appointed by the Company (domestic)	Name	PricewaterhouseCoopers Zhong Tian LLP
	Office Address	11th Floor, PricewaterhouseCoopers Center, 202 Hubin Road, Shanghai
	Signing Accountant	Huang Zhejun, Liu Wei
Accountant appointed by the Company (overseas)	Name	PricewaterhouseCoopers
	Office Address	22nd Floor, Prince's Building, Central, Hong Kong
	Signing Accountant	PricewaterhouseCoopers
PRC Legal Adviser	Name	Anhui AnTaida Lawyer's Office
	Office Address	7th Floor, Chengjian Mansion, Yingshang Road, Hefei, Anhui, the PRC
Hong Kong Legal Adviser	Name	Gallant
	Office Address	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
	Office Address	Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

Section II Corporate Profile and Main Financial Indicators

7. Main Accounting Data and Financial Indicators

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

(1) Main Accounting Data

Unit: yuan Currency: RMB				
Main Accounting Data	2016	2015	Change of the current period over the same period of last year (%)	2014
Operating income	2,499,135,630.47	2,427,004,934.21	2.97	2,339,569,536.60
Net profit attributable to shareholders of the Company	933,257,550.08	937,866,859.94	-0.49	860,865,567.67
Net profit after extraordinary items attributable to shareholders of the Company	931,530,732.81	939,137,601.33	-0.81	830,491,624.27
Net cash flows from operating activities	1,752,401,524.95	1,520,718,342.55	15.24	1,595,801,803.64
	As at the end of 2016	As at the end of 2015	Change of the current period over the same period of last year (%)	As at the end of 2014
Net assets attributable to shareholders of the Company	8,678,962,620.04	8,116,573,929.83	6.93	7,601,958,513.24
Total assets	13,120,801,927.91	12,140,702,151.14	8.07	11,532,440,474.24
Ordinary share capital at the end of the reporting period	1,658,610,000.00	1,658,610,000.00	0	1,658,610,000.00

Section II Corporate Profile and Main Financial Indicators

(2) Main Financial Indicators

Financial indicators	2016	2015	Change of the current period over the same period of last year (%)	2014
Basic earnings per share (RMB/share)	0.5627	0.5655	-0.50	0.519
Diluted earnings per share (RMB/share)	0.5627	0.5655	-0.50	0.519
Basic earnings per share after extraordinary items (RMB/share)	0.5616	0.5662	-0.81	0.501
Returns on net assets (weighted average) (%)	11.16	11.95	A decrease of 0.79 percentage point	11.83
Returns on net assets after extraordinary items (weighted average) (%)	11.14	11.97	A decrease of 0.83 percentage point	11.41

Prepared in accordance with accounting principles generally accepted in Hong Kong (“the Hong Kong Accounting Standards” or “HKFRS”)

Summary of Results

For the year ended 31 December

	2016	2015	2014	2013	2012)
Revenue	3,063,632	3,158,404	3,036,589	3,403,817	3,122,350
Profit before income tax	1,234,922	1,249,385	1,159,629	1,196,666	1,102,985
Profit attributable to owners of the Company	925,075	929,377	852,105	839,142	752,152
Basic earnings per share (RMB)	0.5577	0.5603	0.5137	0.5059	0.4535

Unit: '000 yuan Currency: RMB

Section II Corporate Profile and Main Financial Indicators

Summary of assets

As at 31 December

		Unit: '000 yuan Currency: RMB			
	2016	2015	2014	2013	2012
Total assets	13,215,279	12,246,075	11,630,793	12,299,277	11,447,514
Total liabilities	3,730,037	3,265,650	3,098,728	4,314,268	4,027,027
Total net assets (deducting minority shareholders' interests)	8,744,499	8,190,498	7,684,452	7,150,796	6,643,376
Net assets per share (deducting minority shareholders' interests) (RMB yuan)	5.2722	4.9382	4.6331	4.3113	4.0054

Section II Corporate Profile and Main Financial Indicators

8. Major difference between financial statements prepared in accordance with domestic and overseas accounting standards

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

Applicable Not applicable

(2) **Difference of net profit and net assets attributable to shareholders of the Company between the Hong Kong Accounting Standards and the PRC Accounting Standards**

Unit: '000 yuan Currency: RMB

	Net profit		Net assets attributable to shareholders of the listed 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	933,258	937,867	8,678,963	8,116,574
Items and amount adjusted according to Hong Kong Accounting Standards:				
Valuation, depreciation/ amortization and related deferred taxes	-8,183	-8,490	65,536	73,924
Hong Kong Accounting Standards	925,075	929,377	8,744,499	8,190,498

Section II Corporate Profile and Main Financial Indicators

(3) Explanation on the major difference between financial statements prepared in accordance with PRC Accounting Standards and Hong Kong Accounting Standards

In order to issue and list “H” share in Hong Kong, the highway franchise, fixed assets 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 and the results were included in the relevant prescribed statements and the financial statements prepared in accordance with HKFRS. As per the said valuation, the fair value valued by the international certified public valuer is higher than the PRC certified public valuer’s result by RMB 319,000,000. Such differences have impacts on the business performance (i.e. the depreciation and amortization figures of the highway franchise, fixed assets, and land use rights) and the related deferred tax effect of the Group and the Company, which have resulted in the above adjustments.

9. Main Financial Statistics of 2016 on a quarterly basis (according to the PRC Accounting Standards)

Unit: yuan Currency: RMB

	the first quarter (Jan.-Mar.)	the second quarter (Apr.-Jun.)	the third quarter (Jul.-Sep.)	the fourth quarter (Oct.-Dec.)
Revenue	677,295,596.36	572,707,335.44	627,325,927.02	621,806,771.65
Net profit attributable to shareholders of the Company	254,213,916.31	227,447,836.73	219,099,629.26	232,496,167.78
Net profit after extraordinary items attributable to shareholders of the Company	253,859,154.47	227,037,810.25	219,465,559.04	231,168,209.05
Net cash flows from operating activities	454,962,557.72	413,492,471.28	467,113,334.67	416,833,161.28

Explanation on the difference between quarterly information and information disclosed in regular reports

Applicable Not applicable

Section II Corporate Profile and Main Financial Indicators

10. Extraordinary items of profit/loss deducted and amounts involved (according to the PRC Accounting Standards)

Unit: yuan Currency: RMB

Extraordinary items	Amount of 2016	Note (if applicable)	Amount of 2015	Amount of 2014
Gains and losses from disposals of non-current assets	-334,638.25		-4,094,019.97	-35,616.19
Government subsidies charged to the current gains/losses (excluding those closely related to the Company's normal operations, subsidized continuously in accordance with the applicable standards and in compliance with the government policies or regulations)	2,172,787.68	Being 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 income amount of construction funds subsidies of Hening Expressway and Gaojie Expressway provided by Anhui Provincial Expressway Construction Headquarter (attached to the Transportation Department of Anhui Province) received in 2010 amortised in the reporting period	2,172,787.68	2,172,787.68
In addition to effective hedging business related to the ordinary business of the Company, investment returns from tradable financial assets, profit or loss from changes in the fair value of the tradable financial liabilities, and the disposal of trading financial assets, transactional financial liabilities and financial assets available for sale				39,000,000.00
Other non-operating income and expenses	579,185.79		56,279.23	-708,801.59
Effects of minority shareholders' interests	-86,184.14		127,973.41	52,665.97
Effect of income tax	-604,333.81		466,238.26	-10,107,092.47
Total	1,726,817.27		-1,270,741.39	30,373,943.40

Section II Corporate Profile and Main Financial Indicators

11. Items in fair-value measurement

Unit: yuan Currency: RMB

Items	Amount at the beginning of the period	Amount at the end of the period	Change	Amount affecting profit
Financial assets available for sale	221,125,677.07	235,000,000.00	13,874,322.93	0
Total	221,125,677.07	235,000,000.00	13,874,322.93	0

12. Corporate Profile

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 RMB 1,658,610,000.

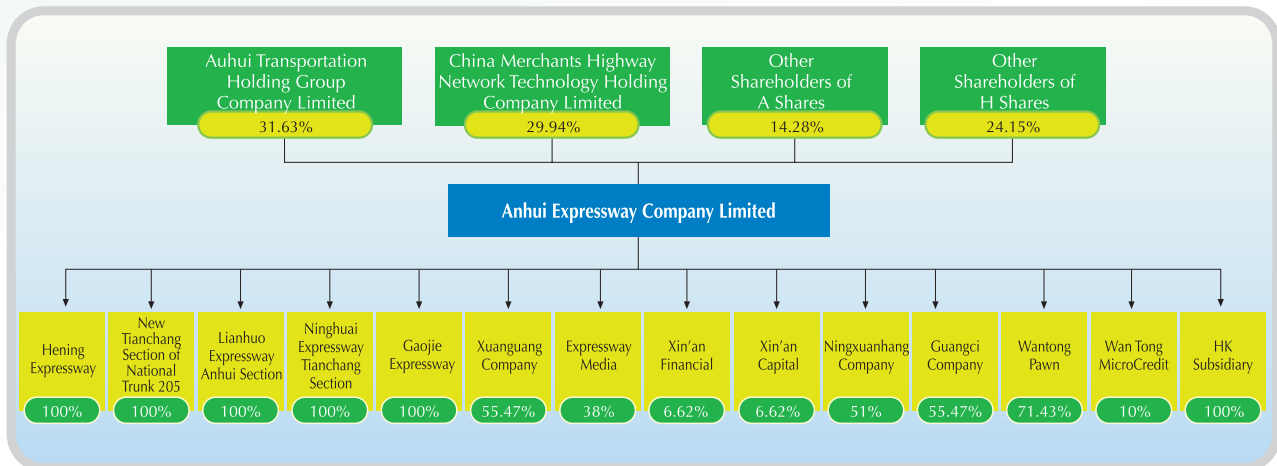
The Group is principally engaged in the operation and management of toll expressways and relevant business.

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

The core business of the Group is the investment, construction, operation and management of toll expressway. The Company owns the entire or partial equity interest 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, which are toll highways in Anhui Province. As of 31 December 2016, the operation mileage which the Group managed had reached 526 km and the total assets was about RMB 13,120,802 thousands.

Section II Corporate Profile and Main Financial Indicators

As of 31 December 2016, the structure of the Group:



Section III Corporate Business Summary

I. Explanation on the principal business engaged by the Group, business model and industry information during the reporting period

1. Principal business engaged by the Group during the reporting period

The Group participates in the highway transportation industry, and its principal business include investment, construction, operation and management of toll roads within and outside Anhui province. The Group acquires operating highway assets through various means such as investment and construction, acquisition or co-operative operation. The Group provides toll service for vehicles, collects vehicles toll free according to the charging standard and maintains, repairs and carries out safety maintenance for the operating expressways.

During the reporting period, the Group continued to operate and manage 6 expressways, i.e. Hening Expressway, Gaojie Expressway, Xuanguang Expressway, Lianhuo Expressway Anhui Section, Ninghuai Expressway Tianchang Section and Ningxuanhang Expressway, and a national trunk, New Tianchang Section of National Trunk 205, while the Group continued to speed up the investment and construction of the third phase of Lixuan Section of Ningxuanhang Expressway and initiates the widening work of the Zhouzhuang and Longxi Overpass Sections of Hening Expressway. As of 31 December 2016, the total mileage of toll roads operated and managed by the Group amounted to 526 km, of which the mileage of expressway amounted to 496 km, accounting for 10.92% of the total mileage of expressways of 4,543 km opened to traffic in Anhui province. In 2016, the Group has realized total toll revenue of RMB 2.423 billion, accounting for 96.96% of revenue.

Moreover, as expressways became a feature of network operations, in order to implement unified management on road sections, the Company and its controlling subsidiaries (Xuanguang Company, Ningxuanhang Company) continues to accept the entrustment from Anhui Transportation Group and its subsidiaries to be responsible for the management of toll service, maintenance and repair, information and technology, safety of road assets, human resources, etc. of the entrusted road sections. Currently, the total mileage of toll roads under the entrusted management amounted to 452.8 km.

During the reporting period, the Group continued to uphold development strategy of “highlighted principal business, diversified development path, effective operation and management, notable brand effect”. We also timely adjusted the operating strategy and mind-set according to the market environment and risk, in order to ensure the risk of diversified business is controllable.

Section III Corporate Business Summary

2. Operating model

The construction and operation of expressways in the PRC are broadly categorized into two models, i.e. operating toll road and expressway built with loans to be repaid by the government. We adopt the operating toll road model. Meanwhile, in consideration of the limit of concession period granted for toll roads, the Company moderately push on diversification progress and have been investing in Xin'an Financial, Wantong Pawn and Wantong Micro Credit. The business model of our quasi-financing service: facing market and client, accepting loan application from client by warranty such as mortgage, pledging and guarantee, advancing loan after the internal approval process, receiving interest of fund according to the interest rate level stipulated by the State, and proceeding debt recovery from client in reliance of relevant contract and warranty measure upon default by client. Starting from the second half of 2016, the quasi-financing service will no longer be a business focus of the Group.

3. Explanation on industry

As of the end of 2016, the total mileage of expressway in PRC reached 130,000 km, and the national and regional expressway network was basically completed. Currently, the expressway industry has passed the stage of extensive construction and has gradually stepped forward to a stage of quality enhancing and network improving. The expressway construction will focus on intensification of parallel sections, connection of regional expressways, popularization of smart and intelligence traffic and industrialization of traffic information in the future. From the perspective of industry policy, the Regulation on the Administration of Toll Roads has not been formally introduced, the industry policy still remains uncertain, but the basic direction on policies and future trends are becoming clearer. For the main distribution, the difference in regional economies and the structure of passengers and cargo sources result in the difference in vehicle flowrate and toll revenues among different companies. Nevertheless, the principal businesses of listed expressway companies are basically in the mature stage with stable performance growth. For the road network structure, road networks of the Eastern provinces are more modernized, while there are still spaces for increasing routes and construction investment in the Central and Western provinces. For the progress of diversification, all listed expressways are facing the issue of shortening of the toll period year by year, while there is significant difference in the reform progress of the state-owned enterprises and direction for transition of diversification in different provinces.

The expressway business is closely relevant to the national economic development. Since the reform and opening-up, the continuous development in the PRC economy and the rapid increase in car ownership has created a good external condition for the development of expressway industry. However, in recent years, as the growth of macro-economy has slowed down, the growth of cargo transport volume, cargo turnover volume, investment in expressway construction and industry revenue have shown a downtrend. The operating leverage of most expressway listed companies is high and the cash flow is stable. Also, with the economic structure optimization and upgrading, traffic flow decreases gradually affected by the economic cycle fluctuation and saturates increasingly, meanwhile business performance is stable.

Section III Corporate Business Summary

Vehicles using the expressway are categorized into cargo truck and passenger car, among which the characteristics of growth in car truck volume according to the economic cycle is relatively obvious, the growth in cargo truck volume is consistent with the growth in GDP. Currently, the PRC economy is still on the downtrend, it is expected that the decrease in the growth of cargo truck volume will also maintain for a certain period of time. Comparably, the fluctuation in the growth of passenger car is relatively stable and it shows a solid demand, mainly due to the effect of the gradual increase in car ownership volume annually.

The major listed companies in the same industry and their financial indicators are shown in the following table:

Table of financial information of major listed companies in the same industry

Unit: RMB'0,000

Stock code	Paper titles	Total assets	Net assets	Asset-liability ratio (%)	Operating revenue	Year-on-year growth of revenue (%)	Net profit	Year-on-year growth of net profit (%)	Return on net assets (%)	Price earning ratio
Arithmetic mean		1,880,984.42	792,260.96	47.03	225,307.07	2.30	69,422.72	398.01	8.45	22.29
Median		1,265,494.55	637,721.71	47.49	186,690.88	1.05	54,079.32	21.79	7.50	15.34
600012	Anhui Expressway	1,265,494.55	889,934.75	27.40	187,732.89	2.82	70,076.14	-5.63	8.46	26.27
600020	Zhongyuan Expressway	4,975,896.62	1,104,814.53	75.50	282,333.90	-21.22	63,986.04	-41.83	5.27	12.38
600033	Fujian Expressway	1,823,618.10	637,721.71	45.04	186,690.88	-2.91	53,807.31	11.95	6.58	13.62
600035	Chutian Expressway	914,780.96	436,835.41	53.22	94,766.29	1.05	32,318.97	-18.17	7.76	23.58
600106	Chongqing Road Bridge	686,465.99	337,837.45	50.79	22,987.61	-4.35	24,418.07	40.28	7.36	21.66
600269	Ganyue Expressway	3,192,769.78	1,335,299.28	51.93	326,271.62	-6.97	92,069.39	100.91	6.90	10.04
600350	Shandong Expressway	4,670,160.71	2,442,607.59	47.12	472,707.41	-1.41	246,292.44	50.54	10.43	9.79
600368	Wuzhou Traffic	1,130,341.42	337,466.33	71.71	87,228.92	-48.73	19,686.59	480.91	6.65	19.35
600377	Ninghu Expressway	3,678,992.17	2,034,080.08	39.21	626,628.92	-5.86	243,965.63	-1.04	11.58	14.14
600548	Shenzhen Expressway	3,178,979.40	1,009,352.45	52.47	317,980.96	30.41	94,675.53	18.48	7.59	15.34
601107	Sichuan Expressway	3,457,802.89	1,260,009.02	59.53	502,230.64	4.24	102,807.42	27.63	7.96	11.27
601188	Longjiang Traffic	522,833.01	351,399.88	27.17	38,225.06	-1.08	26,012.90	21.79	7.06	21.78
601518	Jilin Expressway	710,071.26	269,567.03	58.08	54,455.55	39.98	15,443.46	0.54	6.03	25.98
603032	Dexin Traffic	34,404.12	25,042.32	26.06	20,052.77	-21.63	4,246.54	21.01	18.32	80.66
000429	GPED A	1,634,285.81	772,736.02	47.49	207,495.18	5.63	79,737.52	32.77	12.02	14.40
000548	Hunan Investment	230,945.58	157,672.15	32.95	14,381.97	14.77	5,966.27	6711.34	3.95	59.74
000828	Dongguan Development	848,974.36	476,949.53	42.02	90,917.13	15.82	62,654.06	2.85	13.22	16.15
000900	Modern Investment	2,162,181.20	731,703.46	65.23	669,250.29	35.55	54,079.32	62.62	7.50	12.11
000916	Huabei Expressway	619,706.08	441,929.36	20.71	78,496.30	7.57	26,787.99	45.20	5.90	15.29

Note: Source from Straight flush, and the information were as at 30 September 2016.

Section III Corporate Business Summary

II. Explanation on material change in major assets of the Group during the reporting period (in accordance with PRC Accounting Standards)

Unit: RMB' 000

Item	31 December 2016	31 December 2015	+/-	Explanation on change
Cash	2,010,812	906,246	121.88%	Mainly because the Group received the toll revenues and the revenue increased and meanwhile gained China Development special fund of RMB 0.6 billion;
Dividend receivable	0	18,212	-100.00%	Mainly because the dividend distributed by Xin'an Financial was recovered;
Short-term borrowings	0	250,000	-100.00%	Mainly because the Group repaid the short-term loan of bank during the reporting period;
Tax payable	144,184	90,650	59.06%	Mainly due to the increasing of accrued corporate income tax payable of the Group accrual compared with last year during the reporting period;
Accrued interest payable	5,504	9,227	-40.35%	Mainly due to the decreasing of the interest rate of bank loan payable during the reporting period;
Dividends payable	0	4,453	-100.00%	Mainly because the subsidiary of the Company, Xuanguang Company, distributed dividends to the minority shareholder during the reporting period;
Other Current Liabilities	22,069	6,896	220.03%	Mainly due to the accrued highway maintenance cost payable during the reporting period;
Other comprehensive income	15,000	4,594	226.51%	Mainly due to the change of fair value of available-for-sale financial assets during the reporting period.

Among which assets of 2,102 (Unit: RMB'000) are in overseas, representing 0.02% of total assets.

Section III Corporate Business Summary

III. Analysis on core competency during the reporting period

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

1. Superior core road section and mature management system

The transportation infrastructure concession is the core business of the Group. Our operating region is located in Anhui province, having superior geographical location and the geographical advantages. Our road sections are major transit national trunks across Anhui regions. With the implementation of national development strategy of the “Yangtze River Economic Zone” and the basic strategy of “development towards the East and acceleration of integration into the Yangtze River Delta” of Anhui Province, the network economic efficiency of the roads managed by the Company shall become more apparent. After development of nearly 20 years, our road assets have entered into a mature stage. Through long time of accumulation, exploration and precipitation, the Company has gradually formed a set of mature expressway management system, and has established standardized work processes and efficient management system in aspects such as corporate governance, domestic and external financing, construction management, toll maintenance management and internal control.

2. Diversified business and broad vision

The Company, based on main business, commenced a way of exploring with diversified development which combines economic environment and policy situation during the process of development. Currently, we mainly invest in quasi-financing business, we have from time to time held or partially-held Xin'an Financial, Xin'an Capital, Wantong Pawn and Wantong Micro Credit, quasifinancing companies that provide financing services for SMEs. In the recent two years, affected by industry environment and having considered the risk management and control, the Company appropriately reduced the scale of those businesses and the overall risk are controllable. Starting from the second half of 2016, the quasi-financing service will no longer be a business focus of the Group. Besides, the Company also partially held Expressway Media, a road zone economy company, and set up a Hong Kong subsidiary, successfully establishing an overseas platform in order to develop international market business, which formed a diversified business development system. The Company will gradually foster market-oriented awareness and international perspective, and employ and train professional talents through diversified business development continuously so as to lead the reform development and strategy of the Company to transform into a scientific and healthy track.

Section III Corporate Business Summary

3. Sufficient cash and convenient financing

The performance of the Company remains outstanding and stable, with high credit rating, low debt to assets ratio and strong solvency, which are all favorable conditions for the Company to carry out various forms of domestic and external financing and reduce the financing cost. At the same time, the operation of the Company is steady, and the outcomes of management on relations with investors are significant with a higher degree of concern in the capital market, resulting in a sound guarantee for future development by equity financing, continuous improvement in financing structure, and further expansion with the help of capital market. Our principal business has significant, consistent and stable cash flow. The core competency of principal business and solid business foundation provide a solid prop for improving principal business of the Company through construction and acquisition, as well as exploring and investing in new business area.

4. Good image and reputation

Since its listing, the Company has shown a corporate image of openness and integrity to investors with information disclosure that is sufficient, fair and in compliance with relevant regulations, and has gained a well social response and influence in the PRC and overseas through active investor relationship management. Our long-term persisting high cash dividend ratio policy also acquires favor and support from market and investors. The Company has a stable investor foundation and good market image in the domestic and overseas capital market. The “smile culture” innovated by the Company and the unique corporate culture are highly appraised in expressway industry and traffic and transportation industry. Leverage on smile service management, our internal culture and atmosphere are also positive and sound, united and harmony. The Company strictly executes each exemption policy for ensuring every people-benefited measure is firmly implemented, which is also praised by the community. Such initiative also actively contributes to the harmonious community and serves people’s livelihood, and also affirms a superb word of mouth for the Company. Also, the Company has been maintaining sound communication and interaction with the shareholders, regulatory authorities, investors, other listed companies in the industry and financing institutions, and always organizes or participates in industry conference, forum to exchange ideas and learn from peers, which cultivates a good partnership relationship and bonding of mutual support.

Section IV Report of the Board of Directors

I. Management Discussion and Analysis

During the reporting period, under the complicated economic and financial environment and the increasing pressure of economic downturn, the Company adhered to the development strategy of “Focus on principal businesses, diversified development, highly efficient management and significant brand effect” and closely followed the work plan set at the beginning of the year, i.e. seeking progress in stability for restless innovation. With the joint efforts of all staff, we have smoothly and successfully achieved all our work objectives and missions.

(1) Strengthening of principal business

In 2016, under the overall environment of larger downturn pressure in the macro-economy and lower expectation of profit in the real economy, the Company moderately slowed the pace of diversified investment and business development in consideration of poor performance of the diversification of the industry and effective avoidance of investment risks. Meanwhile, the Company worked in line with the favorable changes in the policy for expressway industry and constantly leveraging the surpassing advantages of steady growth of regional economy and the car ownership to focus on the development of the principal business of expressway. By attaching equal importance to the internal and external development, the Group increased the investment construction for its principal business, and strengthened the operation management on the principal business, as well as planning the regional expansion and project reserves for the principal business in advance, so as to actively expand and strengthen the principal business. During the reporting period, the proportion of revenue of principal business (toll revenue) to operating revenue reached 98.20%, indicating that the asset base, profitability and sustainable development capacity of the principal business have further consolidated and enhanced.

1. Steady progress of projects under construction

During the reporting period, the construction of the Li-Xuan section of phase III of Ningxuanhang Expressway was steadily advancing. Facing various difficulties such as complicated environment and heavy rains, the Company strengthened the coordination and factor protection, as well as effectively solving the project demand for capital, so that the progress of Ningxuanhang Expressway was stable. In 2016, Li-Xuan section of the phase III of Ningxuanhang Expressway realized an investment of RMB 321 million, with accumulated investment of RMB 681 million and 31.93% of the estimated construction in the project completed. Li-Xuan section will be opened for traffic by the end of 2017.

Section IV Report of the Board of Directors

2. Smooth development for reorganization and expansion of the core road sections

Hening Expressway is the most core road assets of the Group with the highest quality, from which the toll revenue accounted for a larger proportion of the Group's operating revenue, playing a significant role in the performance of the Group. In order to alleviate the traffic pressure of Hening Expressway and to realize the sustainable development in the Company's road segment, the Company kicked off the construction project of reorganization and expansion of Hening Expressway Zhouzhuang to Longxi Overpass section in the reporting period upon the adoption of the resolution by the 18th meeting of the 7th session of the Board of Directors of the Company. During the reporting period, the Company established the headquarters for reorganization and expansion of the Hening Expressway and completed the procedures such as internal decision-making and external reporting and filing, as well as pre-construction works such as the acquisition of land and relocation, so as to refine and optimize the construction management, operation management and financial settlement. The project was launched on time and has accelerated its progression, with total investment of RMB 270 million in 2016.

The reorganization and expansion of Hening Expressway is a reinvestment in the principal business of expressway by the Company, representing a strong move of the Company for the approaching of the expiry of toll collection period of its core road sections. Such investment is conducive to the Company, under the new policy, for solving the issue of sustainable development of the principal business by reorganization and expansion, and relieving the issue of inadequate development diversification and business transformation in view of the approaching of the expiry of operating period, as well as effectively solving the issue of idle funds and asset allocation through applying its own resources under the environment with ample liquidity and shortage of quality resources.

Section IV Report of the Board of Directors

(2) Diversified business for stable progress

1. Strict risk control on financing business

In recent years, in view of the aggregation of risks in the financing industry with frequent defaults arising under the adverse effects of economic downturn and industrial restructuring, the Company moderately reduced the scale of its financing business in accordance with the situation. During the reporting period, the Company continued to strengthen the risk control on its financing business, continuously supervised the joint stock companies and share holding companies to carry out works with emphasis on "comprehensive clearance, strengthening of risk control, improvement of system and enhancement of management", and comprehensively strengthened the handling of bad loans, improvement of system, risk control and other works, so as to grasp the favorable opportunity in the restoration of the real estate market and the improvement of funding status of the customers. With various measures on the clearance, the Group actively promoted the disposal of undesirable projects and carefully carried out new businesses, so that the financing business was promoted steadily, highlighting the stability.

2. Actively exploration of fund and equity investment

Currently, the macro-economy of China is gradually stabilized under the influence of regulation, while the role of "capital reservoir" of the real estate industry was significantly weakened. The market liquidity is very abundant, providing a rare development opportunity for the capital market due to the orderly improvement in acceleration of IPO and multi-level construction in capital market. As the second largest economy in the world, the stock market of China is still at a relatively low level, with expectation of growth in scale, structural improvement, more robust development and return on investment value. While the stock index will steadily rise in the long term, the value of investment in fund and equity at the current stage is manifested. The Company is actively taping the investment of fund and equity, which is an important measure for realizing the strategy of diversified development, cultivating financial investment talents, enhancing capital operation capacity and fostering new growth points for profit. The Company will actively participate in market research, implement the policy of scientific decision-making, as well as strictly control investment scale, so as to ensure that the risk in financial investment business is controllable and in healthy development.

Section IV Report of the Board of Directors

(3) Corporate governance is improving

During the reporting period, the corporate governance structure of the Company is sound, with fulfillment of duties, mutual coordination and effective balance among the shareholders' general meeting, the Board of Directors and the supervisory committee. The Company actively opened its mind to cultivate market consciousness, so as to promote the innovation of reform in management structure in depth to arouse energy of the Company. Besides the strengthening of the leadership of the Party and the supervision and inspection of Disciplinary Committee, the Group adhered to scientific and democratic decision making in accordance with the laws, and earnestly strengthened the Party's political leadership, ideological leadership and organizational leadership. At the same time, the governance pattern of controlling shareholder and the listed company has been continuously improved and the organization of the Company is optimized, as well as certain functional departments have been adjusted and added. By strengthening the management and control of the holding company and management office under the jurisdiction, the Group realized its main responsibility and rationalized the management mechanism, so that the differentiation of rights and liabilities on management was clearer. Through the principle of simplifying basic approval process and promotion of management efficiency, the Group renewed the entrusted management model of the sections held in trust and effectively solved the malpractice of redundant management in various basic units, so as to continuously improve the efficiency and level of management. With integration of changes of business development and adjustment of institutional responsibilities, optimization and elevation work of internal control was comprehensively promoted, with the emphasis on top design highlighting the professional transmission, risk prevention and control, so that the internal control system of the Company would be continuously optimized to gradually realize the professional business management and intensive and efficient resource management.

(4) Advancement of basic management

1. Strengthening of the toll management

During the reporting period, the Company continued to improve various works such as structural establishment, personnel allocation, construction of rules and regulations and toll maintenance management of the newly established road sections (Ningqian section of phase II of Ningxuanhang Expressway), so as to effectively realize the orderly connection of construction and management, as well as the normalization and standardization of operation of the road sections. The Group seriously carried out the study of toll road policy and completed the assessment on the recovery period of the reorganization and expansion of the Hening Expressway. In order to actively seek policy support, the Group took the initiative to strengthen communication with the relevant government departments, so as to promote the approval of the extension of toll collection period of the project. With serious fulfillment of the basic work of toll management, as well as implementing beneficial policies such as green channels and discounts for small cars on major holidays, the Group ensured smooth road traffic. In addition, it paid attention to the effectiveness of smiling services by highlighting the service-oriented and people-oriented management, so that the services are more outstanding with quality improved steadily. The capacity for leaking stoppage and income enhancement was also increased continuously by innovative means of inspection and the carrying out of inspection activities to manage specifically.

Section IV Report of the Board of Directors

2. Improvement in maintenance management

During the reporting period, in order to have proper road maintenance, the Group carried out extensive field research with problem-oriented approach, aiming at issues related to the status and existence of maintenance management. It clearly defined the overall approach in maintenance management on “strengthening of coordination, standardization of management, reduction on costs and improvement in efficiency”, and formulated a practical plan for the maintenance, with accumulated maintenance expenses of approximately RMB112.17 million for the whole year. Currently, the road sections, bridges and tunnels administered by the Group are in good technical condition, while the road conditions and road appearance continue to maintain smooth and pleasant.

3. Emphasis on safety management

During the reporting period, the production safety committee of the Company comprehensively guided, deployed and supervised the safety in construction and operation of the expressway, and established a safety production linkage system for each senior management member to supervise one road section. Through comprehensively strengthening the implementation of the safety production responsibility system, the Group improved the three responsibility system of employees at different positions in various units, so as to effectively realize the responsibility system in every details and aspects. It also strengthened the main responsibility of the safety production of each unit, and strictly implemented the mechanism of overall responsibilities for “top leaders” and “one post two responsibility” for the leading members, under which “safety production responsibility letter” has been signed by each level to reinforce the safety management foundation. The Group constantly strengthened the investigation and rectification of safety risks, and carried out comprehensive investigation for hidden risks on the operating roads, service areas, gas stations, with immediate examination and correction for the problems being found. By committing to rectification to the source, accidents and risk prevention, as well as improvement of emergency response capacity, effectiveness of safety management was earnestly promoted.

Section IV Report of the Board of Directors

4. Refinement of management on investment and financing

During the reporting period, the toll revenue of the Company grew steadily, and because of the relatively low investment expenditure and capital expenditure, the cash flow of the Company was abundant. Under the environment of abundant overall market liquidity, the financing costs continued to reduce through high rating in credit qualification, the funding structure continued to optimize. In this context, as to improve the efficiency of idle funds with consideration of safety and profitability of the funds, the Group continued to strengthen the dynamic forecast of cash flow to fully utilize the inventory funds, so that there was an interest income of RMB 12.24 million by balanced arrangement of guaranteed financial and structured deposits. During the reporting period, in order to fully protect the rights and interests of the Company as a shareholder and to exert the supervisory role of shareholder, the Company continuously strengthened the control efforts and the degree of participation in management of the joint stock companies and share holding companies, constantly strengthening the post-investment management and the basis of equity management, so that the decision-making of the joint stock companies and share holding companies was reasonably in line with the strategy of the parent company. During the reporting period, the Group received dividend of RMB 24.81 million from Xin'an Financial, dividend of RMB 91.99 million from Xuanguang Company, dividend of RMB17.79 million from Guangci Company, and interest of RMB39.86 million from the entrusted loan of Ningxuanhang Company.

In addition, the Company has done a lot of solid and effective works in strengthening the supervision and control of financial affairs, improving the management of information disclosure, standardizing the management of related transactions, improving the electromechanical and informative management and carrying out the standardization of the Party, so as to further improve the management and governance level to fully realize the management effectiveness.

Section IV Report of the Board of Directors

Despite a better results of development during the reporting period, the Company still has certain shortcomings:

(1) Main business growth is limited and development of the Company is insufficient

The time limit of the road sections under the control of the Company has undergone more than half, and road traffic is increasingly saturated. Although toll income was basically stable, the growth space in the future is limited, resulting in a lack of potential development for future performance and issues on sustainable development. In order to cope with the future development of the principal business, there are three main means in accordance with the latest policy guidance, namely the construction of new expressways, reorganization and expansion of existing high-quality expressways, and the acquisition of mature road sections. During the reporting period, a lot of work had been done in the above three aspects, but the effect was not significant, mainly due to the high cost, low return on investment and long cultivation time of new sections, leading to longer investment recovery period, as well as greater negative impact on short-term performance upon the open for traffic. Second, for the acquisition of mature road sections, quality road assets in the market was very scarce and often bears high premium, feasibility of acquisition was significantly lowered as only basic financial investment return can be realized. For overseas expressways, there are higher political risk, exchange rate risk and operating risk, resulting in the difficulty in implementing risk control measures and the investment income lacks basic guarantee. In summary, currently there are more advantages in relying on the reorganization and expansion of core road resources to strive for extending the toll collection period. However, due to the greater effect caused by decision-making approval of the government, changes on adjustment of the planning of road network and policy for the industry, the Company lacks autonomy and initiative.

(2) Multiple business is small and profitability should be improved urgently

The current financial investment business of the Company places emphasis on stability, with main focus on risk control, so that the scale has been reduced, accounting for a smaller proportion of the business of the Company and hence the contribution to the performance has been further reduced. The focus of the current work is to make use of the restoration of the real estate and other industries to speed up the disposal of non-performing loans. Remaining in the stage of scale compression, structural optimization and loan clearance, the goals on the expansion of business areas, expansion of the scale of operation and improvement in profitability are difficult to achieve. Due to the economic situation and the impact of the industry environment, coupled with the lack of talent pool, the financing business of the Company is difficult to form economies of scale and professional advantages in the short term, while the operation risk is still relatively high and profitability remains not strong, with relatively simple investment structure in diversification of the business.

Section IV Report of the Board of Directors

- (3) Investment channel is relatively narrow and the role of the platform is difficult to achieve

During the reporting period, subject to the impacts of coexistence of controlling factors such as reduction of investment yields in major industries, shortage of quality road resources, flooding liquidity in the market and “asset shortage”, etc., the investment targets with good yield-risk attribute and in line with investment standard of a listed company were scarce. The Company was facing various problems such as narrow investment channels, insufficient investment types, etc. Due to the lack of appropriate investment projects, the Company was less willing to finance, did not make full use of corporate bonds and other good debt financing products and share issuance and other equity financing means, failed to take advantage of its high-level credit qualification, high visibility and attention in capital markets, did not achieve the effectiveness of its investment and financing platform, did not have sufficient capital operation, had low asset-liability ratio, did not make effective use of its financial leverage effect, and did not manage its debts and assets properly, which made it difficult for its assets and performance to be improved.

- (4) Incentive mechanism is not yet perfect and talent shortage has become a handicap

At present, to a certain extent, the Company faced issues such as weak impetus to development, poor awareness of market-orientation and innovation. The main reasons included unsound performance management system, unsatisfactory incentive and restraint mechanism, poor talent management, weak linkage between business efficiency and staff benefit, etc. Meanwhile, the Company's staffing was slightly insufficient, in particular, there was a serious shortage of professionals in areas of economic and financial, investment and financing and capital operation, etc. As such, there was an urgent need to revise the talent structure corresponding to the Company's development strategy and business development direction, and the talent reserves and professional training should be further strengthened. The Company's urgent problem is to study how to expedite the management system reform, intensify the introduction of professionals and strengthen the specific reform and innovative measures and its implementation in order to further stimulate the vitality of enterprises, explore the development potential and enhance the capacity for wider expansion and stronger operation.

II. Major operation status during the reporting period

During the reporting period, in accordance with PRC Accounting Standards, the Group achieved a revenue of RMB2,499,136 thousand (2015: RMB2,427,005 thousand), representing an increase of 2.97% over the corresponding period of the previous year; total profit of RMB1,245,920 thousand (2015: RMB1,260,870 thousand), representing a decrease of 1.19% over the corresponding period of the previous year; net profit attributable to shareholders of the Company of RMB 933,258 thousand (2015: RMB 937,867 thousand), representing a decrease of 0.49% over the corresponding period of the previous year; basic earnings per share of RMB 0.5627 (2015: RMB 0.5655), representing a decrease of 0.49% over the corresponding period of the previous year. The decrease in net profit was mainly because the Ningqian Section began to depreciate and amortize and expenses the loan interests since it has been opened to traffic in December 2015.

Section IV Report of the Board of Directors

During the reporting period, in accordance with the Hong Kong Accounting Standards, the Group achieved a revenue of RMB 3,063,632 thousand (2015: RMB 3,158,404 thousand), representing a decrease of 3.00% over the corresponding period of the previous year; total profit of RMB 1,234,922 thousand (2015: RMB 1,249,385 thousand), representing a decrease of 1.16% over the corresponding period of the previous year; profit attributable to the equity owners of the Company of RMB 925,075 thousand (2015: RMB 929,377 thousand), representing a decrease of 0.46% over the corresponding period of the previous year; basic earnings per share of RMB 0.5577 (2015: RMB 0.5603), representing a decrease of 0.46% over the corresponding period of the previous year.

For details of the Group's major core businesses during the reporting period, please see Section III "Corporate Business Summary".

Summary of Performance of Toll Highways (in accordance with PRC Accounting Standards)

During the reporting period, the Group achieved a toll income of RMB 2,423,267 thousand in total, representing an increase of 3.99% over the corresponding period of the previous year.

The principal factors affecting our Group's toll income remain to be economic downturn, exemption policies and road networks' effects.

In 2016, China's GDP amounted to RMB 74,412.7 billion, representing an increase of 6.7% year on year, which continued to increase at relatively low rate; Anhui province's GDP in 2016 amounted to RMB 2,411.787 billion, representing an increase of 8.7% year on year.

In addition, starting from 12 July, truck drivers holding an Anhui transportation cards to travel via the expressways in the province would be entitled to 15% off, which attracted some truck drivers to choose to travel via expressway; starting from 21 September, control measures on trucks travelling within the province which were overloaded had become effective, causing impacts on the expressway truck traffic. The mode of transport gradually changed from "single-car transport exceeding load limits" into "multi-car transport in a lawful manner", and the truck traffic increased significantly.

During the reporting period, with various policies and measures of exemption being implemented continuously, the Group's amounts of exemption continued to increase rapidly. The amounts of exemption totaled RMB 719 million (2015: RMB 593 million), increasing by 21.25% against the same period of the previous year, of which:

The amount of exemption in Green Channel was about RMB399 million (2015: RMB347 million), representing an increase of 14.99% year on year, with over 1,158.7 thousand vehicles being exempted;

The amount of exemption on holidays was RMB 218 million (2015: RMB 179 million), representing an increase of 21.79% year on year, with over 5,457.2 thousand vehicles being exempted;

In response to the demand for the national reform on "supply-side", our province launched a preferential policy which offers a 15% discount for Anhui transportation card holders and the discounted amount regarding Anhui transportation card increased rapidly. The amount of exemption for Anhui transportation card discounts amounted to approximately RMB 74 million (the corresponding period of 2015: RMB 35 million), representing an increase of 111.43% year on year;

Other amounts of exemption amounted to approximately RMB 28 million (2015: RMB 32 million).

Section IV Report of the Board of Directors

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

Details of the operation of toll highways in 2016 were as follows:

Items	Equity interests ratio	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2016	2015	Change	2016	2015	Change
Hening Expressway	100%	25,207	24,571	2.59%	938,056	947,591	-1.01%
New Tianchang Section of National Trunk 205	100%	5,275	4,913	7.37%	57,697	52,420	10.07%
Gaojie Expressway	100%	13,910	11,634	19.56%	561,729	495,808	13.30%
Xuanguang Expressway	55.47%	20,771	18,744	10.81%	454,033	430,593	5.44%
Lianhuo Expressway Anhui Section	100%	13,000	11,259	15.46%	218,284	207,274	5.31%
Ninghuai Expressway Tianchang Section	100%	34,487	30,511	13.03%	108,170	99,618	8.58%
Guangci Expressway	55.47%	21,322	17,932	18.90%	78,526	69,356	13.22%
Ningxuanhang Expressway	51%	5,399	3,026	78.42%	54,808	27,537	99.03%

Items	Equity interests ratio	Ratio of passenger vehicles to goods vehicles		Daily toll income per kilometer (RMB)		
		2016	2015	2016	2015	Change
Hening Expressway	100%	74:26	72:28	19,179	19,374	-1.01%
New Tianchang Section of National Trunk 205	100%	31:69	34:66	5,269	4,788	10.05%
Gaojie Expressway	100%	61:39	61:39	13,991	12,349	13.30%
Xuanguang Expressway	55.47%	75:25	74:26	14,809	14,044	5.45%
Lianhuo Expressway Anhui Section	100%	71:29	69:31	11,075	10,516	5.32%
Ninghuai Expressway Tianchang Section	100%	80:20	79:21	21,168	19,495	8.58%
Guangci Expressway	55.47%	79:21	77:23	15,367	13,572	13.23%
Ningxuanhang Expressway	51%	79:21	75:25	1,743	1,822	-4.34%

Notes:

1. Ningqian Expressway was opened to trial operation on 19 December 2015.
2. The traffic volume data above do not include the data on small passenger vehicles which were exempt from toll on holidays.
3. The toll income data above include tax.

Section IV Report of the Board of Directors

During the reporting period, due to continuing influence of the diversion of Ma'anshan Yangtze River Bridge and the expressway from Ma'anshan to Chaohu and the diversion caused by the opening of Chuma Expressway, the toll revenue of the entire Hening Expressway decreased by 1.01% year on year.

During the reporting period, the development of regional industry and logistics business were sped up by "Nanjing one hour work zone", which caused the toll revenue of National Trunk 205 to increase 10.07% year on year and that of Ninghuai Expressway to increase 8.58% year on year.

During the reporting period, National Trunk 310 was closed for construction on alternation and expansion which had made transportation inconvenient, so some trucks and passenger cars detoured to Lianhuo Expressway and its toll revenue increased by 5.31% year on year.

Ningxuanhang Expressway was newly opened to traffic and was in its growth stage. Also, under the positive influence of the opening of Tongnanxuan Expressway and diversion of vehicles due to maintenance of Provincial Road S104, the toll revenue of Ningxuanhang Expressway increased by 99.03% year on year.

During the reporting period, under the positive influence of the opening of Liguang Expressway and Tongnanxuan Expressway, the toll revenue of Xuanguang Expressway increased by 5.44% and that of Guangci Expressway increased by 13.22% year on year.

During the reporting period, under the positive influence of the improvement of the regional economy and the transformation of the entire pound of Changlingguan toll station, some vehicles originally transported via Liuwu Expressway detoured to Gaojie Expressway, the total revenue of Gaojie Expressway increased by 13.30% year on year.

General circumstances of the pawn business

In June 2012, the Company and Huatai Group jointly set up Wantong Pawn, in which the Company injected capital in the sum of 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. In 2015, both shareholders reduced capital of RMB 52.50 million of Wantong Pawn by the same proportion, and the current registered capital of the company is RMB 157.50 million.

The provision for impairment for the year reached RMB 15.99 million, and the accumulated provision reached RMB 115 million, which is the main cause of the loss of the Wantong Pawn. During the reporting period, Wantong Pawn incurred a total loss of RMB 17.90 million, and achieved a loss-reduction of RMB 2.23 million year-on-year. The net loss was RMB 13.93 million, and achieved a loss-reduction of RMB 1.25 million year-on-year.

Section IV Report of the Board of Directors

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

Analysis of changes in certain items in income statement and cash flow statement

Unit: RMB

Item	Amount for the reporting period	Amount for the same period of last year	Year-on-year increase/decrease (%)
Revenue	2,499,135,630.47	2,427,004,934.21	2.97
Cost of sales	1,062,488,940.53	970,673,106.94	9.46
Tax and surcharges	48,471,884.29	87,180,979.94	-44.40
Administrative expenses	84,138,186.72	89,115,528.90	-5.59
Finance costs	91,265,080.32	64,008,911.05	42.58
Impairment loss of assets	15,989,378.99	27,693,405.37	-42.26
Investment income	46,720,293.18	74,401,949.84	-37.21
Net cash flows from operating activities	1,752,401,524.95	1,520,718,342.55	15.24
Net cash flows used in investing activities	-404,766,483.74	-1,014,423,053.56	NA
Net cash flows used in financing activities	-156,068,151.97	-259,994,538.16	NA

Section IV Report of the Board of Directors

1. Analysis on Revenue and Costs

The increase in revenue was mainly due to the increase in the toll revenue during the reporting period as compared with the corresponding period last year;

The increase in cost of sales was mainly due to the increased repair and maintenance expense for the toll highways of the Group during the reporting period and Ningqian Section of Ningxuanhang Expressway began to depreciate and amortize since it has been opened for traffic in December 2015;

The decrease in tax and surcharges was mainly due to the national tax system reform in May 2016 which imposes tax from business tax to added-value tax;

The decrease in administrative expenses was mainly due to the slight decline of the number of administrative staff member as compared with the corresponding period last year and strictly controlling business expenses by the management;

The increase in finance costs was mainly due to the interest on borrowings began to be expensing since the Ningqian Section of Ningxuanhang Company has been opened to traffic in December 2015;

The decrease in impairment loss of assets was mainly due to decreased provision for impairment loss of pawn loans made for Wantong Pawn during the reporting period as compared with the corresponding period last year;

The decrease in investment income was mainly due to the decreased payment of cash dividends from Xin'an Financial during the reporting period as compared with the corresponding period last year;

The increase in cash flows used in operating activities was mainly due to the increase of toll revenue during the reporting period as compared with the corresponding period last year;

The substantial decrease in net cash flow used in investing activities was mainly due to the decreased project payment of Ningxuanhang Company during the reporting period as compared with the corresponding period last year and the decrease in the net amount of financial products purchased and the net increase in banking deposits;

The substantial decrease in cash flows used in financing activities was because the Company obtained the CDB special fund loan of RMB600 million and Wantong Pawn minority shareholder reduced capital of RMB 15 million last year while there was no such expenditure this year.

Section IV Report of the Board of Directors

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

Unit: yuan Currency: RMB

Principal businesses in terms of industries

Industries	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year)
Toll highway business	2,454,184,885.42	1,033,448,715.41	57.89	3.39	10.52	A decrease of 2.56 percent
Pawn business	0	0	N/A	-100	N/A	N/A

Principal businesses in terms of products

Products	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
Hening Expressway	937,506,047.86	345,218,172.34	63.18	-2.88	-2.82	A decrease of 0.02 percent
New Tianchang Section of National Trunk 205	55,818,991.20	38,112,712.95	31.72	6.49	3.98	An increase of 1.59 percent
Gaojie Expressway	562,147,297.98	172,274,140.55	69.35	10.76	14.15	A decrease of 0.91 percent
Xuanguang Expressway	445,452,184.71	148,387,763.93	66.69	3.45	-2.53	An increase of 2.05 percent
Lianhuo Expressway Anhui Section	216,205,088.44	105,604,116.50	51.16	3.16	7.10	A decrease of 1.79 percent
Ninghuai Expressway Tianchang Section	106,392,926.67	36,206,997.79	65.97	4.26	13.93	A decrease of 2.89 percent
Guangci Expressway	77,033,010.13	19,331,104.58	74.91	11.07	0.97	An increase of 2.51 percent
Ningxuanhang Expressway	53,629,338.43	168,313,706.77	-213.85	94.75	85.88	An increase of 14.97 percent
Wantong Pawn	0	0	N/A	-100	N/A	N/A
Total	2,454,184,885.42	1,033,448,715.41	57.89	3.39	10.52	A decrease of 2.71 percent

Section IV Report of the Board of Directors

Principal businesses in terms of regions

Regions	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in Cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
Anhui Province	2,454,184,885.42	1,033,448,715.41	57.89	3.39	10.52	A decrease of 2.71 percent

Principal business in terms of industries, products and regions analysis

Applicable Not applicable

(2) Production situation analysis

Applicable Not applicable

(3) Cost analysis statement

Unit: yuan Currency: 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 highways business	Depreciation and amortization	677,065,605.08	63.72	607,043,966.43	62.54	11.53
	Roads repairing expenses	119,587,854.57	11.26	101,615,952.21	10.47	17.69
	Other costs	265,835,480.88	25.02	262,013,188.30	26.99	1.46
	Total	1,062,488,940.53	100	970,673,106.94	100	9.46
Pawn business		0	0	0	0	0
Total cost	Total	1,062,488,940.53	100	970,673,106.94	100	9.46

Section IV Report of the Board of Directors

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 highways business	Depreciation and amortization	677,065,605.08	63.72	607,043,966.43	62.54	11.53
	Roads repairing expenses	119,587,854.57	11.26	101,615,952.21	10.47	17.69
	Other costs	265,835,480.88	25.02	262,013,188.30	26.99	1.46
	Total	1,062,488,940.53	100	970,673,106.94	100	9.46
Pawn business		0	0	0	0	0
Total cost	Total	1,062,488,940.53	100	970,673,106.94	100	9.46

Notes: As the products involved in the operation of the pawn industry are quite special, the monetary financing expenditure is accounted for in the principal business cost, while daily operation expenditure is accounted for in the administrative expenses and other expenditure items. During the reporting period, Wantong Pawn did not obtain financing, thus no principal business cost occurred and adjustment has been made to the cost expenditure based on the same standard.

Other presentation of Cost Analysis

Applicable Not applicable

d. Major customers and major suppliers

Applicable Not applicable

The major customers of our Group are mainly users of our toll highway, there are also no significant major purchase in relation to our ordinary operation. Thus, the Group does not have major customers and suppliers that could be further disclosed.

Section IV Report of the Board of Directors

2. Expenses

Administrative expenses

In 2016, the Group's administrative expenses were RMB 84,138,186.72, representing a decrease of 5.59% as compared to the same period last year (2015: RMB 89,115,528.90). Such decrease was mainly due to the slight decrease in the number of administrative staff of the Group as compared to that of the corresponding period last year and the strict control of business expenses by management.

Finance costs

In 2016, the Group's finance costs were RMB 91,265,080.32, representing an increase of 42.58% as compared to the same period last year (2015: RMB 64,008,911.05). Such increase was mainly because the interest on borrowings was expensed since the opening of Ningqian Section of Ningxuanhang Company to traffic in December 2015.

Income tax

During the year, except for HK Subsidiary, applicable income tax of the Company, the Company's subsidiaries and affiliates were 25% (HK Subsidiary: 16.5%).

In 2016, the Group's income tax expenses were RMB 336,879,336.73, representing an increase of 14.82% as compared to the corresponding period last year. The increase in income tax expenses was mainly due to the increased current taxable income of the Group in this reporting period as compared with that of the corresponding period last year.

Value-added tax

Since 1 May 2016, the Group had fully implemented the levying of value-added tax in lieu of business tax. The Company, Xuanguang Company, Ningxuanhang Company and Guangci Company levied the value-added tax by 3% and 5% of the toll revenue by simple approach; 0% tax rate is applied to compensation income due to road damage; the sales tax rate of road rescue income, expressway entrusted management income, operating income of service areas was 6%; value-added tax was levied by simple approach based on 5% of the rental income; the sales tax rate of Wantong Pawnshop pawning the loan interest income was 6%.

Section IV Report of the Board of Directors

3. Research input

Research input statement

Applicable Not applicable

Presentation of Condition

Applicable Not applicable

4. Cash flows

In 2016, the Group's net cash inflows from operating activities were RMB 1,752,401,524.95, representing an increase of 15.24% as compared with that in 2015, mainly due to the increase of toll that the Group received compared with that of the corresponding period of last year;

In 2016, the Group's net cash outflows from investing activities were RMB -404,766,483.74 while that were RMB -1,014,423,053.56 in the same period last year, mainly due to the decreased project payment of Ningxuanhang Company during the reporting period as compared with the corresponding period last year;

In 2016, the Group's net cash outflows from financing activities were RMB -156,068,151.97, while that were RMB -259,994,538.16 with the same period last year, because the Company gained the CDB special fund loan of RMB 0.6 billion and the Pawn Company minority shareholder reduced capital of RMB 15 million while there was no expenditure this year;

In 2016, the aggregated sum of bank loans obtained by the Group was RMB 768,002,203.49. At the end of the reporting period, there was still a remaining bank loan of RMB 1,778,453,900.88, these are all long-term loans which mainly comprised a floating rate loan borrowed from a bank for the construction of Ningxuanhang Expressway and the CDB special fund loan of RMB 0.6 billion for the road widening construction work of Hening Expressway. The weighted average annual interest rate is 3.4942%. The principal will be repaid between 2017 and 2035.

The Group was awarded with good credit ratings. In 2016, the total credit facilities granted was RMB 7.28 billion, and the facilities not yet utilized amounted to RMB 6.227 billion.

(b) Presentation of major changes in profits caused by non-core business

Applicable Not applicable

Section IV Report of the Board of Directors

(c) Analysis of assets and liabilities (in accordance with the PRC Accounting Standards)

1. Assets and Liabilities

Unit: yuan Currency: RMB

Item	Amount at the end of the period	Amount as a percentage of the total assets at the end of the period (%)	Amount at the end of last period	Amount as a percentage of the total assets at the end of last period (%)	Change in the
					amount at the end of the period as compared to the amount at the end of the previous period(%)
Cash and cash equivalents	2,010,812,450.98	15.33	906,245,561.74	7.46	121.88
Other receivables	252,085,840.49	1.92	283,931,438.03	2.34	-11.22
Financial assets available for sale	235,000,000.00	1.79	221,125,677.07	1.82	6.27
Fixed assets	882,952,666.97	6.73	950,548,376.77	7.83	-7.11
Tax payable	144,184,073.78	1.10	90,650,210.39	0.75	59.06
Long-term loan	1,649,833,000.00	12.57	1,052,648,888.09	8.67	56.73
Long-term payables	960,837,193.21	7.32	956,263,721.37	7.88	0.48

Other explanations:

The increase in cash and cash equivalents was mainly due to increased toll revenue of the Group and the obtain of bank loan during the reporting period;

The decrease in other receivables was mainly due to the withdrawal of entrust loans reserves of Wantong Pawn during the reporting period;

The increase in financial assets available for sale was mainly due to increased fair value of Xin'an Financial as at the end of the reporting period;

The decrease in fixed assets was mainly because fixed assets were made to depreciation during the reporting period;

The increase in tax payable was mainly due to the increase of the provision of outstanding enterprise income taxes payable during the reporting period;

The increase in long-term borrowings was mainly because the Company gained the CDB special fund loan of RMB 0.6 billion during the reporting period.

The increase in long-term payables was mainly because Ningxuanhang Company, a subsidiary of the Company, received borrowing from minority shareholders during the reporting period.

Section IV Report of the Board of Directors

2. *Restrictions on assets as at the end of the Reporting Period*

Applicable Not applicable

3. *Other Presentation*

Applicable Not applicable

(d) Analysis of operation information of the industry

1. *The development for road industry is broad and policies are becoming clear*

With the promotion and implementation of a series of policy measures of the government, namely “steady growth, structure adjustment, promoting reform, benefiting people, risk prevention”, the macro-economy of the PRC will gradually stabilise and the economic development would be of higher quality, more robust and more sustainable. Economic growth is a key factor in determining the growth of traffic demand. The future development and opportunities for road industry are still broad. In terms of industry policy, transportation is still an important support for the development of national economy. There will be no significant change in the transport infrastructure policy in the country. From the perspective of project reserve, start-up and capital protection, it is expected that the future investment in road infrastructure would be maintained at a relatively strong growth rate, the driving effect of economic growth would be more apparent. Taking into account the road network structure, with the rise of the central and western development strategy, there would be greater investment and construction opportunities across the road network in central and western provinces.

2. *Transformation development is imminent as investment return is declining*

The toll road industry continued to face a series of challenges. Firstly, the industry was affected by the slowdown in economic growth, the toll revenue growth was limited, the proportion of trucks continued to decline as compared to all types of vehicles, resulting in a continuous decline in the growth rate of toll revenue; secondly, land acquisition and demolition costs, labour costs and other costs continued to rise, and the toll road construction costs were increasing, while the safety monitoring facilities, environmental protection, road conditions and other standards continued to increase, leading to a continuous rise in operation and maintenance costs; thirdly, the opening time to traffic of most of the quality roads was long,

Section IV Report of the Board of Directors

and the road maintenance cost was high, while the cultivation period of the newly-built section was long, and the road network effect was poor, the depreciation amortization and interest costs affected the performance of the enterprise; fourthly, the amount of exemption of various types of policies continued to rise, while the management costs for implementation of green channel policy and major holiday payment free policy were also increasing; fifthly, the growing popularity of motor vehicles, highspeed rails, air transport and other means of transport and the changes in road network structure continued to affect the diversion of traffic away from road sections.

At present, under the traditional mode of investment and financing, the return on investment of the toll road industry, especially the new toll road project, has been declining, the commercial value of the investment is not high. Regarding the acquisition of mature road assets, the road sections with better performance tend to be greatly appreciated in valuation, and under the current market environment with ample liquidity, competition for quality road assets has directly led to soaring transaction prices, causing a substantial reduction in investment yields. From the perspective of the industry as a whole, affected by factors such as expiring concession and declining marginal return on investment, etc, development on diversification and transformation has become a strategic choice for industry development, and all listed companies in the industry had embarked on diversified expansion.

3. *Well established controlling shareholders and huge space for reform of state-owned enterprise*

From the industry's perspective, most controlling shareholders of listed highway companies are large provincial enterprises, having advantage in terms of asset size, capital strength, level of revenue and core competitiveness. Most shareholders and holding listed companies have the feature of "large groups, small companies".

Currently, the central government attaches great importance to the reform and development of state-owned enterprises, and has repeatedly made important instructions stressing on the real meaning of the state-owned enterprises to be strong, be excellent, be large. It has explicitly pointed out that in order for state-owned enterprises to be strong, be excellent, be large, deep reforms, with enhancement of vitality and improvements in management efficiency as the focus, would have to be carried out, so as to continuously increase the core competitiveness, dominance and influence of state-owned enterprises. The Anhui provincial government has also requested the state-owned enterprises in the province to strive towards the major direction of developing a mixed ownership system by pushing forward the overall listings, mergers and restructuring as the major forms, so as to further deepen the reform of state-owned enterprises, actively introduce strategic investors, improve corporate governance structures, and constantly enhance the vitality of enterprise development. In recent years, China has significantly accelerated its pace of capital market reform and innovation. A multi-level capital market system is initially formed with an expanding depth and breadth of the service entity economy. The reform of state-owned enterprises are in a period of better policies and market opportunities. In this context, more local state-owned enterprise reform programs have confirmed that listed highway companies and their controlling shareholders will embark on subsequent equity incentive, asset securitization, restructuring and upgrading and other kinds of reform plans.

Section IV Report of the Board of Directors

4. Strengthened level of informatization and extensive prospect of the “Internet +” policy

In recent years, the level of informatization of China’s highways kept strengthening. In September 2015, China have basically achieved ETC network. For the first half of 2016, the highway mileage of the ETC networks in the country reached 124,000 km, the number of ETC users reached 35,470,000, non-cash payments amounted to about 26%, the number of ETC lanes was 13,500, the ramp charges ETC lanes coverage was 90.7%, and the main charge station ETC lanes coverage was 99%. With the continuous strengthening of the degree of informatization in the industry, as the developed trend of industrialization of information based on technologies such as mega data and cloud computing, the exploration of information and expansion in application is widening and deepening. Apart from the growth in volume, future development of ETC will present new trends including realization of ETC pre-installation (ETC 前装), strengthening data integration and multidimensional applications, and leading vehicle networking applications. With the development of highway networking toll collection and networking surveillance, network data will become increasingly huge, and how to integrate existing data and conduct in-depth excavation to provide customers with more useful information prediction is the focus and breakthrough for the next stage of development of highway informatization.

With the development of communications technology and Internet technology as well as the popularity of application such as Beidou, real-time navigation and precise positioning based on the vehicle system had been achieved, and the intelligent traffic information system and car network concept had been derived. The vehicle network could maximize the collection, processing, storage and sharing of traffic information by strengthening the information communication between vehicles, roads, drivers and expressway management companies, and could facilitate information exchange and sharing between vehicles, environment and surrounding facilities, so as to completely change the current mode of single, passive information supply, and to fill the gap of the current stage of the car navigation system on the diversified service needs of the expressway. In the future, the expressway industry in car network, big data, map navigation, security monitoring and other areas will be promising.

Section IV Report of the Board of Directors

(e) Investment Analysis

Overall analysis of external equity investments of the Company

During the reporting period, the Company had no external equity investment.

(1) *Material equity investments*

Applicable Not applicable

(2) *Material non-equity investments*

Unit: '00,000,000 Currency: RMB

Name of project	Basic information of the project	Project amount	Progress of the project	Amount of investment for the year	Aggregate actual amount of investment	Revenue from the project
Ningxuanhang Expressway Liqiao to Xuancheng Section	about 31 km in length	21.33	The construction of the project began in January 2015	3.21	6.81	under construction
Expansion of Hening Expressway	about 87 km in length	63.75	The construction of the project began in November 2016	2.70	2.70	under construction
Total		85.08	/	5.91	9.51	/

Section IV Report of the Board of Directors

(3) Financial assets measured at fair value

Unit: RMB

Name of project	Opening balance	Changes in fair value during this period	Ending balance
Measured at fair value			
– available for sale equity instruments			
– Xin'an Financial	129,681,717.36	7,318,282.64	137,000,000.00
– Xin'an Capital	76,443,959.71	6,556,040.29	83,000,000.00
– Wantong Micro Credit	15,000,000.00	0.00	15,000,000.00
Total	<u>221,125,677.07</u>	<u>13,874,322.93</u>	<u>235,000,000.00</u>

Note: Change in fair value of Xin'an Financial and Xin'an Capital in financial assets measured at fair value during the reporting period was mainly due to their operating profit accumulation.

(e) Material asset and equity disposal

Applicable Not applicable

Section IV Report of the Board of Directors

(f) Analysis of main shares holding companies and joint stock companies (in accordance with PRC Accounting Standards)

(Unit: RMB'000)

Name of company	Equity interest the Company possesses	Registered Capital	31 December 2016		2016		Main business
			Total assets	Net assets	Revenue	Net profit	
Xuanguang Company	55.47%	111,760	1,071,709	622,678	448,138	187,934	The construction, management and operation of Xuanguang Expressway
Ningxuanhang Company	51%	300,000	4,582,483	733,845	54,281	-250,452	Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service
Guangci Company	55.47%	56,800	242,325	231,686	78,833	42,211	The construction, management and operation of Guangci Expressway
Expressway Media	38%	50,000	337,879	275,239	146,700	57,664	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	3,664,164	2,742,180	250,205	238,316	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	1,883,216	1,285,995	80,678	165,315	Internet financial services, network information services, pawn business, etc.
Wantong Pawn	71.43%	157,500	110,611	107,759	0	-13,927	Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service
Wantong Micro Credit	10%	150,000	132,257	130,030	5,832	1,503	Distributing petty loans, small size enterprises management consulting and financial advisory
HK Subsidiary	100%	1,981	2,057	2,005	0	85	Highway enterprises; its business covers relevant consultation and technology service for construction, investment and operation of overseas highway and currently, the operation has yet to begin

Section IV Report of the Board of Directors

(g) Subjective condition of Controlled Structuralization of the Company

Applicable Not applicable

III. Discussion and Analysis on Future Development of the Company

(A) Industry landscape and development trend

1. Competition landscape of the industry

Expressways are quasi-public products, the toll road industry is characterized by regionalized operations, clear influence of policies, large size of investments and long payback period of investments, these characteristics will directly determine the competitive landscape and the future development trend of the expressway industry.

(1) *Relatively high barrier of entry for the industry*

The expressway industry is a capital-intensive industry, with long construction period, large and relatively concentrated initial investment, long payback period and poor liquidity of assets, which at a certain extent determine the relatively high barrier of competition for the expressway industry from the perspective of the market. The industry has certain features of a natural monopoly, with economies of scale and clear effect of highway network, while its quasi-public nature determines most of its construction and operating entities to be large local State-owned enterprises.

(2) *Repair and construction as planned with no direct competition among road sections*

All expressway constructions are subject to project creation and approval by the State government, and shall comply with national or regional road network construction plans, while the road network plans have fully taken into consideration factors such as synergies of, and competitiveness among, the road networks. Therefore, in general, there exists no strong competition among all road sections within the road networks.

(3) *Industry competition is mainly competition with other modes of transportation*

With the rapid advancement of national railway network construction, high-speed railway, locomotive and intercity rail transit will greatly shorten the transit time between two places, and have certain influence on highway passenger transport. However, as the operating revenue from passenger cars accounts for an insignificant proportion in toll revenue, highway passenger transport still maintains its advantages in price and flexibility, so the Company believes that high-speed railway and other modes of transportation, though having certain impacts, will not cause great fluctuations of highway passenger transport.

Section IV Report of the Board of Directors

2. Development trends of the industry

The Company believes that future development of the expressway industry will mainly have the following trends and characteristics: 1) there will be lower growth in investments, the overall size of investments will remain stable, there is room for growth in construction investments in the central and western regions, optimized connection and structural synergy and adjustment will be the focus of highway networks in future; 2) reforms of the investment and financing systems for the expressway industry will deepen continuously, expressway operating entities will emphasize more on attracting social capital for joint investments in the construction of new road sections and additional reserves of highway projects, the PPP model and asset securitization of PPP projects will become market hot spots; 3) the growth rate in revenue of expressway companies will coincide with economic growth, freight transport will be consistent with economic growth, passenger transport is rigid to a certain extent and will be less affected by economic fluctuations in general; and 4) under the existing policies and economic environment, transformation is the development direction of the industry, with development of internal potential and external expansion being the two key development trends.

In summary, development of the expressway industry and performance of the Group are mainly affected positively or negatively by the following factors: 1) the development of national and regional economies; 2) the change in monetary policies and the level of interest rates; 3) the effects of adjustment and upgrade of industrial structures on the composition of passenger and freight sources; 4) the change in growth of car ownership; 5) the change in industry policies; 6) the effect of road network improvement on attraction or diversion of traffic flows; and 7) the competition from railway and air transport with road transport.

Section IV Report of the Board of Directors

(B) Development strategy of the Company

During the “13th Five-year Plan” period, the Company will improve management structure and optimize asset allocation simultaneously to enhance capital operation capability, expand the path of development, expand and strengthen principal business and actively develop new profit growth points, building the Company into a well-known highway enterprise with “prominent principal business, diversified development channels, efficient operation and management as well as significant brand effect”.

Prominent principal business. With expansion of the principal business of highway operation as the starting point to expand the overall asset size of the Company to provide solid support for diversified development and capital operation. Through internal and external expansion of the highway industry to keep strengthening the competitiveness of the Company in the highway industry. Internal expansion includes actively seeking the support of the Anhui Transportation Group for acquisition of high-quality highways within the province to improve the proportion of high-quality assets; based on the highway development plans of China and Anhui Province to accelerate new construction and expansion of highways so as to increase the existing highway mileage. External expansion includes actively seeking policy support to acquire excellent toll road assets outside the province and in the world by various effective ways, so as to add new impetus to the development of principal business.

While making expansion, focus will be put on enhancing service quality by continuous improvement and enhancement of the quality and level of road production operation; further enhancing highway operation and management with efforts on toll collection and ensuring smooth traffic; strengthening informatization infrastructure construction to improve the management level of informatization; enhancing road production management to keep road production facilities intact; strengthening the capability of ensuring road safety to improve the standards and efficiency of principal business.

Section IV Report of the Board of Directors

Diversified development channels. On the basis of developing the highway principal business, the Company will realize horizontal industrial and geographical expansion. Firstly, for the purpose of enhancing our core competitiveness, we will adopt to new norm of economic environment and fully leverage our advantage in principal business development to keep identifying and nurturing new business modes, and further studying national development plans based on the principle of “market hot topics + advantage of the Company”. Under the premises of strict control and management of investment risks, we will explore the development of panoramic digital highways, develop highway big data application, financial investment and other diversified development projects to further enhance the level of diversification. Secondly, we will use remitted funds by way of foreign financing to implement operation under the trial filing system policy, and to obtain low cost foreign funds through the HK Subsidiary to explore markets outside the province and overseas markets for development of international business to cope with the State’s “One Belt, One Road” development strategy.

Efficient operation management. Efforts will be put on strengthening the Party’s political core role and improving corporate governance structure; further improving the management and control systems of the parent company so as to enhance the Company’s management and control capability and optimize the management procedures; strengthening construction of organization structure as well as re-designing and innovating the management organs starting from efficiency construction to achieve management objectives such as reasonable structure, resource optimization and management efficiency; optimizing and improving the system construction for functions such as financial management, human resources and operation management of the Company to cope its development strategies for forming a good environment of scientific management, free flow of information and efficient decision-making; and optimizing construction of talent personnel for a first-class team of capital operation and management.

Remarkable brand effect. On the basis of clarifying our core values of “conforming to principles with persistence in implementation, enabling smooth flow of traffic reaching far distances”(重道篤行, 通達致遠), we will form our own brand awareness for promotion of brand strategy; strengthen construction of corporate culture from the three major aspects of corporate spirit, corporate system and staff behavior to enhance internal cohesion and strengthen the soft power of corporate culture; and form an industry pattern with our own characteristics, forging “Anhui Expressway” into a well-known brand of expressway in China and abroad.

Section IV Report of the Board of Directors

(C) Business plan

Expecting no significant change in the operating environment, the Group has set the 2017 target for overall toll revenue of about RMB 2.486 billion (actual amount in 2016: RMB2.423 billion); as the Lixuan Section is expected to open to traffic at the end of 2017, the financial costs, maintenance costs, labor costs and administrative expenses for 2017 will record different degree of increase compared with 2016.

Measures for the plan

1. *Continue to enhance highway construction and management*

Continue to steadily promote the construction of Lixuan Section of phase III of Ningxuanhang Expressway, speed up the reconstruction and expansion of Hening Expressway project; take further steps to increase the operation and management, pay more attention to toll management, do a good job in leakage stoppage, green channel inspection, road maintenance and compensation; strengthen the maintenance of bridge, tunnel and road to promote the road traffic and safety standards; continue to implement smiling service and increase the assessment and supervision to improve service quality effectively; properly complete the preparation of the opening of Lixuan Section and timely perfect the links between construction and administration; strengthen the marketing efforts for Ningxuanhang Expressway and improve the erection of road signs to guide traffic effectively; enhance the research on highway charge policy and strengthen "Internet + traffic" awareness to promote the development of integrated convenient transportation service based on the Internet platform and construct an intelligent traffic system.

2. *Continue to explore diversified development path*

To turn the risks arising from macroeconomic downturn into opportunities, make good use of the strong capital advantages sufficient cashflow and convenience in obtaining financing as inherent in a listed company, enhance market research both domestically and abroad, explore high quality investment project and extend the diversified business. By taking full advantage of the main business, we should be active in exploring such industrial fields as integrated transport and road economy, and engage in businesses closely related to the principal business to achieve business synergies and horizontal industrial expansion. The advantage in funds should be given full play to explore further upstream and downstream industries. Low-cost financing and steady income investment should be vigorously developed to constantly cultivate new profit growth and expand businesses horizontally.

3. *Continue to strengthen the management and control of joint stock companies and share holding companies*

To continuously and closely supervise the operation of Xin'an Financial and effectively control the investment risk in the financial stake. To actively supervise and promote the disposal of non-performing loans by Wantong Pawn; and at the same time, to strengthen the management and control of business risk, attract and train technical talents and enhance the overall risk prevention and control capabilities. To participate appropriately in the management of the joint stock companies and share holding companies to strengthen the risk control and supervision, to perform necessary internal procedure for major issues encountered by the joint stock companies and share holding companies, as well as strengthening the appointment of directors and supervisors and management of their performance.

Section IV Report of the Board of Directors

4. *Continue to explore channels of innovation financing*

To allocate funds reasonably and practically satisfy the fund demand of project under construction. To make full use of domestic financing channels and overseas financing platforms, explore low-cost and low-risk financing tools, and improve financing efficiency. Based on the capital needs in the investment projects and the cashflow status forecast of the Company, to actively study the relevant policies and tools of debt financing and equity financing to perform scientific financing planning, actively improve the financing term structure and interest rate structure, and apply equity financing means so as to achieve matching and coordination of the investment schedule and financing strategy. To pay close attention to the updates on the financial market, and issue middle-term financing bonds or corporate bonds timely when the interest rate is at trough to lock the middle- and short-term financing cost.

(D) Possible risks

In the future strategic development, the Company will pay close attention to the following risk issues and actively take effective responding measures:

Change in macroeconomic environment and industry policies

The toll road industry is sensitive to change in macro-economy. Macroeconomic change directly affects the demand for highway transport, which in turn affects the traffic flow performance of all toll projects and results of operation of the Group. Economic downturn has become the “new normal” which results in weakened demand for goods logistics, a low proportion of trucks in the vehicle structure and slow toll growth. At the same time, as industrial policy failed to be in place, residents pay high attention to the highway tariff policy, thus, policy adjustments which are favorable for the Company may face greater pressure from the public. Due to the persistence and irreversibility of relief policies, the performance of the Company will be affected as a result of the constant increase in the amount of relief and growth in costs.

Measures to be taken: Protect the interests of the Company and its investors to the greatest extent possible through analysis and research on adjustment to relevant industry policies and active communication and coordination with government authorities; determine the impact of macroeconomic trends on road transportation demand through analyzing the current economic situation and the targets of regulation, and regularly collect information on the economic development in Anhui Province and the surrounding areas for analysis of the characteristics of change in traffic volume and vehicle structure in the road network so to minimize the negative impact of economic and environmental change on the operation of the Company; continue to conclude the management experience from previous toll-free arrangement for small vehicles during major holidays to improve the management model for emergency toll collection, enhance the capacity of traffic and to lower the management costs and expenses for executing the policies through fine management.

Section IV Report of the Board of Directors

Diversified travel modes and road network changes

With the rapid advance of construction of national railway networks, high-speed and intercity crack will greatly shorten the transit time between two places, which will have certain influence on highway passenger transport. On the other hand, with the further perfected encryption of highway networks, parallel routes and alternative routes will continue to increase, and network diversion will have a negative impact on the growth of toll revenue of the Company. Meanwhile, reconstruction of roads surrounding toll road projects, reorganisation and expansion of self-owned roads, administration in relation to the overloading of surrounding road and bridge projects and restricted traffic on foreign vehicles will lead to change in traffic volume on the road network, hence having an impact on the operating results of the Group's toll road projects.

Measures to be taken: All road sections of the Group were the trunk highway across the Anhui region. The Group will keep abreast of the network planning and project construction so as to conduct a special analysis of the highway network in advance and put a reasonable forecast for the impact of the relevant projects on the existing traffic flow of the Company. By making full use of regional traffic advantage in Anhui province, through the improvement of road signs, expansion and promotion of the routing publicity, we need to change the passive initiative and actively use the information advantage to carry out road marketing. We need also to join hands with service area and other road economic industry to carry out car camps and other self-driving travelling projects and attract traffic through effective publicity and guidance. It should continue to promote the smiling service, improve the charging efficiency, road capacity and service levels to enhance the competitiveness in sections under jurisdiction in the whole road network.

The risk of the expiry of franchise

Toll road assets have a relative nature of monopoly due to their franchise mode of operation. However, their franchises are subject to a certain toll collection period after the expiration of which the road operation enterprises will face significant challenge in their sustainable development. The Company's major road resources have entered a mature period and all operational terms have exceeded half of the total term other than Ningxuanhang project. Meanwhile, as acquisition targets are hard to fulfill due to relatively lower investment income for newly constructed highways and a shortage of high quality road resources, and the higher risk in provincial and foreign project or acquisition, the Company has a slow growth in the scale of road resources and the principal business income.

Section IV Report of the Board of Directors

Measures to be taken: The Group will, under the guidance of “13th Five-Year Plan”, actively promote the construction of Ningxuanhang Project to realize the full line operation of such highway as soon as possible, and make good efforts to link construction and management so as to give full use of synchronized effect and minimize the negative impact of the project on the Company’s performance. The Group will accelerate the reconstruction and expansion of Hening Expressway, and to explore the achievement of extension in the operation period of high quality road assets through expansion of its own road sections to enhance the Company’s profits. The Group will pay attention to the connotative development, make good use of own resources, explore the inherent growth potential, carry out industrial investments like road economy matching the direction of traffic information industrialization, and apply “Internet +” and big data layout vehicle networking industry etc. The Group will take appropriate measures to increase the financial investment, make a layout for funds and equity investment, participate in investment of emerging industry, set off from small-scale and small proportion of equity purchase and gradually expand its investment and eventually transform into self-business, taking the initiative to cultivate new profit growth.

Facing difficulties in non-principal business development

Due to factors such as relatively monotonous investment direction, relatively high investment concentration and unfavorable industry operating environment, intensifying market competition and inherently high industrial risks, the risks of the Group’s financial investment projects are becoming prominent. The profitability through holding or partially-holding corporations such as Wantong Pawn, Xin’an Financial, Wantong Micro Credit, etc. is not strong and the proportion of returns is relatively small. Especially in recent years, small loan companies, Internet finance and commercial banks have vigorously pursued new financing business, imposing greater impact on the pawn industry.

Measures to be taken: To prevent financial investment risks, in recent years, the Company has moderately reduced similar financial business and transferred shares of Xin’an Financial and reduced mortgage of Wantong Pawn. For the next step, the Company will sum up its experience in managing and controlling financial business over the last few years, fully study and demonstrate the industrial norms, and gradually make development strategy clearer to further enhance the ability to resist risks.

IV. Failure of the Company to disclose according to requirement due to inapplicable standards, national secrets, business secrets or other special reasons

Applicable Not applicable

V. Active fulfillment of social responsibility

The Company faithfully fulfills its social responsibilities, including environmental protection, major social security problems and compliance with relevant laws and regulations. During the reporting period, the Company did not have major environmental protection issues or other major social security problems. For details of the Company’s fulfillment of social responsibilities, please refer to “Social Responsibility Report”.

Section IV Report of the Board of Directors

In 2016, the Company continued to optimize the risk management system and the internal control system, refining the implementation, supervision and inspection of the internal control system and completed the establishment of the quality control system for implementation in all management offices, laying a solid foundation for the healthy development of the Company and the protection of the interests of shareholders and creditors. We were committed to creating a harmonious corporate atmosphere and strived to make employees enjoy the sense of happiness and achievement brought by working with a positive, grateful and optimistic attitude so as to create “LOHAS Time-Space” for employees. The Company has also established a sound feedback system with a specialized department responsible for listening to the opinions and suggestions of suppliers, customers and consumers, accepting questions raised by them, handling their complaints and making targeted improvements based on the actual situation of the Company to ensure that the interests of suppliers, customers and consumers are effectively protected. For details of maintaining and promoting the good relationship between the Group and its stakeholders, please refer to “Social Responsibility Report”.

The Board has confirmed that during the reporting period, the Company complied with the applicable provisions contained in the “Environmental, Social and Governance Reporting Guide” of the Listing Rules of the Hong Kong Stock Exchange. The Social Responsibility Report has complied with the disclosure requirements of the relevant Guide, and its discussions form part of the Report of the Board of Directors.

VI. Names of the Directors during the reporting period

Names	Independent non-executive directors or not	Notes
Qiao Chuanfu	no	Appointed on 20 May 2016
Chen Dafeng	no	
Xu Zhen	no	Appointed on 20 May 2016
Xie Xinyu	no	
Wang Xiufeng	no	Appointed on 20 May 2016
Du Jian	no	Appointed on 20 May 2016
Jiang Jun	yes	Appointed on 14 October 2016
Yang Mianzhi	yes	
Kong Yat Fan	yes	
Zhou Renqiang	no	Resigned on 20 May 2016 due to retirement
Li Junjie	no	Resigned on 22 January 2016 due to changes in work
Wu Xinhua	no	Resigned on 20 May 2016 due to work adjustment
Ni Shilin	no	Resigned on 20 May 2016 due to work adjustment
Hu Bin	yes	Resigned on 24 October 2016 due to job engagement

Section IV Report of the Board of Directors

VII. Fixed Assets

Details of the change in the fixed assets of the Group during the year are set out in Note 7 to Section XI Consolidated Financial Statements.

VIII. Controlling shareholders' interests in contracts

Save as disclosed in the section "Significant connected transactions" of this Annual Report, the Company or its subsidiaries and the parent company of the Company or its subsidiaries has not entered into any contract of significance which subsisted during the reporting period or at the end of the reporting period.

IX. Reserves

The figure and the details of any significant change in the reserves of the Company during the reporting period are set out in Note 17 to Section XI Consolidated Financial Statements. The Company's retained earnings as at 31 December 2016 calculated in accordance with HKFRS amounted to RMB 5,083,002 thousand (2015: RMB 4,461,627 thousand), and the Company's undistributed profits as at 31 December 2016 calculated in accordance with the PRC Accounting Standards amounted to RMB 5,477,017 thousand (2015: RMB 4,834,541 thousand).

X. Capital flow, financial resources and capital structure (According to Hong Kong Accounting Standards)

During the reporting period, the Group accumulatively obtained borrowings from banks which amounted to RMB 768 million (2015: RMB 564 million). At the end of the reporting period, the outstanding balance of bank borrowings were RMB 1.778 billion (2015: RMB 1.415 billion), all of which were long-term borrowings (2015: short-term borrowings amounted to RMB 250 million, and the remaining balances were long-term borrowings).

As at the end of the reporting period, among the bank borrowings, RMB 600 million (2015: RMB 250 million) bore fixed interest rate of 1.2% per annum (2015: 4.815%); and the remaining borrowings bore floating interest rates ranging between 2.194% to 4.9% per annum (2015: 1.758% to 5.535%).

Details of currency composition of bank borrowings are set out in Note 20 to Section XI Consolidated Financial Statements. Details of currency composition of cash and cash equivalents has been disclosed in Note 15 to Section XI Consolidated Financial Statements.

At the end of the reporting period, the Group had certain long-term payables, of which the interest-bearing borrowings bore floating interest rates ranging from 4.41% to 6.15% (2015: 5.15% to 6.15%), the details are set out in Note 22 to Section XI Consolidated Financial Statements. These long-term payables do not have an agreed repayment date.

The gearing ratio (net debt (total borrowings less cash and cash equivalents) divided by total capital) was 8.40% (2015: 15.87%).

Section IV Report of the Board of Directors

The Group's capital management policy is to ensure continuous operation of the Group to provide returns to its shareholders and other stakeholders. In response to the changing external economic environment, the Group will make timely adjustment on capital structure and make necessary strain. In order to maintain or adjust the capital structure, the Group may reduce the debt ratio by issuing new shares or controlling capital expenditure when necessary. The Group uses gearing ratio to monitor its capital.

The Group's strategy in 2016 as compared with 2015 remained unchanged and the Group was able to maintain gearing ratio under 30% with credit rating of AAA.

XI. Charge of assets and contingent liabilities

As at 31 December 2016, bank borrowings of approximately RMB 600 million was guaranteed by the toll revenue entitled by the Group after the completion of the proposed reorganization and expansion construction of Hening Expressway, and bank borrowings of approximately HK\$ 124 million was pledged by bank deposit of RMB 100 million (2015: RMB 197 million).

As at 31 December 2016, the Group had no contingent liabilities (2015: Nil).

XII. Major investment, acquisition and disposal

During the reporting period, the Group did not have any major investment and acquisition or disposal of subsidiaries, associated companies and joint ventures (2015: Nil).

XIII. Risks of currency and interest rate

As the Group's revenue and expenses are mainly denominated in RMB, the Group does not expect its operating activities will lead to material currency risk. During the reporting period, the Group did not use any financial instrument for hedging purpose.

Details of the financial risks and management of such risks are disclosed in Note 3 to Section XI Consolidated Financial Statements.

XIV. Staff Members

Details of the Group's staff members (including the number, remuneration policy and details of training) are disclosed in Section VII.

XV. Principal customers and suppliers

During the reporting period, the five largest customers and five largest suppliers of the Group accounted for less than 30% of revenue and purchases of the Group respectively.

Section IV Report of the Board of Directors

XVI. Liability insurance for Directors, Supervisors

In accordance with the Listing Rules of the SEHK, since 2012, the Company has made proper insurance arrangement for the legal actions possibly faced by the Company's management staff by purchasing liability insurance annually for directors, supervisors and senior management of the Company. The Company's shareholders, at general meeting, had authorized the executive directors of the Company or the secretary of the Board of Directors to handle subsequent annual renewal of insurance on the basis that there is no significant adjustment of liability limits and premiums budget, etc.

XVII. Items after the reporting period

Items after the reporting period has been disclosed in Section V "Major Events".

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

The profit appropriation plan or transfers of share capital from capital reserves plan has been disclosed in Section V "Major Events".

XIX. Charitable Donations

During the year ended 31 December 2016, the Group made charitable donations of approximately RMB106,000 (2015: RMB 210,000).

XX. Directors' and supervisors' interests in contracts and arrangement for purchase of shares or debentures

Please refer to the disclosure in Section VII Directors, Supervisors, Senior Management and Staff.

XXI. Management contracts

Save as disclosed in Section VII Directors, Supervisors, Senior Management and Staff, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into by the Group or existed during the year.

Section V Major Events

I. Ordinary shares 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 its listing, the Company has always insisted on providing returns to shareholders and has been continuously distributing cash dividends for 20 years. According to the relevant requirements of the regulatory agencies 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 perfected the Company's cash dividend policy and standardized the decision-making mechanism and procedures of the Company's profit distribution plans. The revised decision making procedures and systems for the profit distribution mainly include: when the Board makes the profit distribution plan, they should pay attention to the reasonable return for the investors and the sustainable development of the Company, and make a comprehensive analysis of the operation and development of the Company, the shareholders' desires, the cost of social capital, external financing environment and other factors. The Company's profit distribution plan should be drawn up by the Secretary to the Board of Directors and the financial officers, submitted to the Board of Directors for consideration after agreement from more than two-thirds of the independent directors. The Board of Directors will proceed to the full discussion of the rationality of the profit distribution plan and then submit the plan to the general meeting for approval after a resolution is passed.

After the convening of the meeting of board of directors, the Company should use a variety of methods to actively communicate with minority shareholders and listen to their opinions. When the general meeting is held to consider the cash dividends distribution plan, they should reply to the concern of minority shareholders as soon as possible.

Where pursuant to the Company's own operating condition, the need of investments planning 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 as set out in the Articles of Association, 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 disclosed and the plan should be approved by more than two-thirds of the independent directors, approved by the Board of Directors and then submitted to the general meeting for approval.

When the general meeting considers the adjustment of the profit distribution plan, the Company should provide the network voting platform, and resolutions should be approved by 2/3 of the shareholders who attend the general meeting.

Section V Major Events

The 2016 annual profit distribution plan (including cash bonus scheme) formulated by the Company conforms to the relevant requirements of the Articles of Association. In the process of making the plan and decision-making, the independent directors carefully studied and analyzed the related factors and published opinions independently, and the Company was also able to listen to the opinions of the independent directors and shareholders through various channels, and paid attention to small and medium-sized investors' demands and their legitimate rights and interests.

The 2015 profit appropriation plan of the Company has been implemented in July 2016.

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

(Unit: RMB' 000)

Distributed year	Basic earnings per ten shares (RMB) (including tax)	Amount of cash dividend (including tax)	Net profit attributable to shareholders of the Company in consolidated financial statements of the distributed years	The rate of the net profit attributable to shareholders of the Company in consolidated financial statements (%)
2016	2.3	381,480.30	933,257.55	40.88
2015	2.3	381,480.30	937,866.86	40.68
2014	2.3	381,480.30	860,865.57	44.31

3. During the report period, earnings and profits of parent company available for distribution for ordinary shareholders remained positive, Company should disclose in detail about the reason of not proposing an ordinary share cash profit allocation plan, and disclose the purpose and plan in using the undistributed profits.

Applicable Not applicable

Section V Major Events

II. Implementation of Undertakings

1. The commitments for actual controllers, shareholders, related person, purchasers, the Company and other related parties during the reporting period or subsisting until the reporting period.

Background of Commitment	Type of commitment	Commitment party	Content of commitment	Time and term of commitment	Whether there is time limit for performance	Whether strictly comply in a timely manner
Commitment related to the share reform	Other	Anhui Transportation Group	Continue to support the Company's acquisition of the good road assets owned by the Anhui Expressway Holding Group in the future and focus on the protection of shareholders' interests as always.	13 February 2006, long-term effective	No	Yes
Commitment related to the share reform	Other	Anhui Transportation Group, China Merchants Highway	After the completion of the split-equity reforming, the Board of Directors are recommended to develop a long-term incentive plan with equity incentive structure included. In accordance with the relevant provisions of the state, the Board of Directors or after approved at the General Meeting of Shareholders, the long-term incentive plan shall be implemented.	13 February 2006, long-term effective	No	Yes

Section V Major Events

Background of Commitment	Type of commitment	Commitment party	Content of commitment	Time and term of commitment	Whether there is time limit for performance	Whether strictly comply in a timely manner
Commitment related to IPO	Solve the competition within the industry	Anhui Transportation Group	Promise not to participate in any of the Company's actual businesses or other business activities from time to time which may constitute direct or indirect competition to the Company.	12 October 1996, long-term effective	No	Yes
Other Commitment	Other	Anhui Transportation Group	Not to reduce shareholding through the secondary market for a term of six months after 10 July 2015. Actively fulfill their duties as substantial shareholders and strive to improve the quality of listed companies, establish and improve a long-term mechanism for investors' return, continuously improve the level of investor returns.	Not to reduce shareholding during the six months from 10 July 2015.	Yes	Yes

Section V Major Events

III. Extraordinary use of funds and progress on settlement during the reporting period

Applicable Not applicable

IV. Appointment and Dismissal of Accountants

(Unit: RMB 0'000)

The name of PRC Accountant	PricewaterhouseCoopers Zhong Tian LLP	
Compensation of PRC Accountant		143
Term of audit of PRC Accountant		15
The name of Hong Kong Accountant	PricewaterhouseCoopers	
Compensation of Hong Kong Accountant		70
Term of audit of Hong Kong Accountant		15
	Name	Compensation
Accountant for internal control and audit	PricewaterhouseCoopers Zhong Tian LLP	35

Overview of Appointment and Dismissal of Accountants

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 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 were approved to be re-appointed as the PRC auditors and Hong Kong auditors for 2016 respectively at the 2015 Annual General Meeting. As at 2016, they have provided services to the Company for 15 years and changed the signing CPA in 2006, 2011, 2012 and 2015.

V. Exposure to the risk of suspension of listing

1. The cause for suspension of listing

Applicable Not applicable

2. The solutions adopted by the Company

Applicable Not applicable

VI. Condition and cause of facing termination of listing

Applicable Not applicable

VII. Bankruptcy and restructuring related matters

Applicable Not applicable

VIII. Significant litigation and arbitration events

Applicable Not applicable

IX. Punishment for listed companies, its directors, supervisors, senior executives, controlling shareholders, actual controllers and purchasers

Applicable Not applicable

X. Explanation of the credibility of the Company and its controlling shareholders and actual controllers during the report period

The Company and its controlling shareholders and actual controllers are in good standing, there are no events such as unsatisfied judgements and unsatisfied debt of substantial amounts.

XI. Information on equity-based incentives plan, employee share ownership plan or other employee incentives and their impacts

1. Relevant incentive items which has been disclosed any without further changes

Applicable Not applicable

2. Temporary announcement did not disclose or subsequent progress of incentive conditions

Equity incentive situation

Applicable Not applicable

Other description

Applicable Not applicable

The employee's share ownership plan

Applicable Not applicable

Other incentives

Applicable Not applicable

Section V Major Events

XII. Significant Connected Transactions

1. Connected transactions in relation to daily operations

The Group's related party transactions or continuing party transactions for the year ended 31 December 2016 have been disclosed in Note 36 to the consolidated financial statements. The details of some of the above related party transactions or continuing party transactions constituted the continuing connected transactions ("Continuing Connected Transactions") under the Listing Rules of the SEHK, the details are set out as follows.

Unit: RMB' 000

Date of agreement	Connected party	Connected relationship between connected party and the Company	Nature of interest of connected party in connected transaction	Content and purpose of connected transaction	Duration of agreement	Pricing principle of connected transaction	Amount of connected transaction
8 July 2014	Anhui Transportation Group	Parent company of the Company	Service user	To provide road sections entrustment management service	1 July 2014 to 31 December 2016	Determination through negotiation with reference to cost	12,436
28 April 2015	Expressway Petrochemical	Subsidiary of the parent company	Service user	To lease gas station of the Company	28 April 2015 to 31 March 2018	To recognize on a straight-line basis over the lease period	22,951
29 April 2014	Anhui Transportation Group	Subsidiary of the parent company	Service user	To lease Wantong building in New and High-tech Park	1 May 2014 to 31 December 2016	To recognize on a straight-line basis over the lease period	2,334
29 April 2014	Anhui Expressway Construction Headquarter	Subsidiary of the parent company	Service user	To lease Wantong building in New and High-tech Park	1 May 2014 to 31 December 2016	To recognize on a straight-line basis over the lease period	1,909
29 April 2014	Modern Transportation	Subsidiary of the parent company	Service user	To lease Wantong building in New and High-tech Park	1 May 2014 to 31 December 2016	To recognize on a straight-line basis over the lease period	597
29 April 2014	Anlian Company	Subsidiary of the parent company	Service user	To lease Wantong building in New and High-tech Park	1 May 2014 to 31 December 2016	To recognize on a straight-line basis over the lease period	564

Section V Major Events

Date of agreement	Connected party	Connected relationship between connected party and the Company	Nature of interest of connected party in connected transaction	Content and purpose of connected transaction	Duration of agreement	Pricing principle of connected transaction	Amount of connected transaction
29 April 2014	Expressway Petrochemical	Subsidiary of the parent company	Service user	To lease Wantong building in New and High-tech Park	1 May 2014 to 31 December 2016	To recognize on a straight-line basis over the lease period	438
29 April 2016	Modern Transportation	Subsidiary of the parent company	Service provider	To receive engineering and construction service	1 May 2016 to 30 April 2017	Tender price of tender agreement	8,333
29 April 2016	Modern Transportation	Subsidiary of the parent company	Service provider	To receive engineering and construction service	1 April 2016 to 31 December 2016	Determination through negotiation with reference to cost	2,980
16 December 2015	Modern Transportation (note)	Subsidiary of the parent company	Service provider	To receive engineering and construction service	16 December 2015 to 15 April 2016 or from 16 December 2015 to the completion of construction under the agreement (whichever is shorter)	Tender price of tender agreement	6,971
27 March 2015	Modern Transportation	Subsidiary of the parent company	Service provider	To receive steel supplies service	1 April 2015 to 31 March 2017	Tender price of tender agreement	50,462
27 March 2015	Modern Transportation	Subsidiary of the parent company	Service provider	To receive engineering and construction service	1 April 2015 to 31 March 2016	Tender price of tender agreement	679
29 August 2014	Bangning Property	Subsidiary of the parent company	Service provider	To receive property management service	1 September 2014 to 31 August 2017	Determination through negotiation with reference to cost	2,912
30 December 2016	Anhui Expressway Network Operations	Subsidiary of the parent company	Service provider	To receive toll collection service	1 September 2016 to 31 December 2017	Determination through negotiation with reference to cost	3,516

Note: Modern Transportation and Anhui Gonggeng Expressway Bridge Component Company Limited (a person independent from the Group) formed the joint venture as service provider.

Section V Major Events

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

- (1) The continuing connected transactions were carried out in the normal and usual course of business of the Group;
- (2) The above continuing connected transactions were carried out on ordinary commercial terms (as compared with transactions of similar nature carried out by the similar entities in the PRC) and on terms that are fair and reasonable to the Shareholders of the Company; and
- (3) The above continuing connected transactions were carried out in accordance with the agreements of such transactions.

Except for not entering into written agreements for the above toll collection services in time, disclosing service terms of the above toll collection services and establishing the relevant annual caps, as disclosed in the announcement of the Company dated 30 December 2016, the Company confirmed that the aforesaid connected transactions were disclosed in accordance with the disclosure requirements under Chapter 14A of the Listing Rules of SEHK.

In accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants, the Board has engaged the auditor of the Company to carry out the aforesaid Continuing Connected Transactions. The auditor has issued their unqualified letter about the findings and conclusions on the continuing connected transactions for our Group in this section in accordance with paragraph 14A.56 of the Main Board Listing Rules confirming that nothing has come to their attention that causes them to believe that the Continuing Connected Transactions of the Group (1) have not been approved by the Board of Directors; (2) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (3) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (4) have exceeded the annual cap. The copy of the letter will be submitted to the Stock Exchange of Hong Kong.

2. Connected transactions in assets or equity acquisition and offer for sale

- (1) Items which has been disclosed without further changes afterwards
Applicable Not applicable
- (2) Items which has not been disclosed
Applicable Not applicable
- (3) Involving an agreement of performance, shall disclose performance during the reporting period
Applicable Not applicable

3. Significant related party transactions on common external investment

- (1) Items which has been disclosed without further changes
Applicable Not applicable
- (2) Items which has been disclosed with further changes
Applicable Not applicable
- (3) Items which has not been disclosed
Applicable Not applicable

4. Related debtor and creditor account

- (1) Items which has been disclosed without further changes
Applicable Not applicable
- (2) Items which has been disclosed with further changes
Applicable Not applicable
- (3) Items which has not been disclosed

Unit: 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
ATHC	Controlling shareholder	0	0	0	978,957	73,710	1,052,667
XCIC	Other connected persons	0	0	0	501,200	-20,952	480,248
Total					<u>1,480,157</u>	<u>52,758</u>	<u>1,532,915</u>

The circumstances under which the connection is formed

The joint investment amount of ATHC and XCIC exceeded the registered capital of the Company. The difference will be counted towards the long-term payables and such an amount is unsecured and without fixed repayment date.

XIII. Material Contracts and their Implementation

1. Entrusted management, subcontracting and leasing items

- (1) Condition of entrusted management
Applicable Not applicable
- (2) Condition of subcontracting
Applicable Not applicable
- (3) Condition of leasing
Applicable Not applicable

Section V Major Events

2. Guarantee

(RMB' 00,000,000)

Guarantees provided by the Company and its subsidiaries for its subsidiaries

Total amount of guarantees provided for the subsidiaries by the Company during the reporting period	-0.03
Total balance of guarantees provided for the subsidiaries as at the end of the reporting period	1.74
Total amount of guarantees provided by the Company (including guarantees provided for its subsidiaries)	
Total guarantee amount	1.74
Total guarantee amount as a percentage of net asset value (%)	2.01

Overview The Company provided a guarantee of RMB 500 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 amounted to RMB 0.174 billion.

3. Entrusted cash capital management

(1) Entrusted Wealth Management

Unit: Yuan Currency: RMB

Trustee	Type of entrusted wealth management products	Amount of entrusted wealth management	Beginning date of entrusted wealth management	Termination date of entrusted wealth management	Method to determine return	Principal amount actually recovered	Income actually received	Through a legal procedure or not
Bank of China, Hefei High-tech Sub-branch	Returns guaranteed	90,000,000	1 February 2016	22 February 2016	by agreement	90,000,000	129,452.05	Yes
Bank of China, Hefei Xinqiao Sub-branch	Returns guaranteed	20,000,000	2 February 2016	23 February 2016	by agreement	20,000,000	34,520.55	Yes
Bank of China, Hefei Changfeng South Road Sub-branch	Returns guaranteed	30,000,000	2 February 2016	23 February 2016	by agreement	30,000,000	50,054.79	Yes
Bank of China, Hefei Beicheng Sub-branch	Returns guaranteed	10,000,000	2 February 2016	23 February 2016	by agreement	10,000,000	16,684.93	Yes
Bank of Jiujiang, Hefei Branch	Returns guaranteed	52,000,000	3 February 2016	9 March 2016	by agreement	52,000,000	174,520.55	Yes
Bank of China, Hefei Changfeng South Road Sub-branch	Returns guaranteed	30,000,000	26 February 2016	28 March 2016	by agreement	30,000,000	63,698.63	Yes
Bank of China, Hefei Xinqiao Sub-branch	Returns guaranteed	40,000,000	29 February 2016	28 March 2016	by agreement	40,000,000	76,712.33	Yes
Bank of China, Hefei Beicheng Sub-branch	Returns guaranteed	10,000,000	29 February 2016	4 May 2016	by agreement	10,000,000	48,082.19	Yes

Section V Major Events

Trustee	Type of entrusted wealth management products	Amount of entrusted wealth management	Beginning date of entrusted wealth management	Termination date of entrusted wealth management	Method to determine return	Principal amount actually recovered	Income actually received	Through a legal procedure or not
Bank of China, Hefei High-tech Sub-branch	Returns guaranteed	90,000,000	1 March 2016	22 March 2016	by agreement	90,000,000	129,452.05	Yes
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	5,000,000	2 March 2016	7 April 2016	by agreement	5,000,000	18,739.73	Yes
China CITIC Bank, Hefei Branch	Principal guaranteed with floating returns	20,000,000	4 March 2016	8 April 2016	by agreement	20,000,000	52,739.73	Yes
China CITIC Bank, Meitun Branch	Principal guaranteed with floating returns	10,000,000	4 March 2016	8 June 2016	by agreement	10,000,000	77,589.04	Yes
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	50,000,000	22 March 2016	27 May 2016	by agreement	50,000,000	330,000.00	Yes
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	25,000,000	8 April 2016	23 May 2016	by agreement	25,000,000	89,863.01	Yes
Bank of China, Hefei Xinqiao Sub-branch	Returns guaranteed	40,000,000	11 April 2016	11 July 2016	by agreement	40,000,000	269,260.27	Yes
Bank of China, Hefei High-tech Sub-branch	Returns guaranteed	140,000,000	25 April 2016	29 June 2016	by agreement	140,000,000	711,890.41	Yes
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	28,000,000	26 May 2016	30 June 2016	by agreement	28,000,000	85,917.81	Yes
China CITIC Bank, Hefei Branch	Principal guaranteed with floating returns	40,000,000	29 April 2016	1 June 2016	by agreement	40,000,000	97,643.84	Yes
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	50,000,000	1 June 2016	11 July 2017	by agreement	50,000,000	164,383.56	Yes
Industrial and Commercial Bank of China, Hefei Changjiang East Road Sub-branch	Principal guaranteed with floating returns	70,000,000	3 June 2016	7 July 2017	by agreement	70,000,000	181,232.88	Yes
Bank of China, Hefei Changfeng South Road Sub-branch	Returns guaranteed	20,000,000	28 June 2016	2 August 2016	by agreement	20,000,000	57,534.25	Yes
China CITIC Bank, Hefei Branch	Principal guaranteed with floating returns	30,000,000	1 July 2016	3 August 2016	by agreement	30,000,000	73,232.88	Yes
Industrial and Commercial Bank of China, Hefei Changjiang East Road Sub-branch	Principal guaranteed with floating returns	80,000,000	29 June 2016	4 August 2016	by agreement	80,000,000	207,123.29	Yes
Bank of China, Hefei Xinqiao Sub-branch	Returns guaranteed	40,000,000	27 July 2017	31 August 2016	by agreement	40,000,000	99,726.03	Yes
Industrial and Commercial Bank of China, Hefei Changjiang East Road Sub-branch	Principal guaranteed with floating returns	80,000,000	29 July 2017	1 September 2016	by agreement	80,000,000	199,452.05	Yes

Section V Major Events

Trustee	Type of entrusted wealth management products	Amount of entrusted wealth management	Beginning date of entrusted wealth management	Termination date of entrusted wealth management	Method to determine return	Principal amount actually recovered	Income actually received	Through a legal procedure or not
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	30,000,000	1 August 2016	5 September 2016	by agreement	30,000,000	90,616.44	Yes
Bank of China, Hefei Xinqiao Sub-branch	Returns guaranteed	40,000,000	1 September 2016	3 November 2016	by agreement	40,000,000	186,410.96	Yes
Industrial and Commercial Bank of China, Hefei Changjiang East Road Sub-branch	Principal guaranteed with floating returns	80,000,000	6 September 2016	10 October 2016	by agreement	80,000,000	191,780.82	Yes
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	30,000,000	7 September 2016	7 November 2016	by agreement	30,000,000	150,410.96	Yes
Industrial and Commercial Bank of China, Hefei Changjiang East Road Sub-branch	Principal guaranteed with floating returns	100,000,000	9 September 2016	13 October 2016	by agreement	100,000,000	215,397.27	Yes
Industrial Bank, Hefei Branch	Principal guaranteed with floating returns	50,000,000	13 October 2016	11 January 2017	by agreement	50,000,000	369,863.01	Yes
China CITIC Bank, Hefei Branch	Principal guaranteed with floating returns	50,000,000	13 October 2016	12 January 2017	by agreement	50,000,000	361,506.85	Yes
Bank of Jiujiang, Hefei Branch	Principal guaranteed with floating returns	50,000,000	4 November 2016	30 December 2016	by agreement	50,000,000	226,301.37	Yes
Bank of China, Hefei High-tech Sub-branch	Returns guaranteed	50,000,000	7 November 2016	30 December 2016	by agreement	50,000,000	188,767.12	Yes
Bank of China, Hefei High-tech Sub-branch	Returns guaranteed	30,000,000	21 December 2016	11 January 2017	by agreement	30,000,000	60,410.96	Yes
Total	/	1,610,000,000	/	/ /		1,610,000,000	5,480,972.61	/
Accumulated amounts of principal and returns overdue but yet to recover (yuan)						0		

Explanations on entrusted wealth management

The above entrusted wealth management did not involve connected transactions and litigations, and the principal and returns of all wealth management products have been fully recovered on schedule.

Note: The “Proposal Regarding Purchase of Bank Wealth Management Products with Self-owned Pool of Funds” was considered and approved at the 18th Meeting of the Seventh Session of the Board of the Company held on 19 August 2016. By which, on the premise of ensuring the fund safety, the Company was permitted to purchase in the next year short-term principal-guaranteed bank financial products of high earnings, with their balance amounts during the same period not exceeding RMB 0.5 billion, and the senior management of the Company was authorized to deal with the above matters.

Section V Major Events

(2) Entrusted Loans

Unit: '0,000 Currency: RMB

Names of borrowers	Amount of entrusted loan	Loan period	Lending rates	Use of the loan	Securities or guarantor	Whether it has fallen due	Whether it is a connected transaction	Whether there is roll-over	Whether there is relevant litigation	Association	Whether the investment results in a profit or loss
Ningxuanhang Company	1,009	10 years	4.9%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	3,825	10 years	4.41%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	1,428	10 years	4.41%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	3,213	10 years	4.41%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	1,989	10 years	4.41%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit
Ningxuanhang Company	3,009	10 years	4.41%	construction of Ningxuanhang Expressway	None	No	No	No	No	owned subsidiary	profit

Details of the entrusted loans

According to the 2016 investment plan of the third phase project of Ningxuanhang Company (Liqiao-Xuancheng Section), which was approved by the Company at the 14th meeting of the Seventh Session Board held on 25 March 2016, in respect of the Company's share in the difference between the total amount of investment and the total amount of project capital, the Company will invest up to RMB 250 million in 2016 in the form of entrusted loans into Ningxuanhang Company for the construction of the Liqiao-Xuancheng Section. The entrusted loan capital would be funded by the Company's own capital, the term of the loans must not be more than 10 years.

During the reporting period, the Company provided entrusted loan capital amount of RMB 144,730 thousand to Ningxuanhang Company. The aggregate amount of entrusted loans provided by the Company amounted to RMB 812,962.3 thousand.

(3) Other investment financing and derivatives

Applicable Not applicable

4. Other major contracts

Applicable Not applicable

Section V Major Events

XIV. Analysis on Other Major Events

Application for issuing short-term financing bonds

In order to satisfy the capital requirements of the Company and to integrate with the future capital investment progress, the seventh session of the Board at its 12th meeting convened on 22 January 2016 approved the proposed issue of ultra short-term financing bonds of RMB 1 billion with a term of 270 days by the Company. The registration and issuance of the ultra short-term financing bonds have been approved by shareholders at the 2015 annual general meeting of the Company held on 20 May 2016 and are pending for registration with the National Association of Financial Market Institutional Investors.

Adjustment of the preferential policies of toll for road truck

According to the “Implementation of Views on Cost Reduction to Reduce the Financial Burden of Real Economy of People’s Government of Anhui Province” and the “Notice on Conscientiously Implementing the Preferential Policies for Truck Toll issued by Anhui Provincial Department of Transportation”, the trucks using toll roads of Anhui Province with Anhui transportation card can enjoy a 10% discount further to the current 5% discount. This discount will last for three years from 12 July 2016 to 11 July 2019 temporarily.

Investment in fund management company and establishment of industrial investment fund

In order to implement the Company’s diversified development strategy, enhance the capital operation ability and cultivate new profit growth point, promote the Company to do stronger and better and promote healthy sustainable development of the Company, the Company proposed to jointly establish Anhui Transportation China Merchants Investment Management Co., Ltd. (proposed name which is subject to registration as approved by the Administration for Industry and Commerce, the “Fund Management Company”) with China Merchants Zhiyuan Capital Investment Co., Ltd. (“China Merchants Zhiyuan”) and Anhui Transportation Holding Capital Investment Co., Ltd. (“Transportation Holding Capital”), and to jointly establish Anhui Transportation China Merchants Industrial Fund (Limited Partnership) (proposed name) with Transportation Holding Capital, Anhui Anlian Expressway Company Limited, China Merchants Zhiyuan and the Fund Management Company. The amount of investment responsible by the Company will be RMB200,000,000. The above proposals had been considered and approved at the 22nd meeting of the Seventh Session of the Board of the Company held on 17 March 2017. Such external investment is currently in its preparation stage and this project is subject to approval by Anhui Transportation Group. As at the date of this announcement, the Company has not made any actual contribution. The specific terms of this transaction shall only finalise after the signing of formal legal document(s). The Board of the Company has authorised the senior management to manage, revise and sign related legal document(s) involved in this investment matter. The Company will adopt disclosure principle to disclose stage by stage and will timely disclose the specific progress of the industry fund. Please refer to the H Share announcement of the Company dated 17 March 2017 for details of the proposed transaction, including the Group’s expected source of funds.

XV. The fulfillment of the social responsibility

1. Poverty alleviation work situation of the listed company

(1) Precise planning for poverty alleviation

We will take full advantage of the highway and the grassroots units featured by running across suburbs and rural areas, and mobilize the enthusiasm of the management offices and subsidiaries to carry out poverty alleviation, make donations for the construction of rural infrastructure, school funding and other social welfare undertakings under the guidance of national precise poverty alleviation policies. We fulfill social responsibility, and effectively promote the interaction between grassroots units and local residents, so as to organize, manage and establish mass public base and establish a good corporate image.

(2) The annual precision profile for poverty alleviation

- a. The Company will continue to help Zaojia Town, Changfeng County specifically, and make constant efforts to improve the rural farmland water conservancy infrastructure. In 2016, we have donated RMB 50,000 for upgrading motor pumps in Cuixiang 2th Station, Chenliu Village, strengthening of pump station and dredging of earth and stone.
- b. Help 3 persons in Tianchang county by donating a total of RMB 1,245; help 18 left-behind children by providing school supplies.
- c. Help 17 persons in Xiaoxian county by issuing condolences of RMB 16,000.
- d. Help Gaojie county by means of pairs, each middle-above manager will be allocated to two pairs of villagers. Through personal donation, there are RMB 4,500 industry assistance funds to help 11 poor farmers to buy baby chickens and ducks, tea seedlings and agricultural seeds.
- e. Xuanguang company is active in establishing local civilization and beautiful rural areas and joint construction work. It took the initiative to help poor farmers in Lingda Township, Langxi County and Taohuantan Village, Jing County by providing RMB 4,000 of poverty alleviation funds, RMB 20,000 for beautiful rural construction poverty alleviation and RMB 10,000 for joint construction.

Section V Major Events

(3) Statistical table of the precise poverty alleviation work of the listed company

(Unit: Yuan) (Currency: RMB)

Index	Quantity and Proceeding Situation
I. Overall Condition	
Among:1. Funds	105,745
II. The Component Of Investment	
1.The Industrial Development Of Poverty	
1.2 Industry Poverty Alleviation	
Project Number	1
1.3 Industry Poverty Alleviation	
Project Investment Amount	4,500
8.Social Poverty Alleviation	
8.2 The Amount Of Fixed-Point	
Poverty Alleviation Work Inputs	50,000
9.Other Items	
Among: 9.1. Project Number	3
9.2. Investment Amount	51,245
III. Awards (Content And Level)	

(4) Plans of Subsequent Precision Poverty Alleviation

- a. Continue to carry out poverty alleviation by means of pairs and target poverty alleviation and other forms of poverty reduction.
- b. Making more efforts in increasing poverty alleviation, carry out field research and develop more objective, specific and operational measures for poverty alleviation.
- c. Take advantage of management to promote enthusiasm in getting out of poverty in local residents and rural poor people, and make full use of local resources to develop tourism, breeding and other industries to help the villagers to cultivate speciality industries.

2. Social Responsibility works

For details, please see the "Anhui Expressway Company Limited 2016 Social Responsibility Report" disclosed by the Company on SSE website (www.sse.com.cn) on the same date.

3. Explanation on the environmental protection of listed companies and their subsidiaries which are engaged in heavy pollution industries as specified by the national environmental protection authorities

Applicable Not applicable

4. Other description

Applicable Not applicable

XVI.Convertible Bonds

1. Debt issuance

Applicable Not applicable

2. Bond holders and the guarantors during the reporting period

Applicable Not applicable

3. The change of Convertible Bonds during the reporting period

Applicable Not applicable

The cumulative transfer shares of Convertible Bonds during the reporting period

Applicable Not applicable

4. All previous adjustments of the price of transfer shares

Applicable Not applicable

5. The liability situation, the change of the credit and arrangements of annual repayment of cash in the coming year of the Company

Applicable Not applicable

6. Other description of Convertible Bonds

Applicable Not applicable

XVII.Pre-emptive Rights

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

Section V Major Events

XVIII. Tax Concession

Shareholders of the Company are taxed in accordance with the following tax regulations and the amendments thereof from time to time. They shall enjoy possible tax relief according to the actual situation. Shareholders should seek professional advice from their tax and legal advisors.

Holders of A shares:

Pursuant to Notice on Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) (CaiShui [2015] No.101), for shares of listed companies obtained by individuals from public offerings or the market, where the holding period exceeds one year, the dividends shall be exempted from individual income tax; where the holding period is less than one month (inclusive), the dividends shall be counted as taxable income in the full amount; where the holding period is more than one month and less than one year (inclusive), 50% of the dividends shall be counted as taxable income on a provisional basis. The individual income tax rate of 20% shall be applicable for all incomes mentioned above.

Pursuant to Notice on Withholding and Paying Enterprise Income Tax Matters Concerning PRC Domestic Enterprise Paying Dividends, Bonuses and Interests to QFII (《關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》) (GuoShui Han [2009] No.47), for qualified foreign institutional investors, the Company shall withhold and pay enterprise income tax at a tax rate of 10%. If the relevant shareholders consider their dividends enjoy tax treaty (arrangement) benefits, such shareholders may apply for tax refund on their own to the competent tax authorities in accordance with the provisions after obtaining dividends.

Holders of H shares:

Pursuant to Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules implemented in 2008, any PRC domestic enterprise which pays dividends to a non-resident enterprise shareholder shall withhold and pay enterprise income tax at tax rate of 10%. Pursuant to Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of GuoShuiFa [1993] No.045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (GuoShuiHan [2011] No.348) and the letter of SEHK titled "Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies" dated 4 July 2011, when the domestic non-foreign investment companies which are listed in Hong Kong distribute dividends to their shareholders, the individual shareholders in general will be subject to a withholding tax rate of 10%, unless otherwise specified by the tax regulations and relevant tax agreements.

Under the current practice of relevant tax authorities, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Investors of Shanghai-Hong Kong Stock Connect Program:

For tax matters on individual investors in the PRC investing in H shares listed on SEHK and the investors in Hong Kong investing in A shares listed on the SSE under Shanghai-Hong Kong Stock Connect Program, please refer to Notice on Tax Policy Concerning the Pilot Inter-connected Mechanism for Trading on the Stock Markets of Shanghai and Hong Kong (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (CaiShui [2014] No.81) jointly issued by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission.

Section VI Change of Ordinary Shares and Shareholders

I. Change of ordinary share capital

(I) Change of ordinary shares

1. Change of ordinary shares

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

(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. With conditions limiting 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									
II. Without conditions limiting sale of the shares									
1. RMB ordinary shares	1,165,600,000	70.28					1,165,600,000		70.28
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	493,010,000	29.72					493,010,000		29.72
4. Other									
III. The total number of shares	1,658,610,000	100					1,658,610,000		100

2. Explanation of Change of ordinary share capital

Applicable Not applicable

3. The Influence of the Financial Indicators like Earnings Per Share and Net Assets Per Share in recent year and issue from Change of ordinary share capital (If any)

Applicable Not applicable

4. Other Content that the Company deems necessarily or the Securities Regulatory Authority requires to disclose.

Applicable Not applicable

(II) Change of restricted shares

Applicable Not applicable

Section VI Change of Ordinary Shares and Shareholders

II. Issue of share and listing

(I) Issue of share up to the reporting period

Applicable Not applicable

Information of Issue of share up to the reporting period (Please explain separately the bonds of different rates within the duration):

Applicable Not applicable

(II) Total of Ordinary shares of the Company, Change of shareholder structure and Change of corporate assets and liability structure

Applicable Not applicable

(III) Existing Internal Workers' Shares

Applicable Not applicable

III. Shareholders and effective controller

(I) Number of shareholders

Number of shareholders of ordinary shares as at the end of the reporting period	21,770
The total number of shareholders of ordinary shares at the end of the month before the date of the publication of the Annual Report	28,533

Section VI Change of Ordinary Shares and Shareholders

(II) Shareholdings of top ten shareholders and top ten tradable shareholders (or unrestricted shareholders) as at the end of the reporting period

Unit: shares

The top ten shareholders

Name of shareholders	Change during the reporting period	Total shareholding as at the end of the year	Shareholding percentage	Number of restricted shares	shares pledged or locked-up Number	Nature of shareholders
Anhui Transportation Group	0	524,644,220	31.63	0	Nil	State-owned
HKSCC NOMINEES LIMITED	+12,001	489,035,899	29.48	0	Unknown	Overseas legal person
China Merchants Highway	0	404,191,501	24.37	0	Nil	State-owned legal person
Wu Juhong	-85,495	6,328,652	0.38	0	Nil	Domestic natural person
Zhang Jian	-8,591,821	6,204,500	0.37	0	Nil	Domestic natural person
Ding Xiuling		5,320,234	0.32	0	Nil	Domestic natural person
Wu Mujun	-74,765	5,317,670	0.32	0	Nil	Domestic natural person
Bao Ying		4,013,200	0.24	0	Nil	Domestic natural person
Chen Xiaohong		3,909,539	0.24	0	Nil	Domestic natural person
Liu Qiuxi		3,365,881	0.20	0	Nil	Domestic natural person

Section VI Change of Ordinary Shares and Shareholders

The ten largest unrestricted shareholders

Name of shareholders	Number of unrestricted circulating shares	Type and Number of shares	
		Type	Number
Anhui Transportation Group	524,644,220	RMB ordinary shares	524,644,220
HKSCC NOMINEES LIMITED	489,035,899	Overseas listed foreign shares	489,035,899
China Merchants Highway	404,191,501	RMB ordinary shares	404,191,501
Wu Juhong	6,328,652	RMB ordinary shares	6,328,652
Zhang Jian	6,204,500	RMB ordinary shares	6,204,500
Ding Xiuling	5,320,234	RMB ordinary shares	5,320,234
Wu Mujun	5,317,670	RMB ordinary shares	5,317,670
Bao Ying	4,013,200	RMB ordinary shares	4,013,200
Chen Xiaohong	3,909,539	RMB ordinary shares	3,909,539
Liu Qiuxi	3,365,881	RMB ordinary shares	3,365,881

Explanations of connected relationship between the above-mentioned shareholders or consistent action

There is no connected relationship between the State-owned Shareholders and the legal person Shareholders in the above chart. The Company does not know if there is connected relationship amongst other shareholders, or whether they belong to the persons acting in concert under "Provisions on Information Disclosure Management of Shareholders' Shareholding Changes of Listed Companies".

Note: H Shares held by HKSCC NOMINEES LIMITED represent the holding of many clients.

Shareholdings and restrictions of top ten restricted shareholders

Applicable Not applicable

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

Applicable Not applicable

Section VI Change of Ordinary Shares and Shareholders

(IV) Persons who have interests or short positions disclosable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance

As at 31 December 2016, so far as 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, directly or indirectly, were 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 SEHK under the provisions of Section 336 of Part XV of the Securities and Futures Ordinance is as follows:

Name	Capacity	As at end of the period (shares)	Increase/Decrease during the reporting period	Type of shares	% of total share capital	Pledged or locked-up
Anhui Transportation Group	beneficial owner	524,644,220	0	RMB ordinary shares	45.01%	No
China Merchants Highway	beneficial owner	404,191,501	0	RMB ordinary shares	34.68%	No

Name	Capacity	No. as at the end of the period (shares)	Change during the reporting period	Type of shares	% of H shares	Pledged or Unknown
China Merchants Highway (Note1)	Interest in controlled corporation	89,160,000 (L)	+15,506,000	H shares	18.08%	Unknown
Jia Xuan Company Limited (Note1)	Registered owner	89,160,000 (L)	+15,506,000	H shares	18.08%	Unknown
FIL Limited	Investment Manager	34,534,000 (L)	+34,534,000	H shares	7.00%	Unknown
HSBC Holdings plc (Note2)	Interest in controlled corporation	98,525,221 (L)	0	H shares	19.98%	Unknown
		99,825,933 (S)	0		20.25%	
JPMorgan Chase & Co. (Note 3)	Beneficial owner,	29,602,292 (L)	+419,600	H shares	6.00%	Unknown
	Custodian-	546,000 (S)	-118,000		0.11%	
	corporation/ approved lending agent	27,869,600 (Available for lending)	+495,600		5.65%	

Section VI Change of Ordinary Shares and Shareholders

Notes:

1. Such H share is registered and held by Jia Xuan Company Limited and China Merchants Highway holds 100% interests of Jia Xuan Company Limited. Based on relevant materials, China Merchants is direct controlled by China Merchants Group Limited.
2. Based on relevant materials, HSBC Holdings plc holds 98,525,221 shares of H shares of the Company, of which is registered and held by HSBC Bank plc, The Hongkong and Shanghai Banking Corporation Limited, HSBC Private Bank (Suisse) SA and HSBC Life (International) Limited for 70,822,636 H shares, 27,389,085 H shares, 14,000 H shares and 299,500 H shares, and all above companies are wholly owned subsidiaries controlled by HSBC Bank plc directly or indirectly.
3. Based on relevant materials, JPMorgan Chase & Co. holds 29,602,292 shares of H shares of the Company, of which is registered and held by J.P. Morgan Clearing Corp, J.P. Morgan Whitefriars Inc., J.P. Morgan Securities plc and J.P. Morgan Chase Bank N.A. for 692 H shares, 1,292,000 H shares, 440,000 H shares and 27,869,600 H shares, and all above companies are wholly owned subsidiaries controlled by JPMorgan Chase & Co. directly or indirectly.

Based on relevant materials, JPMorgan Chase & Co. holds 546,000 shares of short stocks of H shares, of which 106,000 shares are over-the-counter derivatives with the physical delivery.

Save as disclosed in this annual report, the register maintained in accordance with Section 336 under Part XV of the Securities and Futures Ordinance as at 31 December 2016 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 2016.

Section VI Change of Ordinary Shares and Shareholders

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

(I) The controlling shareholder of the Company

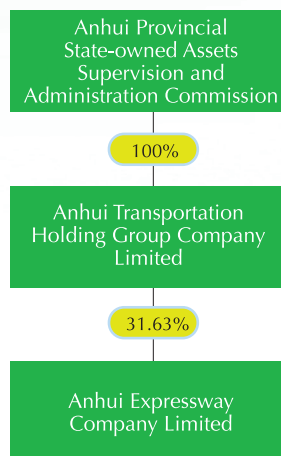
1. Legal representative

Name	Anhui Transportation Group
Legal representative	Qiao Chuanfu
Date of establishment	27 April 1993
Business scope	Building, supervision, testing, design, construction, technical consultation and service of highway and related infrastructure; investment and asset management; real estate development and operation; road transportation; logistics services; expressway service area operation and management, such as tolling, maintenance, road property rights protection; advertising production and publication.
Shareholding and control of other domestic and foreign listed companies during the reporting period	As of the end of the reporting period, Anhui Transportation Group holds 6,143,498 shares of Guotai Junan, representing 0.0806% of its total shares, and 469,032,613 shares of Huishang Bank, representing 4.24% of its total shares.
Other information	Nil

Section VI Change of Ordinary Shares and Shareholders

2. Block diagram on ownership and controlling relationships between the Company and the controlling shareholders

The controlling shareholder of the Company - Anhui Transportation Group is a state-owned enterprise and is under the control of Anhui Provincial State-owned Assets Supervision and Administration Commission.



(II) Information of the effective controller of the Company

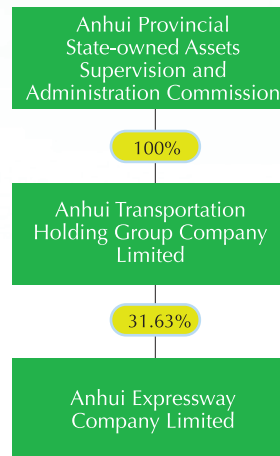
1. Legal representative

	Anhui Provincial State-owned Assets Supervision and Administration Commission
Name	
Legal representative	
Date of establishment	
Major business scope	
Control and Shareholding of other domestic and Overseas listed companies during the reporting period	
Other Information	

Section VI Change of Ordinary Shares and Shareholders

2. Block diagram on ownership and controlling relationships between the Company and the effective controller

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



3. The effective controller controls the Company through trust or other asset management methods.

Applicable Not applicable

(III) Other information of the controlling shareholders and effective controller

Applicable Not applicable

Section VI Change of Ordinary Shares and Shareholders

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	Major business scope and management activities, etc.
China Merchants Highway	Deng Renjie	18 December 1993	91110000101717000C	56.23	investment, development, construction and operation management of roads, bridges, wharves, harbors and sea lanes; investment management; development and research 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 and fittings, metal and daily necessities; economic information consultation and talent training

Notes

On 2 September 2016, the Company received the "Correspondence about change of main information such as company name" issued by the second largest shareholder-China Merchants Hua Jian Highway Investment Company Limited. According to development needs for the company, China Merchants Hua Jian Highway Investment Company Limited officially renamed as China Merchants Highway Network Technology Holding Company Limited (For details, please refer to the announcement numbered "Lin 2016-054").

VI. Explanation on Reduced Shareholding

Applicable Not applicable

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

During the reporting period, none of the Group purchased, sold or repurchased any listed securities of the Company.

VIII. Sufficiency of Public Float

Based on the publicly available information as at the last practicable date prior to the printing of this report known to the Directors, the Board believed that the public float of the Company was in compliance with the requirements on the sufficiency of public float under the Listing Rules of the Hong Kong Stock Exchange.

Section VII Directors, Supervisors, Senior Management and Staff

I. Changes in shareholdings and remuneration

(I) Changes in shareholdings and remuneration of existing directors, supervisors and senior management and those leaving offices during the reporting period

Name	Position (Note)	Sex	Age	The start date of term of office	The expiration date of term of office	Total remuneration (before tax) from the Company during the reporting period (RMB ten thousand)	Whether obtained remuneration from any related party of the Company
Qiao Chuanfu	Chairman	Male	58	2016.05.20	2017.08.16	0	Yes
Chen Dafeng	Director	Male	54	2014.08.17	2017.08.16	0	Yes
Xu Zhen	Director General Manager	Male	53	2016.05.20 2015.03.27	2017.08.16 2017.08.16	42.06	No
Xie Xinyu	Director Deputy General Manager	Male	50	2014.08.17	2017.08.16	34.66	No
Wang Xiufeng	Director	Male	47	2016.05.20	2017.08.16	0	Yes
Du Jian	Director	Male	46	2016.05.20	2017.08.16	0	Yes
Jiang Jun	Independent Director	Male	44	2016.10.14	2017.08.16	2	No
Yang Mianzhi	Independent Director	Male	48	2014.08.17	2017.08.16	8	No
Kong Yat Fan	Independent Director	Male	45	2014.08.17	2017.08.16	12	No
Liu Youcai	Supervisory board chairman	Male	53	2016.05.20	2017.08.16	0	Yes
Yang Yicong	Supervisor	Male	61	2014.08.17	2017.03.23	0	No
Jiang Yue	Supervisor	Male	35	2016.05.20	2017.08.16	0	Yes
Meng Jie	Deputy General Manager	Male	40	2014.08.17	2017.03.24	0	Yes

Section VII Directors, Supervisors, Senior Management and Staff

Name	Position (Note)	Sex	Age	The start date of term of office	The expiration date of term of office	Total remuneration (before tax) from the Company during the reporting period (RMB ten thousand)	Whether obtained remuneration from any related party of the Company
Li Huimin	Deputy General Manager	Male	53	2015.12.16	2017.08.16	25.42	No
Chen Jiping	Deputy General Manager	Male	46	2016.08.19	2017.08.16	17.19	No
Han Rong	Secretary to the Board	Female	48	2014.08.17	2017.03.24	35.90	No
Zhou Renqiang	Chairman	Male	62	2014.08.17	2016.05.20	0	Yes
Li Junjie	Deputy Chairman	Male	57	2014.08.17	2016.01.22	1.5	No
Wu Xinhua	Director	Male	50	2014.08.17	2016.05.20	0	Yes
Ni Shilin	Director	Male	50	2014.08.17	2016.05.20	0	Yes
Hu Bin	Independent Director	Male	46	2014.08.17	2016.10.14	0	No
Qian Dongsheng	Supervisory board chairman	Male	50	2014.08.17	2016.05.20	0	Yes
He Kun	Supervisor	Female	40	2015.05.22	2016.05.20	0	Yes
Xu Yiming	Deputy General Manager	Male	54	2015.03.27	2016.08.19	28.04	No
Total	/	/	/	/	/	206.77	/

During the reporting period, none of the directors, supervisors and senior management held, purchased or sold the securities of the Company.

Section VII Directors, Supervisors, Senior Management and Staff

Name	Year of joining the Group	Major work experiences
Qiao Chuanfu	2016	He was born in 1959, is a holder of a university degree (on the job programme) and a master 's degree in executive business administration and a senior economist. He was the deputy director of the Navigation Management Authority of the Anhui Province, officer of the Water Transport Service Centre of the Anhui Province, general manager of Anhui Province Shipbuilding Corporation, general manager of Anhui Province Transport Construction Investment Development Corporation, general deputy director of World Bank Financing Project Office at Anhui Communications, vice chairman of the board, general manager, Party Committee deputy secretary of Anhui Transportation Investment Group Company Limited, vice chairman of the Board, general manager, and Party Committee deputy secretary of Anhui Transportation Group. He is currently the chairman of the board and Party Committee secretary of Anhui Transportation Group.
Chen Dafeng	2014	He was born in 1963, and is a Doctor of Engineering and a senior engineer. He was previously the deputy chief engineer, deputy head, and head of the Mechanical and Electrical Installation Division of China Coal No. 3 Construction Corporation (中煤第三建設公司機電安裝處); vice manager of China Coal No. 3 Construction Corporation, the manager, Deputy Secretary of the Party Committee, the vice chairman of the board of directors, the general manager and Deputy Secretary of the Party Committee of China Coal No. 3 Construction (Group) Corporation LTD. (中煤第三建設(集團)有限責任公司); the vice chairman of the board of directors, the vice general manager and a member of the Party Committee of Anhui Petroleum Chemical Group Go.Ltd (安徽省石油化工集團有限公司) (during this period he acted as the deputy mayor of the People's Government of Suzhou city); the Deputy General Manager of Anhui Expressway Holding Group Company Limited. He is currently the Deputy General Manager of ATHC and a director of Anhui Ningxuanhang Expressway Investment Limited.
Xu Zhen	2015	He was born in 1964, is a holder of a postgraduate degree and a senior engineer. He served as the deputy manager and manager of the central control room and the deputy director of Anhui Expressway Authority Feidong Management Office, the party's branch committee member, deputy director, party's branch secretary general and director of Anhui Expressway Holding Corporation Hefei Management Office, and the director of personnel department of Anhui Expressway Holding Group Company Limited*. Mr. Xu was the director, assistant general manager and the director of human resources department of Anhui Expressway Holding Group Company Limited from June 2012 to March 2015. Since 27 March 2015, he has been appointed as the general manager of the Company.

Section VII Directors, Supervisors, Senior Management and Staff

Name	Year of joining the Group	Major work experiences
Xie Xinyu	1996	He was born in 1967. He obtained a bachelor's degree in engineering from Changsha Transportation College and a master's degree in engineering from the University of Science and Technology of China. He is a senior engineer and a member of The Hong Kong Institute of Chartered Secretaries. 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 Ningxuanhang Company and Anhui Xin'an Financial Group Co., Ltd. He is currently the deputy general manager, secretary of the Company.
Wang Xiufeng	2016	He was born in 1970, is a master's candidate, a senior accountant and a senior engineer. He was the deputy chief executive and a Party Committee standing committee member of China Metallurgical Co., Ltd., the chairman of the board and Party Committee secretary of MCC Jingtang Construction Company Limited, the general manager, Party Committee deputy secretary and general accountant of China 22nd Metallurgical Construction Company Limited and has concurrently served as the vice Chairman of Shandong Hi-speed Company Limited. Since May 2015, he worked at the China Merchants Highway and has been the chief financial officer. He is currently the director and general manager of the Company, and concurrently serves as the director and CEO of China Merchants Asia-Pacific Co., Ltd., and the director of Henan Zhongyuan Expressway Company Limited.
Du Jian	2016	He was born in June 1971, is a PhD fellow and a senior engineer. He was the chief executive of Zhongjia Beijing Trading Jiatai Consulting Company Limited, the associate general manager of Lujie Company, China Highway Engineering Consulting Supervisory Head Office. He was also a director of Shandong Hi-speed Company Limited. He is currently the general manager of the strategic development department of China Merchants Highway.
Jiang Jun	2016	He was born in 1973, is a Phd candidate and an associate professor in accounting. Mr. Jiang was a lecturer, an associate professor and duty professor of the Beijing National Accounting Institute (北京國家會計學院教研中心). He is now an associate professor, the director of the department of finance, the chair of research institute of industrial finance and operations and a member of the academic committee at the Beijing National Accounting Institute. He is also the independent director of Shandong Gold Mining Co., Limited (山東黃金礦業股份有限公司), Baotou Huazi Industry Co., Limited (包頭華資實業股份有限公司) and Goodwill (Beijing) Technology Co, Limited (嘉和美康 (北京) 科技股份有限公司).

Section VII Directors, Supervisors, Senior Management and Staff

Name	Year of joining the Group	Major work experiences
Yang Mianzhi	2011	He was born in 1969, and is a Doctor of Management (Finance) at People's University of China. He is now the deputy head, Professor of Masters of the Business Faculty of Anhui University, the National Accounting Army Leading Back-up personnel of the Finance Department, and the back-up academic and technical leader of Anhui Province, and has concurrently acted as independent director of Anhui Jiangnan Chemical Co., Ltd., Anhui Anli Artificial Co., Ltd and Anhui Conch Cement Co., Ltd.
Kong Yat Fan	2014	He was born in 1972, and is a permanent resident in Hong Kong. Mr. Jiang graduated from University of Southampton in the United Kingdom in 2003 with a master 's degree in business administration (MBA). He worked at the credit review department of the Bank of Communications Hong Kong Branch as the credit approval officer between 2004 and 2007. From 2007 to 2015, he worked at Pudong Development Bank Shenzhen Branch as a member of the loan approval committee, head of the small-to-medium loan team, responsible person of the financial service center for small-sized enterprises, where he was in charge of credit approval. He is currently the deputy general manager of the industrial and commercial banking department of Industrial Bank Hong Kong Branch.
Liu Youcai	2016	He was born in 1964, holds a university degree in bachelor of arts. He was a member, vice section manager, division organizer of the organization section, organization department of the Party Committee of Bengbu City, and section member, assistant research officer, rural organization office deputy commissioner, commissioner, office director and associate inspector of the organization office, organization department of the Party Committee of the Anhui Province. He is now the Party Committee deputy secretary and disciplinary committee secretary of Anhui Transportation Group.
Yang Yicong	1996	He was born in 1956, and is a senior political officer. He graduated from Anhui Industrial Institute. 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 Company, Xuancheng Guangci Expressway Company Limited, Anhui Expressway Media Limited, Anhui Anlian Expressway Company Limited, Anhui Highway Real Estate Group Co., Ltd. and Anhui Highway Logistics Company Limited. He is also the convener of the supervisory committee of Anhui Ningxuanhang Expressway Investment Limited.

Section VII Directors, Supervisors, Senior Management and Staff

Name	Year of joining the Group	Major work experiences
Jiang Yue	2016	He was born in 1982, is a holder of a master 's degree in management, a registered accountant in China (non-practicing), and a Financial Risk Manager (USA). Mr. Jiang was the project manager of the equity management division 1 and the corporate management department of China Merchants Huajian Highway Investment Co., Ltd., also acting as a supervisor of the supervisory committee of Henan Zhongyuan Expressway Company Limited and that of Heilongjiang Transportation Development Company Limited. He is currently a project manager of the capital operation department and concurrently serves as the supervisors of North China Expressway Company Limited and Jilin Expressway Company Limited.
Meng Jie	2008	He was born in 1977, and is a holder of Master of Engineering, Master of Business Administration, senior engineer, Registered Consultation Engineer (Investment). From August 2002 to now, he works in China Merchants Highway and once held the positions as general manager of First Department of Shares Management and deputy general manager of Enterprise Management department. Formerly, he also worked as the supervisor of North China Expressway Company Limited and Guangxi Wuzhou Transportation Company Limited, and was the director of Dongbei Expressway Company Limited, Guangxi Wuzhou Transportation Company Limited and the Company. He is currently the chief analyst and general manager of the capital operational department of China Merchants Highway, and is concurrently a director of Zhongyuan Expressway Co., Ltd., Shandong Expressway Company Limited, Sichuan Expressway Company Limited and Jiangsu Ningjingyan Expressway Company Limited. Since 12 July 2013, he has been the deputy general manager of the Company.
Li Huimin	2015	He was born in 1964, and is a holder of part-time postgraduate diploma and an economist. He served as the deputy officer of the Wuzhuang toll office at Quanjiao Management Office of Anhui Expressway Holding Corporation, deputy general manager and deputy general managing director of Xuanguang Company, director and party's branch secretary general of Mawu Highway Management Office and Maanshan Management Office. He is currently the deputy general manager of the Company.
Chen Jiping	2016	He was born in 1971, is a master degree candidate and a senior engineer. He served as the human resources deputy director, office manager and operations management director of Anhui Transport Investment Group Company Limited and the deputy general manager of Anhui Transport Operations Management Company Limited. He is currently the deputy general manager of the Company.
Han Rong	1996	She was born in 1969, and is an accountant. She joined the Company in 1996 and has held the positions as director of secretary room of the board of the Company since 2000 and the security representative of the Company since 2008. She is currently the secretary of the board of the Company.

Section VII Directors, Supervisors, Senior Management and Staff

Name	Year of joining the Group	Major work experiences
Zhou Renqiang	2010	He was born in 1955, and is a senior economist and a senior political engineer. Mr. Zhou had been the Monitor, the Deputy Head, the Head and the Assistant to Director of the Policy Inspection Bureau of the Policy Research Office of the Provincial Committee of Anhui Province (during the period he has temporarily been the Assistant to the Mayor of Tongling Municipal Government), the Deputy Director of the 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 and a member of the Eighth Provincial Committee of the Communist Party of the PRC of Anhui Province. He was the chairman of the board and the Secretary of the Party Committee of ATHC from December 2014 to March 2016. Mr. Zhou ceased to be the chairman of the Company from May 2016.
Li Junjie	2000	He was born in 1960, and holds a Postgraduate degree. 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, 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 Expressway Media, the deputy general manager and deputy managing director of the Company, concurrently the chairman of the Board of directors of Anhui Anlian Expressway Company Limited and Anhui Province Expressway Real Estate Group. Mr. Li ceased to be a director of the Company from January 2016.
Wu Xinhua	2015	He was born in 1967, graduated from Renmin University of China and obtained a bachelor's degree in Economics. 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 Fujian Expressway Development Co., Ltd., Jiangsu Yangtze Bridge Co., Ltd. and Guangjin Xicheng Expressway Co., Ltd. and the deputy general manager of China Merchants Asia-Pacific Co., Ltd. Mr. Wu is currently the deputy general manager and secretary of the board of directors of China Merchants Highway, and is concurrently the deputy director of Operations Management Branch of the China Highway & Transportation Society, the general manager of China Merchants Traffic Information Technology Company Limited, the Chairman of China National Radio Media Limited Liability Company, the chairman of Guogao Network Information Technology Company Limited, the deputy chairman of Fujian Fazhan Expressway Company Limited and the Director of Jiangsu Expressway. Mr. Wu ceased to be a director of the Company from May 2016.

Section VII Directors, Supervisors, Senior Management and Staff

Name	Year of joining the Group	Major work experiences
Ni Shilin	2015	<p>He was born in 1967, and holds a bachelor's degree in engineering from Tsinghua University and a master's degree in science from IHE Institute (Delft). He was the deputy general manager of China Merchants International Qingdao Company Limited, he served as a deputy general manager in the joint venture, Qingdao Bay Container Terminal, as an assistant general manager of the China Merchants International Headquarters Project Management Division, as the general manager of Anhui Commission, as a senior project manager of China Merchants International Port Management Division; as a deputy manager (audit) of China Merchants Shekou Port Company; as a chief engineer assistant manager and manager of China Merchants Shekou Ports Corporation Engineering Department, and as an assistant engineer of PRC Ministry of Transportation. He is also a director of Sichuan Chengyu Expressway Holding Company Limited, and a director and deputy general manager of Zhejiang Shangsang Expressway Company Limited. Mr. Ni ceased to be a director of the Company from May 2016.</p>
Hu Bin	2011	<p>He was born in 1971, and is a Doctor of Laws, Doctor of Financial Studies and researcher. He is now the head of the Financial Laws and Financial Supervision Research Base and a Ph.D. supervisor of Chinese Academy of Social Sciences. Mr. Hu ceased to be an independent director of the Company from October 2016.</p>
Qian Dongsheng	2014	<p>He was born in 1967, and is a holder of bachelor's degree in engineering from Xian Highway Institute and master's degree in engineering from the University of Science and Technology of China and a senior engineer. He was previously the vice manager of Anhui Provincial Highway Project Supervision Company Limited, head of the construction section of Anhui Expressway Administration Bureau, and deputy head and head of the engineering and construction department of Anhui Expressway Company. He has been the vice general manager of Anhui Expressway Holding Group Company Limited since November 2010. He is currently a member of the Party Committee and the vice general manager of Anhui Expressway Holding Group Company Limited. He is concurrently acting as the chairman of the board of directors of Anhui Provincial Fuzhou Expressway Company Limited (安徽省阜周高速公路有限公司), Anhui Provincial Wuyan Expressway Company Limited (安徽省蕪雁高速公路有限公司) and Anhui Provincial Yangji Expressway Company Limited (安徽省揚績高速公路有限公司) and a director of Anhui Ningxuanhang Expressway Investment Limited. Mr. Qian ceased to be the supervisory board chairman of the Company from May 2016.</p>

Section VII Directors, Supervisors, Senior Management and Staff

Name	Year of joining the Group	Major work experiences
He Kun	2015	She was born in 1977, and is a Master of Economics of the Renmin University of China, Certified Public Accountant. She worked in the securities management department, operation department and national capital trust department of the Huajian Transportation Economic Development Centre, the project manager of China Merchants Huajian Road Investment Limited, the director of Shandong Expressway Co., Ltd. and Zhejiang Shangsang Expressway Co., Ltd., and the supervisor of Hubei Chutian Expressway Co. Ltd., Fujian Expressway Development Co., Ltd. and Jiangsu Ningjingyan Expressway Company Limited. She is currently the assistant general manager (Department of Business Management) of China Merchants Huajian Road Investments Company Limited. Ms. He ceased to be a supervisor of the Company from May 2016.
Xu Yiming	2015	He was born in 1963, and is a degree holder and a senior accountant. He has served as the chief finance officer, deputy director of settlement center, branch secretary of the party, deputy chief accountant, chief accountant, party committee member and deputy general manager of Anhui Province Road and Bridge Engineering Company. He served as Deputy Financial Minister and Minister of Finance of Anhui Provincial Communications Investment Group Co., Ltd.. Mr. Xu ceased to be deputy general manager of the Company from August 2016.

(II) Share incentive awarded to directors, supervisors and senior management during the reporting period

Applicable Not applicable

Section VII Directors, Supervisors, Senior Management and Staff

II. Positions of existing directors, supervisors and senior management and those leaving offices during the reporting period

(I) Positions held in shareholders units

Name	Name of shareholder unit	Position held in shareholder unit	The start date of term of office	The expiration date of term of office
Qiao Chuanfu	Anhui Transportation Group	Secretary of the Party Committee, Chairman	2016.3	
Chen Dafeng	Anhui Transportation Group	Deputy General Manager	2014.12	
Wang Xiufeng	China Merchants Highway	Director, General Manager	2016.8	
Du Jian	China Merchants Highway	Department of strategic development General Manager	2016.1	
Liu Youcai	Anhui Transportation Group	Deputy Secretary, Secretary of Commission	2014.12	
Jiang Yue	China Merchants Highway	Capital Operation Department Project Manager	2009.7	
Meng Jie	China Merchants Highway	Lead analyst and Capital Operation Department General Manager	2015.2	
Zhou Renqiang	Anhui Transportation Group	Chairman Secretary of the Party Committee	2009.11 2008.6	2016.3 2016.3
Wu Xinhua	China Merchants Highway	Deputy General Manager and Board Secretary	2007.4	
Ni Shilin	China Merchants Highway	Director (Overseas Business), General Manager Assistant and Administration Department General Manager	2013.6	
Qian Dongsheng	Anhui Transportation Group	Deputy Secretary of party Committee, Managing Director	2016.3	
He Kun	China Merchants Highway	Assistant to General Manager of Enterprise Management Department	2013.11	

Section VII Directors, Supervisors, Senior Management and Staff

2. Positions held in other units

Name	Name of other unit	Position held in other unit	The start date of term of office	The expiration date of term of office
Qiao Chuanfu	Huishang Bank	Director	2015.7	
Chen Dafeng	Ningxuanhang Company	Director	2012.12	
Xie Xinyu	Ningxuanhang Company	Director	2008.4	
	Xin'an Financial	Director	2011.7	
	Xin'an Capital	Director	2015.6	
	Shenzhen Huawan Qianhai Financial Leasing Company Limited	Director	2015.11	
	Anhui Transportation Holding Group (Hong Kong) Company Limited	Director	2013.9	
Wang Xiufeng	HK Subsidiary	Director	2013.9	
	China Merchants Asia-Pacific Co., Ltd.	Director, CEO	2015.7	
Jiang Jun	Henan Zhongyuan Expressway Company Limited	Director	2016.5	
	Beijing National Accounting Institute	associate professor of the research centers of vocational education, chair of the finance department and operation of finance and industry research institute	2012.3	
Yang Mianzhi	Shandong Gold Mining Company Limited	Independent director	2012.3	
	Baotou Huazi Industry Company Limited	Independent director	2015.4	
	Goodwill (Beijing) Technology Company Limited	Independent director	2016.3	
Kong Yat Fan	College of Commerce, Anhui University	Professor	2000.3	
	Anhui Jiangnan Chemical Company Limited	Independent Director	2012.4	
	Anhui Anli Artificial Leather Company Limited	Independent Director	2012.4	
	Anhui Conch Cement Co., Ltd.	Independent Director	2016.6	
Kong Yat Fan	Industrial Bank Hong Kong Branch	Deputy General Manager of the Commercial Banking Department	2016.1	

Section VII Directors, Supervisors, Senior Management and Staff

Name	Name of other unit	Position held in other unit	The start date of term of office	The expiration date of term of office
Yang Yicong	Xuanguang Company	Supervisory board chairman	1998.7	2015.6
	Expressway Media	Supervisor	2008.8	
	Guangci Company	Supervisory board chairman	2005.2	
	Company Limited			
	Ningxuanhang Company	Supervisory board Convener	2008.4	
	Anhui Expressway Logistics Company Limited	Supervisory board chairman	2013.2	
	Anhui Anlian Expressway Company Limited	Supervisory board chairman	2008.1	
Jiang Yue	Anhui Expressway Real Estate Group Limited	Supervisory board chairman	2009.7	
	North China Expressway Company Limited	Supervisor	2016.5	
Meng Jie	Jilin Expressway Company Limited	Supervisor	2016.4	
	Shandong Expressway Company Limited	Director	2016.5	
	Zhongyuan Expressway Co., Ltd.	Director	2009.11	
	Sichuan Expressway Company Limited	Supervisor	2016.7	
Chen Jiping	Jiangsu Ningjingyan Expressway Company Limited	Director	2016.4	
	Anhui Machao Expressway Company Limited	Director	2014.7	
Han Rong	Anhui Anyitong Equity Investment Management Company Limited	Chairman	2013.4	2016.4
	Ningxuanhang Company	Secretary to the Board	2008.4	
Wu Xinhua	Wantong Pawn	Director	2015.5	
	CHTS-Expressway Operations Management Chapter	Executive Vice Chairman	2011.2	
	China merchants traffic information technology Company Limited	Chairman	2016.5	
	China National Radio Media Limited Liability Company	Chairman	2016.9	
	Fujian Fazhan Expressway Company Limited	Deputy Chairman	2016.5	
	Jiangsu Expressway	Director	2016.10	

Section VII Directors, Supervisors, Senior Management and Staff

Name	Name of other unit	Position held in other unit	The start date of term of office	The expiration date of term of office
Ni Shilin	Zhejiang Shangsang Expressway Company Limited	Director and Deputy General Manager	2015.5	
	Sichuan Chengyu Expressway Holding Company Limited	Director	2015.8	
Hu Bin	Financial Laws and Financial Supervision Research Base of Chinese Academy of Social Sciences	Head	2003.9	
Qian Dongsheng	Anhui Provincial Fuzhou Expressway Company Limited	Chairman	2009.7	2016.9
	Anhui Provincial Wuyan Expressway Company Limited	Chairman	2009.7	
	Anhui Provincial Yangji Expressway Company Limited	Chairman	2009.7	
	Ningxuanhang Company	Chairman	2014.9	
	Anhui Provincial Highway Project Supervision Company Limited	Chairman	2014.5	2016.5
He Kun	Sichuan Expressway Company Limited	Supervisor	2014.5	
Xu Yiming	Anhui Bengming Expressway Development Company Limited	Deputy Chairman	2014.3	
	Machao Expressway Company	Supervisor	2014.5	
	Expressway Media	Director	2015.8	
	Wantong Pawn	Director	2015.5	
	Xuanguang Company	Director	2015.5	

Section VII Directors, Supervisors, Senior Management and Staff

III. Remuneration of directors, supervisors and senior management

Determination procedure for remuneration of directors, supervisors and senior management	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 basis of remuneration of directors, supervisors and senior management	Determined according to China's relevant policies or requirements and taking into account the market rates and the practical condition of the Company (including the operation results of the Company, their duties and the remuneration standard currently paid by the Company to the directors, supervisors and senior management).
Actual payment of remuneration to directors, supervisors and senior management	RMB2,067,700
Actual remuneration in aggregate received by all directors, supervisors and senior management as at the end of the reporting period	RMB2,067,700

In 2016, none of the directors, supervisors and senior management has been paid any remuneration as a reward for joining or as a compensation for leaving the Group.

IV. Changes of directors, supervisors and senior management of the Company

Name	Position	Change	Reason
Zhou Renqiang	Chairman	Vacated	Retirement
Li Junjie	Deputy chairman	Vacated	Work changes
Wu Xinhua	Deputy chairman	Vacated	Work adjustments
Ni Shilin	Director	Vacated	Work adjustments
Hu Bin	Independent director	Vacated	Work related reasons
Qiao Chuanfu	Chairman	Elected	Work requirements
Xu Zhen	Director	Elected	Work requirements
Wang Xiufeng	Director	Elected	Work requirements
Du Jian	Director	Elected	Work requirements
Jiang Jun	Independent director	Elected	Work requirements
Qian Dongsheng	Supervisory board chairman	Vacated	Work requirements
He Kun	Supervisor	Vacated	Work adjustments
Liu Youcai	Supervisory board chairman	Elected	Work requirements
Jiang Yue	Supervisor	Elected	Work adjustments
Xu Yiming	Deputy General Manager	Vacated	Work changes
Chen Jiping	Deputy General Manager	Engaged	Work requirements

Section VII Directors, Supervisors, Senior Management and Staff

In January 2016, Mr. Li Junjie applied to resign as a deputy chairman and an executive Director of the Company due to work adjustment. With the approval of the twelfth meeting of the seventh Board held on 22 January 2016, the Board agreed to nominate Mr. Xu Zhen to be the candidate of the new Director.

In April 2016, Mr. Zhou Renqiang would not serve as the Chairman of the Company due to retirement due to work demand, Mr. Qian Dongsheng would not serve as the supervisory board chairman of the Company. ATHC nominated Mr. Qiao Chuanfu to be the candidate of the new Director and Mr. Liu Youcai to be the candidate of the new supervisor. Due to work adjustment, Mr. Wu Xinhua and Ni shilin would not serve as the Director and Ms. He Kun would not serve as the supervisor of the Company, China Merchants Highway nominated Mr. Wang Xiufeng and Mr. Du Jian to be the candidate of the new Director and Mr. Jiang Yue to be the candidate of the new supervisor.

The Company convened the 2015 annual general meeting on 20 May 2016 to elect Mr. Qiao Chuanfu, Mr. Xu Zhen, Mr. Wang Xiufeng and Mr. Du Jian as the Directors, and elect Mr. Liu Youcai and Mr. Jiang Yue as the supervisors, the terms of whom would be from the date of election to 16 August 2017.

It was approved at the 17th meeting of the seventh Board and 11th meeting of the seventh board of supervisors on 20 May 2016 that, Mr. Qiao Chuanfu and Mr. Liu Youcai to be the chairman and supervisory board chairman of the Company respectively.

Mr. Hu Bin, independent Director applied for resignation because of his work. It is approved in the 18th meeting of the seventh board committee on 19 August 2016 that Mr. Jiang Jun be nominated as the candidate of the new Director, the terms of whom would be from the date of election to 16 August 2017.

Mr. Xu Yiming, deputy general manager of the Company applied for resignation due to work adjustments. It is approved in the 18th meeting of the seventh Board committee on 19 August 2016 that Mr. Chen Jiping be appointed as the deputy general manager of the Company by the Board. His term from the date of appointment to 16 August 2017.

Information on other issues

Due to work requirements, China Merchants Highway ceased to recommend Mr. Meng Jie to act as the Deputy General Manager of the Company. Mr. Meng Jie applied to resign from the post of Deputy General Manager of the Company. Due to work adjustments, Ms. Han Rong, secretary to the Board, resigned from the office of Secretary to the Board of the Company, and ceased to act as secretary to the Strategic Development and Investment Committee of the Board. At the 23rd meeting of the 7th session of the Board of the Company convened on 24 March 2017, their resignations were approved. According to the nomination made by Mr. Qiao Chuanfu, our Chairman, and reviewed by the Human Resources and Remuneration Committee of the Board, consent was granted to appoint Ms. Dong Huihui as the secretary to the Board as well as the secretary to the Strategic Development and Investment Committee of the Board, her term of office commenced on the date of the Board meeting approving her appointment until the expiry date of the current session of the Board.

Mr. Yang Yicong, the employee representative supervisor of the Company, resigned from the office of supervisor due to his retirement. The Company held the employee representatives' general meeting on 23 March 2017 and Mr. Dai Hui was elected as the employee representative supervisor, his term of office will end on the expiry date of the current session of the Supervisory Committee.

Section VII Directors, Supervisors, Senior Management and Staff

V. Explanation for sanctions imposed by securities regulator in the latest three years

Applicable Not applicable

VI. Staff of the parent company and major subsidiaries

1. Staff

Number of serving staff of the parent company	1,582
Number of serving staff of major subsidiaries	585
The total number of serving staff	2,167
Number of retired staff for whom the parent company and major subsidiaries bear costs	65

Profession composition

Profession type	Number
Production staff	1,537
Sales staff	0
Technical staff	129
Financial staff	36
Administration Staff	465
Total	2,167

Education

Education type	Number
Postgraduate degree	35
Bachelor's degree	370
Tertiary vocational diploma	1,282
Secondary vocational diploma	387
High school and below	93
Total	2,167

Section VII Directors, Supervisors, Senior Management and Staff

2. Remuneration policy

The Company implements the broadband pay system and four types of positions are set up according to different functions, i.e. management, professional technician, toll collection and logistics. The remunerations are determined according to positions and individual conditions of each staff. Meanwhile, salary distribution system reform is deepened and individual revenue structure is improved and the proportion of fixed and variable salaries is set on a reasonable basis. The evaluation system is improved and the evaluation outcome is associated with salary distribution, forming a variation mechanism for the remuneration of the employees.

The Company strictly implements the social security laws and regulations of the State and regions, and protects legal rights of its staffs. The Company has participated in “Five Insurances and One Fund”, i.e. the pension insurance, basic medical insurance, unemployment insurance, job-related injury insurance, maternity insurance and housing fund for its employees and paid relevant contribution in full. The Group paid contribution to the abovementioned 5 social insurances in the sum of RMB29,890,000 in 2016 and paid contribution to housing fund in the sum of RMB 20,740 thousand.

The Group has participated in an employee retirement benefit scheme coordinated by the Social Welfare Management Bureau of Anhui Province. Pursuant to the relevant requirements, the Group is required to make monthly contributions within the maximum limit based on 20% (2015: 20%) of the monthly basic salaries of the employees, the Management Bureau shall be responsible for paying retirement funds to the retired employees of the Group, and the Group is not subject to other obligations.

Save for the above retirement benefit, employees of the Group may voluntarily join the Supplementary Pension Annuity Plan provided by the Group. Pursuant to the Plan, the Group will pay supplementary pension based on the standard of RMB230 per month to some specific retired employees. As at 31 December 2016, the number of the aforesaid retired employees of the Group was 59 (31 December 2015: 59). The management has made an assessment on the above retirement benefit and considered that it will not have material effect on the consolidated financial statements.

In addition, in order to motivate and retain employees, mobilize employees’ enthusiasm in work, and secure talents to support corporate development, the Company established a corporate annuity plan according to the relevant regulations and policies related to corporate annuity management and taking into account the practical circumstances, employees participated in the plan on voluntary basis. In 2016, the amount of corporate annuity fees paid was RMB6.07 million.

For the year ended 2016, total amount of remuneration received by all employees (including directors, supervisors and senior management) of the Group amounted to RMB249.63 million.

Section VII Directors, Supervisors, Senior Management and Staff

3. Training plan

The Company values staff training. At the beginning of each year, annual training plans are established. Various trainings are conducted orderly according to relevant systems and plans. Training courses and methods are further improved. Resources are integrated. Training team is optimized. The quality and efficiency of training program is fully elevated, and the educational and training levels are improved constantly. During the reporting period, the Company and its various departments have carried out training in operational management, engineering techniques, safety management, maintenance management, information technology and financial management, etc. which enhanced the skills and professional knowledge of the staff greatly. The Company has encouraged the employees to participate in self-learning through internet platform to promote E-learning. It utilized new functions such as mobile phone and interactive functions, to drive the development of the online education platform.

4. Labor Outsourcing

Applicable Not applicable

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 with a term of three years commencing from the date of their respective appointment. The details of such contracts, identical in all material aspects, are as follows:

- Each of the service contracts is of a term of three years commencing from 17 August 2014.
- For the three years commencing on 17 August 2014, the chairman will receive a remuneration of RMB840,000 per annum. In addition, the chairman will be entitled to a bonus after completing one year of service. For each of the three years commencing from 17 August 2014, the chairman will receive a bonus of RMB70,000 per annum.
- For the three years commencing on 17 August 2014, each of the other executive Directors will receive a remuneration of RMB588,000 per annum. In addition, each of the other executive Directors will be entitled to a bonus after completing one year of service. For each of the three years commencing from 17 August 2014, each of the other executive Directors will receive a bonus of RMB49,000 per annum.
- For the three years commencing on 17 August 2014, each of the non-executive Directors will not receive directors' fee.
- For the three years commencing on 17 August 2014, each of the domestic independent non-executive Directors will receive directors' fee of RMB80,000 per annum.
- For the three years commencing on 17 August 2014, each of the overseas independent non-executive Directors will receive director's fee of RMB120,000 per annum.

Section VII Directors, Supervisors, Senior Management and Staff

- Non-executive Directors and independent non-executive Directors will not be entitled to any bonus after completing one year of service. They are not under any service contract with the Company.
- For the three years commencing on 17 August 2014, the chairman of the supervisory committee will receive a remuneration of RMB588,000 per annum. In addition, the chairman of the supervisory committee will be entitled to a bonus of RMB49,000 per annum after completing one year of service.
- For the three years commencing on 17 August 2014, supervisor elected by the employees of the Company will receive a remuneration of RMB378,000 per annum. In addition, supervisor elected by the employees of the Company will be entitled to a bonus of RMB315,000 per annum after completing one year of service.
- For the three years commencing on 17 August 2014, other supervisors will not receive supervisor's fee.

Save as the aforesaid, no service contract that cannot be terminated within one year without payment of compensation (other than general statutory compensation) has been or proposed to be entered into between the Company and the Directors or the Supervisors.

2. Directors' and supervisors' interests in contracts

At any time during 2016 or at the end of 2016, no director or supervisor or any of their connected entities had a material interest (whether direct or indirect) in any transactions, arrangements or contracts considered to be significant to the business of the Group that were entered into, or participated by the Company, any of its subsidiaries, the parent company of the Company or any subsidiaries of the parent company.

3. Interests held by directors and supervisor in competing business

During the reporting period, according to the Listing Rules on the SEHK, no director, supervisor or senior management was interested in any competing business or potentially competing 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 to the Rules Governing the Listing of Securities on the SEHK as the code governing the transactions of securities by the Directors and Supervisors. After 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 Model Code referred to above.

Section VII Directors, Supervisors, Senior Management and Staff

- 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 or their connected persons.**

- 6. Interests to be disclosed**

As at 31 December 2016, none of the Directors, Supervisors or senior management 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 SEHK pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests which he has or is 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 notified to the Company and the SEHK and be disclosed herein pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

- 7. Arrangement for purchase of shares or debentures**

At any time during the year or at the end of 2016, none of the Company, any of its subsidiaries, the parent company of the Company or any subsidiaries of the parent company was a party to any arrangement to enable any director or supervisor to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Section VIII Corporate Governance Structure and Governance Report

I. Corporate Governance and Management of Insiders' Registration

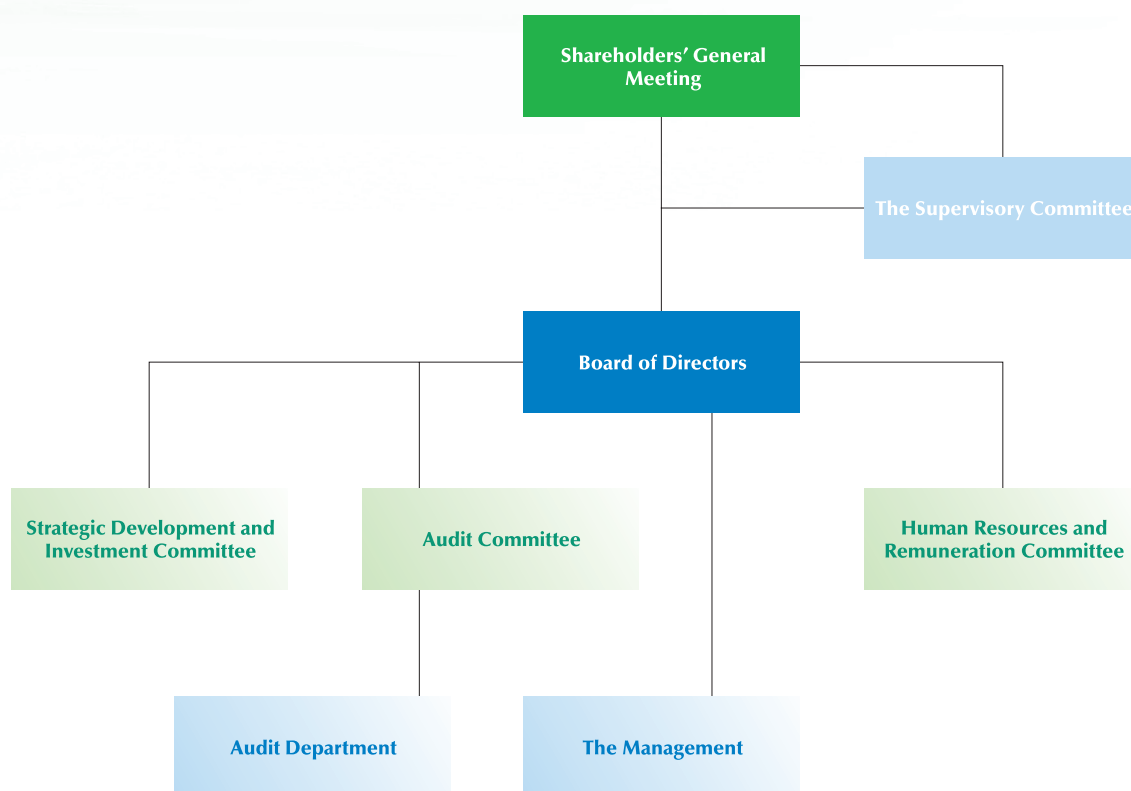
Good corporate governance is for meeting the basic requirements of regulatory authorities on listed companies and, more importantly, meeting the inherent needs for the development of the Company. A scientific and standardized system, mutual supervisory regime and effective enforcement are essential to the healthy and sustainable development of the Company and will improve the image of the Company in the industry and capital market, winning recognition and confidence in the Company from all parties. The Company has always been committed to completing the corporate governance structure, establishing complete operation regulations, and to improve the effectiveness of corporate governance.

The Company strictly complied with the Company Law, the Securities Act and the requirements of the relevant laws, regulations and regulatory documents of the CSRC, created the internal environment in favour of value management through optimizing the corporate governance structure, continuously improved the management and control system formed by shareholders, directors and operators, defined the responsibilities and obligations of all parties, and guaranteed the effectiveness of corporate governance through standardizing and implementing the “three-meeting” decision-making mechanism (「三會」決策機制). Pursuant to laws, regulations and governance rules, the general meetings, the Board, and each special committee and supervisory committee performed their own duties, coordinated with each other and balanced effectively to consistently improve the management level and decision efficiency.

Currently, the Company has a sound and well-functioned corporate governance structure without deviation from the requirement set out in the regulatory document of the CSRC about corporate governance. During the reporting period, there were no significant 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 SEHK.

Section VIII Corporate Governance Structure and Governance Report

The Company has established a corporate governance structure composing of shareholders' general meeting, Board of Directors, supervisory committee and managerial staff, which has been constantly examined and optimized through practices. The company also formulates multi-level administrative rules and regulations based on the Company's Articles of Association so as to ascertain the obligations, authorities and standards of behavior for each party. The current governance structure of the Company is shown as follows:



The Company is listed on both the SSE and the SEHK. In addition to compliance with applicable laws and regulations, the Company complies with the requirements of the "Code of Corporate Governance for Listed Companies" of the CSRC, the "Corporate Governance Code" set out in Appendix 14 to the Listing Rules of the SEHK and the requirements under the Listing Rules of the SSE and the SEHK in its corporate governance practices. Meanwhile, the Company has formulated various governance systems, including "Rules of Procedure for General Meetings", "Rules of Procedure for the Board of Directors", "Rules of Procedure for the Supervisory Committee", "Terms of Reference of Special committees", "Work system for annual report of Independent Directors", "Standing Orders for the Operation of General Manager", "Administrative Measures for the Disclosure of Information", "Management System on Inside Information and Insiders", "Management System on Users of External Information", "Administrative Measure on Investor Relations Management", and so forth. All systems were strictly followed in order to enhance the level of the Company's corporate governance.

Section VIII Corporate Governance Structure and Governance Report

During the reporting period, the Company revised the part relevant to risk management and internal control in the “Work Procedure of the Audit Committee” in accordance with the latest regulatory requirements of the SEHK and in light of the actual situation of the Company.

During the Reporting Period, in order to fully protect the interests of investors and further standardize and improve the corporate governance structure, combining with the actual situation of the Company, some articles in the Articles of Association have been modified and approved in the 2015 annual shareholders’ meeting in accordance with provisions of relevant laws, regulations and rules such as the Company Law, the Securities Law, the CSRC Guidelines on the Articles of Association of Listed Companies (Revised 2014), the latest Listing Rules of the Hong Kong Stock Exchange.

1. Shareholders and Shareholders’ general meeting

In strict compliance with the provisions of legal regulations such as the Company Law and the requirements of the Articles of Association and the Rules of Procedure for Shareholders’ general meeting, the Company convened and held shareholders’ general meetings, adopted network voting for important matters, to ensure that shareholders had the opportunity to express their opinion and to exercise their voting rights effectively and that all shareholders were treated equally and the rights and obligations of all shareholders were protected.

Anhui Expressway Transportation Group Company Limited and China Merchants Hua Jian Highway Investment Company Limited are the major shareholders of the Company. The Company’s business, staff, assets, organization and finance are separated from those of the controlling shareholders, allowing the Company to have complete autonomy over its business and operations. The two companies comply strictly with the relevant provisions of the Company Law and the Articles of Association and have never bypassed the general meetings to intervene in the decision-making process and operations of the Company directly or indirectly.

2. Directors and the Board of Directors

The Board of Directors represents interests of all the shareholders and is wholly accountable to General Meetings. The major duty of the Board is to exercise its managerial decision power in accordance with the authority granted by the Shareholders’ general meeting in relation to strategic development, management structure, investment and financing, planning, financial management, etc. The Articles of the Company, the Rule of Procedures for the Board of Directors and the Rule Governing the Specialized Committees of the Board have set out in detail the Board’s duty as to the strategic development and management of the Company and the supervisory and monitoring duty of the Board as to the development and operation of the Company.

The Board of Directors has established three special committees including the Strategic Development and Investment Committee, Audit Committee and Human Resources and Remuneration Committee 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 under its terms of reference and make recommendations to the Board of Directors so as to contribute to improve the efficiency and effectiveness of the Board’s decision-making.

Section VIII Corporate Governance Structure and Governance Report

Currently the Board of Directors, which is the 7th session of Board of Directors of the Company, composed of 9 directors, including 4 executive directors, 2 non-executive directors and 3 independent directors.

The directors of this board possess industry background or professional skills in highway industry, engineering construction, investment strategy, company management, financial accounting, law, investment banking, etc. respectively. Among the directors, there are 3 independent directors and 1 independent director with professional knowledge about accounting. Independent 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 special committees. Independent directors constitute more than half of all the directors in both audit committee and human resource and remuneration committee; the chairmen of the committees are also independent directors. The arrangement of the Board of Directors and the special committees meets the requirement of the Instruction to Establishing Independent Director System in Public Companies.

3. Supervisor and Supervisory Committee

The Supervisory Committee consists of three supervisors, including one employees' representative. The composition of the Supervisory Committee has complied with the requirements of the legal rules and regulations such as the Company Law. The Supervisory Committee exercises the supervisory rights of the Company according to the Articles of the Company and the Rule for Procedure of the Board. 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 protecting legal interests of the Company and its shareholders.

During the reporting period, the Supervisory Committee convened 6 meetings with all supervisors being present. It supervised the compliance aspect of the performance of duties by the Company's financial personnel, Directors and senior management on behalf of the shareholders, attended all the Board meetings, and conscientiously performed its duties.

Section VIII Corporate Governance Structure and Governance Report

4. Information Disclosure

Since its listing, the Company has faithfully fulfilled the information disclosure legal obligation and strictly executed the Management System on Disclosure of Information to ensure information disclosure in an open, fair and just way and that all shareholders can enjoy equal and full right of accessing information. In case there is any difference between the requirements of the SEHK and SSE, the Company shall prepare documents and make disclosures as much as possible and as strict as possible. The secretary to the Board is the executor of information disclosure.

During the reporting period, the Company continuously studied and comprehended the new rules and requirements of the SSE and the HKSE in relation to information disclosure, prepared guidelines in strict compliance with the relevant rules and regulations, and issued 4 periodic reports, 63 A shares extraordinary announcements and 23 H shares extraordinary announcements, 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. Each disclosure document has been carefully considered, meticulously drafted and strictly reviewed to better comply with the statutory information disclosure obligations of listed companies. The relevant announcements were published in the China Securities Post and Shanghai Securities Post and on the websites of SSE, the SEHK and the Company.

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. The Company held diverse investor relationship activities through various media and built a smooth communication channel with investors. During the reporting period, the Company has successfully held the 2015 and 2016 interim results presentation, so that domestic and foreign investors can fully understand the business situation and development strategy of the Company, consolidate the good interactive relationship with Hong Kong shareholders and institutional investors.

Meanwhile, the Company actively pays attention to the public opinion and comments related to the Company, solve investors' problem through the EasyIR healer of Shanghai Stock Exchange, and responds to research and interview by investors and institutions to ensure the rights of small and medium investors to know and continuously enhance the openness and transparency of the Company's operation.

Section VIII Corporate Governance Structure and Governance Report

6. Registration management system for holders of inside information

During the reporting period, the company has strictly complied with the Management System on Disclosure of Information, Registration Management System for holders of Inside Information Administrative Measures for the Relevant Activities such as the Reception of Specific Targets by the Company for Investigation and Research and Interview, registered in details the relevant personnel, items, time of knowing the information and usage related to the inside information, and required the relevant personnel to make commitment and reminded them to fulfill their duty of confidentiality to prevent the leakage of information and insider dealings. According to self investigation, there has been no finding of cases that insiders dealt with the shares of the Company prior to the disclosure of substantial sensitive information concerning the shares of the Company in 2016.

II. Profile of the General Meeting

Session	Date	Query indexes	Disclosure date of the published resolution
2015 Annual General Meeting	20 May 2016	Shanghai Securities News China Securities Journal	21 May 2016
2016 First Extraordinary General Meeting	14 October 2016	http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.net	15 October 2016

Resolutions passed in 2015 Annual General Meeting:

- To approve the report of the board of directors, the report of the supervisory committee, the audited financial report and the profit appropriation proposal for the year 2015 (Ordinary resolution);
- To approve the appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's PRC and Hong Kong auditors for the year 2016 and to authorize the board of directors in determining their remuneration (Ordinary resolution);
- To elect Mr. Qiao Chuanfu, Mr. Xu Zhen, Mr. Wang Xiufeng and Mr. Du jian as new directors of the Company(Ordinary resolution);
- To elect Mr. Liu Youcai and Mr. Jiang Yue as new supervisors of the Company (Ordinary resolution);
- To consider and approve the proposed application for the registration of RMB 1,000,000,000 super short term in 270 days financing bill (Special 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);
- To approve the proposal of amending the Company's articles of association (Special resolution).

Resolutions passed in the 2016 first extraordinary general meeting:

- To elect Mr. Jiang Jun as a new independent director of the Company (Ordinary resolution);
- To approve the proposal related to the investment in the construction project to expand Hening Expressway from four-lane to eight-lane (Ordinary resolution);

Section VIII Corporate Governance Structure and Governance Report

III. Directors' Performance of Duties

1. Directors' attendance at board meetings and shareholders' general meetings

Name	Independent director (yes or no)	Number of meetings that should be attended during this year	Attendance at board meeting				Attendance at shareholders' meeting	
			Times of attending in person	Times of meeting through communication means	Times of Delegating to attend	Times of absence	Two successive absence from the meeting (yes or no)	Times of attending
Qiao Chuanfu	No	5	3	2	0	0	No	1
Chen Dafeng	No	10	5	5	0	0	No	2
Xu Zhen	No	5	3	2	0	0	No	1
Xie Xinyu	No	10	5	5	0	0	No	2
Wang Xiufeng	No	5	2	2	1	0	No	1
Du Jian	No	5	3	2	0	0	No	1
Jiang Jun	Yes	3	1	2	0	0	No	0
Yang Mianzhi	Yes	10	4	5	1	0	No	2
Kong Yat Fan	Yes	10	5	5	0	0	No	2
Zhou Renqiang	No	5	2	3	0	0	No	1
Li Juejie	No	1	1	0	0	0	No	0
Wu Xinhua	No	5	2	3	0	0	No	1
Ni Shilin	No	5	2	3	0	0	No	1
Hu Bin	Yes	7	4	3	0	0	No	2

Note: Every director has attended all board meetings of their term during the reporting period.

The Company discusses and make decisions on business and financial conditions, investment and financing, related party transactions, governance structure and other major issues in all meetings. Directors, supervisors and senior management of the Company have conducted several exchanges and discussions with regard to development strategy, business development and capital operation combining with the economic situation and policies, and put forward a number of practical recommendations, which effectively promote the control by the "three meetings" and healthy development of the Company.

Number of board meetings this year	10
Among: Number of on-site meetings	5
Number of meetings through communication means	5
Number of on-site meetings combining the use of communication means	0

Section VIII Corporate Governance Structure and Governance Report

2. Raising objections to any matters relating to the Company by independent directors

During the reporting period, apart from attending Board meetings and special committee meetings conscientiously, the independent directors of the Company have provided written independent opinions on matters such as the Company's appointment of senior management, provision of external guarantees and daily connected transactions, and have held 2 meetings with external auditors to discuss the annual audit arrangement and problems identified in the audit. During the reporting period, none of the independent director has raised any objections to any matters relating to the Company, and none of them has proposed to convene any board meeting, general meeting or seek voting rights from public shareholders.

IV. Important opinions and suggestions provided by special committees under the Board in performing their duties during the reporting period, practical conditions of which should be disclosed if there is disagreement

The Board has established three special committees, the terms of reference of which are available on the website of the Company for inspection by investors and the public. Members of the special committees are appointed by the Board for a term of three years within the same period of the term of directors. Save for the Strategic Development and Investment Committee, all chairmen of other special committees are independent directors.

Currently, the composition of these committees is as follows:

Committee	Strategic Development and Investment Committee	Human Resources and Remuneration Committee	Audit Committee
Qiao Chuanfu	C		
Chen Dafeng	M		
Xu Zhen	M		
Xie Xinyu			
Wang Xiufeng	M	M	
Du jian			M
Jiang Jun	M	C	M
Yang Mianzhi			C
Kong Yat Fan		M	

C: Chairman of relevant Board Committee

M: Member of relevant Board Committee

During the reporting period, the three special committees under the Board has fulfilled their respective responsibilities in accordance with the relevant regulations.

Section VIII Corporate Governance Structure and Governance Report

During the reporting period, the Strategic Development and Investment Committee, by taking the Company's internal and external development environment into account, has conducted a comprehensive review of the development achievements and deficiencies in the period of 12th Five-Year Plan, and made an in-depth study of new situations and requirements facing Wantong Company according to the company's development and social responsibilities. Based on the preparation of 2015 "13th Five-Year Plan" strategical plan and new opportunities and outstanding problems in the development and diversification of the current main business, the idea for development, strategic objectives, implementation and safeguarding measures in the "13th Five-Year Plan" are further clarified.

During the reporting period, the audit committee has held four meetings to conduct work and perform duties in accordance with the objectives set at the beginning of the year. It has reviewed the periodic reports and internal control reports and provided professional advice and suggestions in terms of the financial report, the audit work, corporate governance, risk management and internal control and other aspects. During this year, auditors participated in all the meetings of the Audit Committee and attended the discussion of the issues reviewed in the periodic report.

During the reporting period, the main tasks of the audit committee include: supervising and evaluating the work of the external audit institution, guiding the internal audit work of the Company, reviewing and expressing opinions on the financial report of the Company, and evaluating the effectiveness of the internal control, risk management and corporate internal audit function. In addition, some of the major issues closely related to the Company's operation were also reviewed and professional advice was provided to the Company's management.

Please refer to the 2016 Report by the Audit Committee on its discharge of duties for details of the Audit Committee's work.

During the reporting period, the main work of the Human Resources and Remuneration Committee was: reviewing the director candidates recommended by shareholders, confirming the qualification of candidates for senior management to be engaged by the Board, providing independent opinions on the nomination, recommendation and voting procedures for the aforesaid personnel, and reviewing the remuneration of directors, supervisors and senior managements to be disclosed in the annual report to ensure that the information disclosed is true and accurate and consistent with the actual condition.

Section VIII Corporate Governance Structure and Governance Report

V. Description on the Identification of Risks by the Supervisory Committee

During the reporting period, the Supervisory Committee of the Company conscientiously fulfilled its statutory supervisory duties and safeguarded the legitimate rights of shareholders and the Company in accordance with the relevant provisions of the “Company Law”, the Article of Association and the “Rules of Procedure of the Supervisory Committee”. During the reporting period, the Supervisory Committee has held 6 meetings to consider the Company’s periodic reports, internal control self-assessment report, and the resolutions on replacement of supervisors of the Company. The Supervisory Committee has attended all on-site board meetings and shareholders’ general meeting in 2016. Through convening the Supervisory Committee meetings and attending shareholders’ meetings and Board meetings, etc., the Supervisory Committee understood and supervised the legitimacy and rationality of behaviors of directors, general managers and other senior management in their decision-making and daily management etc.; the Supervisory Committee carefully reviewed the operating performance and financial condition of the Company, discussed and reviewed the financial reports to be submitted to the Board of Directors; supervised, inspected and coordinated construction and implementation of the internal control of the Company, and monitored improvements thereof.

The Supervisory Committee had no objection to the matters under supervision during the reporting period.

VI. Description on Failure of the Company in Ensuring Independence from its Controlling Shareholder in Terms of Business, Personnel, Assets, Organization and Finance etc., and Maintaining Independent Operation

The Company is independent from its controlling shareholder in terms of business, personnel, assets, organization and finance, and has independent and complete business and the ability of independent operation.

VII. Evaluation mechanism of senior management personnel and the establishment of incentive mechanism and implementation During the Reporting Period

The Human Resources and Remuneration Committee is responsible for the senior management personnel performance appraisal, plans and executes long-term incentive plans and gives corresponding reward to good performers.

Section VIII Corporate Governance Structure and Governance Report

VIII. Whether Self-evaluation Report Regarding Internal Control is Disclosed

For details, please see the “2016 Self-evaluation Report Regarding Internal Control” disclosed by the Company on SSE website (www.sse.com.cn).

Major defects of Internal Control during the reporting period

Applicable Not applicable

IX. Related presentation of Internal Control Audit Report

PricewaterhouseCoopers Zhong Tian LLP has reviewed the internal control of the Company in 2016 and issued standard unqualified Internal Control Audit Report, and is of the view that the Company has maintained effective internal control in all material aspects over the financial statements in accordance with the Guidelines for Corporate Internal Control Assessment and the related regulations.

For details, please see the “Internal Control Audit Report” on SSE website (www.sse.com.cn).

Whether internal control audit report is disclosed: Yes

X. Others

A. Code on Corporate Governance Practices

It is confirmed by the Board of Directors that during the period under review, apart from the fact that the Human Resources and Remuneration Committee took up both the functions of the Remuneration Committee and the Nomination Committee (as the Company takes the view that the model of the Human Resources and Remuneration Committee has been functioning well and is better in meeting the Company’s needs and given that the members of the Human Resources and Remuneration Committee are independent non-executive directors, the interests of the shareholder of the Company could be effectively protected), the Company has complied with the Corporate Governance Code (the “Code”) of the Listing Rules on the SEHK and strived to maintain a corporate management system of high standard to promote transparency and to protect the interests of shareholder.

During the reporting period, the Company strictly adhered to Company Law, Securities Act and the relevant laws and regulations as well as regulatory documents of the CSRC (China Securities Regulatory Commission) and continued to improve the corporate governance structure, vigorously promoting internal control and regulation construction work. The Company duty complied with

Section VIII Corporate Governance Structure and Governance Report

its obligation of disclosure and enhanced its management of investors' relations and the level of which its operations are regulated. During the reporting period, the Board discharged the following corporate governance functions:

- (a) reviewing the issuer's policies and practices on corporate governance;
- (b) reviewing and monitoring the training and continuous professional development of directors and senior management;
- (c) reviewing and monitoring the issuer's policies and practices on compliance with legal and regulatory requirements;
- (d) reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and
- (e) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

B. Directors and the Board of Directors

1. The Board of Directors

As of 31 December 2016, the Board of Directors, which is the 7th session of Board of Directors of the Company, composed of 9 directors, including:

Executive Directors:

Qiao Chuanfu (*Chairman*)
Xu Zhen (*General Manager*)
Chen Dafeng
Xie Xinyu

Non-executive Directors:

Wang Xiufeng
Du Jian

Independent Non-executive Directors:

Jiang Jun
Yang Mianzhi
Kong Yat Fan

There are no relationships (including financial, business, family or other material/relevant relationship) among directors). Please refer to section VII "Directors, Supervisors, Senior Management and Staff" of the annual report for the biography of directors (including their professional background and working experience in the stockholding company and other companies) and the term of appointment of non-executive directors.

Section VIII Corporate Governance Structure and Governance Report

The Chairman of the Company are Mr. Zhou Renqiang (resigned on 20 May 2016) and Mr. Qiao Chuanfu (appointed on 20 May 2016). The General Manager of the Company is Mr. Xu Zhen. The responsibilities of the Chairman and the General Manager are clearly defined and are set out in detail in the Company's Articles of Association, the "Rules of procedures for the Board" and the "Standing Orders for the Operation of General Manager" to ensure a balance of power and authority as well as the independence of the Board of Directors in decision-making and the independence of the management in day-to-day operation management activities. The Chairman holds and coordinates the work of the Board, and is responsible for leading the Board of Directors to work out the Group's strategy and direction, and achieving the Group's goal to ensure effective operation of the Board and good corporate governance and practice of the Company. Under the support of the Board of Directors and other senior management, the general manager is responsible for coordination and management of the Group's business and operation, implementing the strategies made by the Board of Directors and making daily decision.

During the reporting period, the Board of Directors faithfully implemented the decisions made in the Shareholders' general meetings, and examined substantial events within their scope of authority in strict accordance with the regulations. The special committees of the Board of Directors held special committee meetings respectively, and put forward suggestions and advice on issues including the development strategy and capital operation of the Company, contributing to the promotion of standard operation and scientific decision-making of the Board of Directors.

The management of the Company is responsible for the provision of relevant materials and information necessary for the Board of Directors' consideration of various proposals, making response or providing further information as to Directors' reasonable enquiry requests as soon as possible and arranging for the senior management to report at a board meeting. The Board of Directors and the special committees under the Board of Directors 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.

2. Independent Non-executive Directors and their independence

The Company has appointed sufficient number of Independent Non-executive directors. The Board of Directors has received the confirmations from all independent non-executive directors as to their independence pursuant to Rule 3.13 of the Listing Rules of the SEHK. The Company considers that all existing independent non-executive directors have complied with the relevant guideline as set out in such Rule, and remain independent.

Section VIII Corporate Governance Structure and Governance Report

3. Compliance support for directors

All the directors of the Company are able to receive materials and updates about the legal, regulatory and other continuing obligations of directors of listed companies through the secretary of the board. The directors are determined to comply with the requirement on the training of directors imposed by Code Provision A.6.5 of the Code to ensure that the directors can make informed and related contribution to the Board. During the reporting period, directors of the company have attend training session or lectures held by the SSE and the Hong Kong Institute of Chartered Secretaries, and provided the company with relevant training records. In 2016, the training directors received is as follows:

Director's name	Corporate governance and update of laws and regulation		Accounting/finance/management and other professional skill	
	Read materials	Attend lecture/training	Read materials	Attend lecture/training
Qiao Chuanfu	√		√	
Chen Dafeng	√		√	
Xu Zhen	√		√	
Xie Xinyu	√	√	√	√
Wang Xiufeng	√		√	
Du Jian	√		√	
Jiang Jun	√		√	
Yang Mianzhi	√		√	
Kong Yat Fan	√		√	
Zhou Renqiang	√		√	
Li Junjie	√		√	
Wu Xinhua	√		√	
Ni Shilin	√		√	
Hu Bin	√		√	

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

The Company has adopted the "Model Code for Securities Transactions by Directors and Supervisors of Listed Issuers" as set out in the Appendix 10 of the Listing Rules as its code provisions on the trading of shares of the Company by relevant directors. After making specific enquiries of all directors and supervisors, the Company confirms that all directors and supervisors fully complied with the relevant standards required by the above mentioned Model Code.

Section VIII Corporate Governance Structure and Governance Report

C. Special Committees Under the Board

1. Strategic Development and Investment Committee

The main duties of the Strategic Development and Investment Committee according to its terms of reference include identifying the strategic development direction of the Company, devising strategic plan of the Company, supervising implementation of strategies, timely adjust the strategic and governance structure of the Company, organizing review of proposed investment projects of the Company, and providing suggestion for decision making of the Board.

In 2016, the Strategic Development and Investment Committee consisted of:

- Qiao Chuanfu (the chairman of the committee and executive director, appointed on 20 May 2016)
- Chen Dafeng (Executive director)
- Xu Zhen (Executive director, appointed on 20 May 2016)
- Wang Xiufeng (Non-executive director, appointed on 20 May 2016)
- Jiang Jun (Independent non-executive director, appointed on 14 October 2016)
- Zhou Renqiang (Committee chairman and executive director, resigned on 20 May 2016)
- Li Junjie (Non-executive director, resigned on 22 January 2016)
- Wu Xinhua (Non-executive director, resigned on 20 May 2016)
- Hu Bin (Independent non-executive director, resigned on 14 October 2016)

For the work report for 2016 of this committee, please refer to the disclosures in “IV. Important opinions and suggestions provided by special committees under the Board in performing their duties during the reporting period, practical conditions of which should be disclosed if there is disagreement” of this report.

2. Audit Committee

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

In 2016, the Audit Committee of the Company composed of Mr. Yang Mianzhi (the chairman of the committee and independent non-executive director), Mr. Du Jian (non-executive director, appointed on 20 May 2016), Mr. Jiang Jun (independent non-executive director, appointed on 14 October 2016), Mr. Ni Shilin (non-executive director, resigned on 20 May 2016) and Mr. Hu Bin (independent non-executive director, resigned on 14 October 2016).

Section VIII Corporate Governance Structure and Governance Report

In 2016, the Audit Committee held 4 meetings. Details of attendance of meetings of the Audit Committee are as follows:

Member's name	Attendance in person at meeting (times)	Number of meeting (times)	Attendance rate
Yang Mianzhi	4	4	100%
Du Jian	2	2	100%
Jiang Jun	1	1	100%
Ni Shilin	1	1	100%
Hu Bin	3	3	100%

For the work report for 2016 of this committee, please refer to the disclosures in “IV. Important opinions and suggestions provided by special committees under the Board in performing their duties during the reporting period, practical conditions of which should be disclosed if there is disagreement” of this report.

3. The Human Resources and Remuneration Committee

The major responsibilities of the Human Resources and Remuneration Committee of are: formulating human resource development strategies and plans for the Company, researching and formulating remuneration policies and incentive mechanism, conducting performance appraisal of and putting forward suggestions as to the appointment and dismissal of directors, general managers and other senior executives of the Company.

According to the terms of reference, the Human Resources and Remuneration Committee acts as consultant for the remuneration of directors and senior executives of the company while the Board reserves the final authority in approving the remuneration of directors and senior executives.

In 2016, the Human Resources and Remuneration Committee of the Company composed of Mr. Jiang Jun (the chairman of the committee and independent non-executive director, appointed on 14 October 2016), Mr. Wang Xiufeng (non-executive director, appointed on 20 May 2016), Mr. Kong Yat Fan (independent non-executive director), Mr. Hu Bin (the chairman of the committee and independent non-executive director, resigned on 14 October 2016) and Mr. Wu Xinhua (non-executive director, resigned on 20 May 2016), which met requirement of the relevant regulations.

Section VIII Corporate Governance Structure and Governance Report

In 2016, the Human Resources and Remuneration Committee held 4 meetings. Details of attendance are as follows:

Member's name	Attendance in person at meeting (times)	Number of meeting (times)	Attendance rate
Jiang Jun	0	0	N/A
Wang Xiufeng	2	2	100%
Kong Yat Fan	4	4	100%
Hu Bin	3	3	100%
Wu Xinhua	1	1	100%

For the work report for 2016 of this committee, please refer to the disclosures in “IV. Important opinions and suggestions provided by special committees under the Board in performing their duties during the reporting period, practical conditions of which should be disclosed if there is disagreement” of this report. During the reporting period, the committee nominated, selected and recommended director candidates in accordance with the relevant procedures and criteria as stipulated in the Terms of Reference of the Human Resources and Remuneration Committee of the Company.

D. Summary of Board Diversity Policy

In order to promote the quality of its performance, the Board of Directors resolved to adopt the Board Diversity Policy on 23 August 2013.

This Policy aims to set out the approach to achieve diversity in the Board of Directors. The Company recognises and embraces the benefits of having diversified Board members. The Human Resources and Remuneration Committee is committed to ensuring the Company's equipment of the required skill, experience and diversified view for its business. All Board appointments will be based on meritocracy, and candidates will be considered by objective criteria, with due regard for the benefits of Board diversity. Selection of candidates will be based on a range of diversity perspectives, including but not limited to age, cultural and educational background, professional experience, skills, and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Human Resources and Remuneration Committee will monitor the implementation of this Policy and will review relevant policy as appropriate to ensure effective implementation of this Policy. Besides reviewing, the Human Resources and Remuneration Committee has not yet set any measurable objectives for implementing this Policy during the year.

Section VIII Corporate Governance Structure and Governance Report

E. 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 read with the auditors' statement in the auditor's report in Section XI of the annual report.

The Board of Directors held that: the resources the company owns are sufficient for the company to continue operating the business in the foreseeable 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.

F. Auditors

The audit committee of the Company is responsible for considering the appointment, resignation or replacement of auditors and assessing the professional quality of the services provided by the auditors, and makes proposals to the Board. The appointment, replacement of auditors and audit fees will be approved or authorized at General Meeting presented by the Board.

The 2015 Annual General Meeting has approved the re-appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's 2016 PRC and Hong Kong auditors respectively. The audit and non-audit service fees for the year are as follows:

	RMB'0,000
Audit service	213
Non-audit service (including internal control audit)	35

In addition, the Company did not pay any other fees to the auditors nor any fees that would affect their independence. For details, please refer to Section V "Major Events" of this annual report.

G. Remuneration of Senior Management

During the reporting period, the total amount of remuneration of senior management (five of whom are also Directors of the Company) is within the following range:

	Number of Person
Nil to HK\$ 1,000,000 (equivalent to RMB894,500)	10

Section VIII Corporate Governance Structure and Governance Report

H. Risk Management and Internal Control

According to the requirements of the Corporate Internal Control Basic Norm and its supporting guidelines and other internal control supervisory requirements (hereinafter referred to as the Corporate Internal Control Norm System), the Company establishes a sound and effective risk management and internal control system. The objective of risk management and internal control system of the Company is to reasonably ensure the operating and management in compliance with laws and regulations, that the assets are safe, the financial report and the relevant information are true and complete, improve operational effect and result, and promote and achieve development strategy. The risk management and internal control system is designed to manage rather than eliminating the risk of failure to meet business objectives and to only provide a reasonable, but not absolute assurance that there will be no material misrepresentations or losses.

1. Main characteristics of risk control and internal control

The Board shall be responsible for the risk management and internal control system of the Group and for the review of the effectiveness of such system. The Supervisory Committee supervises the internal control established and implemented by the Board. The management is responsible for the organizing and leading the daily operation of corporate internal control.

Scope of duties:

The Board

- To be responsible for the risk management and internal control system and continuously review its effectiveness, ensuring that the Group establish and maintain an effective risk management and internal control system;
- To review risk management and internal control system of the Group at least once per year and ensuring that when reviewing, the resources, staff qualification and experience in accounting, internal audit and financial reporting of the Group are sufficient and the training course received by the staff and the relevant budget are sufficient. The Chairman decides whether to report to the Board for matters required to be reported occasionally;
- To supervise the design, implementation and monitor of risk management and internal control system by the management.

Audit Committee

- To review the risk management and internal control system of the Group;
- To evaluate the result of appraisal and audit of risk management and internal control system, to urge the rectification of defects of risk management and internal control;
- To discuss the risk management and internal control system with management, to ensure the management has performed its duties to establish an effective system;
- To actively or as per the appointment from the Board to conduct research on the major investigation results of risk management and internal control and feedback of investigation results from the management.

Section VIII Corporate Governance Structure and Governance Report

Management

- The management is responsible for the duties of risk management and internal control as well as the relevant management;
- To report the relevant information during the course of risk management and internal control to the Board and the Audit Committee.

The risk management and internal control departments of the Group shall report to the Audit Committee and the Board regarding the risk management and internal control at the annual meeting, so as to facilitate the Board to evaluate the effectiveness of control and risk management of the Group.

The Group has implemented policies and procedures to review the effectiveness of risk management and internal control and remedy the defects of internal control, including requesting the management to conduct evaluation on a regular basis to keep abreast of the related information in a timely manner. Furthermore, the Group has set up a system to safeguard the integrity and honesty, combat corruption and facilitate case report and supervision.

2. Specific procedures to identify, evaluate and manage material risks and the Company

(1) Risk identification

The Company formulates risk evaluation criteria to identify risks which may affect the Group.

(2) Risk evaluation

The Company evaluates the identified risks and classifies them into different risk levels.

(3) Risk management

The Company adopts different strategies to manage risks based on their levels and the risk management department supervises the effectiveness of the strategies. In addition, the Company formulates relevant countermeasures to prevent the reoccurrence or lower the risks.

(4) Risk monitoring

The Company monitors risks in a consistent and regular manner and promptly amends the risk management and internal control procedures to ensure their adequacy and effectiveness. The Company also regularly reports the result of risk monitoring to the management and the Board.

In order to respond to changes in the external environment and maintain its profitability, the Company has optimized its business process and transformed its business and management models through management innovation, business reform and other measures. The medium to long-term visions of the Group have also be formulated. Efforts have been made to lower costs, enhance organization and process and improve its ability, in order to ensure the implementation of the strategies and annual policies of the Group.

Section VIII Corporate Governance Structure and Governance Report

3. Specific procedures for the Company to review the effectiveness of system and to solve the serious defects of internal control

(1) Procedure of testing of the effectiveness of internal control

1. Purpose of testing of the effectiveness of internal control

The appraisal of the effectiveness of the operation of internal control shall take account into the following:

- (1) How the relevant control works during the appraisal period;
- (2) Whether the relevant control works continuously and consistently during the appraisal period;
- (3) Whether the controlling staff possess the necessary authorization and capability.

2. Internal Control Effectiveness Testing Frequency

From July to August 2016, the internal control working group organized all units to test the effectiveness of internal control operation on their own for the first half of 2016. In January 2017, the internal control working group tested the effectiveness of internal control operation for 2016. For some sub-processes with greater risks, whether to increase the test frequency was determined based on the actual needs.

3. Identification of Key Control Points and Determination of the Test Manuscript

The Company has identified the key control points to be tested during the internal control evaluation process and unified the working manuscripts used in the test. Testers are required not to change them arbitrarily during the test process.

Before the test is carried out, the testers will obtain the process document of the test process, the risk control matrix, the test working manuscripts and the major rules and regulations, and gain an understanding of the control objective of the whole process, control risks and the major content of the respective key control points.

4. Method for Testing the Effectiveness of Internal Control

The Company has adopted a combination of four methods to carry out internal control effectiveness tests, including inquiry (optional), observation (optional), review, inspection (mandatory) and re-implementation (optional).

The internal control working group of the Company will select the appropriate test method from the above methods by taking into account the evaluation result of the control related risk factors.

5. Test Sample Selection and Test Conclusion

Samples are selected independently for each key control point, and the samples shall cover the key control points that are tested and do not need to cover other non-key control activities during the process. Random selection must be made and the statistical sampling method is adopted conditionally.

Section VIII Corporate Governance Structure and Governance Report

The results of testing the key control points after the samples are selected are divided into the following two categories:

- Control is effective. Upon testing, if a key control is effectively implemented in all samples, the test result is valid;
- Test difference. If the execution of the sample is inconsistent with the description of the key control point, it indicates that the rationally-designed control has not been effectively executed as expected and is a test difference. For a test difference, testers should communicate with the process leader to identify the cause of the difference.

6. Internal Control Effectiveness Test Sample Recording

Using a unified control test document template for sample recording; including: truthfully fill out all the characteristics of each sample (including the abnormal part) according to the content as set out in the template; need to briefly describe the reason causing the abnormality of the sample in the manuscripts; and form a test conclusion on each manuscript (control is effective or control is ineffective).

7. Identification of Internal Control Deficiencies

The identification of internal control deficiencies by the Company is based on daily supervision and special supervision, taking into account the results of the annual internal control evaluation. Identification opinions will be put forward by the internal control working group after a comprehensive analysis is conducted and will be reviewed in accordance with the prescribed authority and procedures. Major deficiencies will be finalized by the Board.

Pursuant to the “Guidelines for the Evaluation of Internal Control of Enterprises”, the Company has set the standard for the identification of internal control deficiencies by distinguishing between financial reporting internal control deficiencies and non-financial reporting internal control deficiencies in accordance with the specific form of expression of the impact of internal control deficiencies on the achievement of financial reporting objectives and other internal control objectives.

Section VIII Corporate Governance Structure and Governance Report

(2) Specific Procedures for Solving Serious Internal Control Deficiencies

1. Developing a Deficiency Rectification Plan

The internal control working group of the Company is responsible for supervising each of the persons overseeing the rectification of deficiencies to develop respective deficiency rectification plans in accordance with the nature of the identified deficiencies, taking into account the actual situation of the Company. The rectification plan needs to include the following: department/individual responsible for rectification, rectification steps and rectification schedule and so on. The rectification plan developed needs to be approved by the management of the object being evaluated before implementation.

2. Method for the Rectification of Deficiencies

For internal control design deficiencies which have been confirmed to have a need for rectification, the relevant provisions have to be supplemented or the original provisions have to be amended in the existing internal control management system. The supplement or amendment shall be examined and approved in accordance with the established management system and approval procedures of the Company. For internal control implementation deficiencies which have been confirmed to have a need for rectification, the implementation of internal control has to be strengthened and the persons implementing the control are required to implement it in strict accordance with the relevant provisions.

The relationship between the severity of internal control deficiencies, identification bodies and corrective measures are as follows:

Extent of the Impact of Deficiencies		Tackling Method	Identification Body	Body Responsible for Correction	Countermeasures
General deficiencies	Minor	Concern	Internal control evaluation department (Management)	Internal control evaluation department	Give regular attention, or adjust the current situation to an acceptable level.
	Small	Concern and test			
	Medium	Remedy or correction			
Important deficiencies		Correction	Management (Board)	Management	The management should take action or urge the relevant departments to take action to solve the existing problems so as to prevent the occurrence of events which have a greater negative impact on the control objective; for design deficiencies, the internal control system should be revised simultaneously when corrective measures are taken.
Major deficiencies		Correction	Board	Board	The Board gives attention and urges the relevant departments to immediately analyze the reasons and take corrective action; for design deficiencies, the internal control system should be revised simultaneously when corrective measures are taken.

Section VIII Corporate Governance Structure and Governance Report

3. Monitoring of Progress in Deficiency Rectification

The internal control working group of the Company is responsible for supervising the rectification of deficiencies and coordinating the problems occurring in the process of rectification. The main method of monitoring is to review the reports on the progress of rectification made by each person responsible for rectification on a regular basis.

4. Report on Deficiency Rectification Progress

In the process of deficiency rectification, the internal control working group of the Company is responsible for reporting to the management the progress of deficiency rectification on a regular basis. Major rectification matters have to be reported to the Board (Audit Committee) in a timely manner. Measures taken for rectification and the completion of the rectification steps shall be briefly described during reporting. Meanwhile, problems (such as difficulties and matters requiring the coordination of other departments) occurring in the process of rectification that are of concern to the management have to be stated and explained.

Pursuant to the provisions of the enterprise internal control regulation system and taking into account the internal control system and evaluation method of the Company, the Board has completed the annual review of the Group's risk management and internal control system on the basis of the daily supervision and special supervision of internal control: In May 2016, the Company collected risk information from its headquarters and subordinate units, identified the causes of risks and assessed their impact on the Company from the qualitative and quantitative aspects through various methods and means such as conducting surveys by distributing risk questionnaires, preparing business process internal control risk identification tables and taking into account the Company's internal control evaluation results and internal audit findings for the year. From July to August 2016, the Company organized all subordinate units to test the effectiveness of internal control operation on their own for the first half of 2016. In January 2017, the Company tested the effectiveness of internal control operation for 2016. The Board of Director confirms that for the year ended 31 December 2016, the Group's risk management and internal control systems were effective and adequate, and no major monitoring errors or major monitoring weaknesses were identified during the reporting period.

The Board considers that for the year ended 31 December 2016, the internal control system of the Group was effectively operated and played a better management and control role in all key aspects of the Group's operation and management, and was able to provide an assurance for the healthy operation of the Group's businesses and the control of operating risks and was able to provide a reasonable guarantee for the reliability of financial reports, the legality of business operations and the efficiency and effect of operation. The Group's resources, employee qualifications and experience in accounting, internal audit and financial reporting functions, as well as the training courses received by employees and the relevant budget are adequate. In addition, the Group's procedures for financial reporting and compliance with the requirements under the Listing Rules are effective.

Section VIII Corporate Governance Structure and Governance Report

4. Internal Audit Function

The internal audit department is responsible for the internal audit work of the Group and reports directly to the Audit Committee. The internal audit department plays an important role in assessing the effectiveness of the Group's risk management and internal control systems and is responsible for directly reporting to the Audit Committee on a regular basis.

I. Training for the Secretary of the Company

Mr. Xie Xinyu, the secretary of the Company is an associate member of the relevant institute of chartered secretaries. During the reporting period, Mr. Xie Xinyu attended 1 series of lectures about strengthening the continuing professional development held by HKICS (the total hours: 17 hours), the content of which covers Shenzhen-Hong Kong Stock Connect and listing information disclosure regulations of the two places, HKICS "shareholder communication investigation and research report" overview, financial audit and performance report preparation, discloseable transactions, connected transactions, insider information and insider control and its information disclosure, "environmental, social and governance report" preparation and its disclosure, general meeting and communicate with shareholders, etc.

J. Procedures of General Meeting, Procedures for Shareholders to Convene Extraordinary General Meeting and to Make Suggestions at General Meetings

According to Article 88 of the Articles of Association, more than half of the independent non-executive directors, Shareholders who singly or jointly hold more than 10 per cent of the total voting rights (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 VIII 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.

Where the Board of Directors consents to the convention of general meeting, they 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 any new motion. The Board of Directors shall not change or postpone the time for convention of meeting without consent of the Requisitioning Shareholder.

Where the Board of Directors is 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 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 which arises from the Board of Directors' failure 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.

Section VIII Corporate Governance Structure and Governance Report

- (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:
 - (1) 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 the Article;
 - (2) The venue for the meeting shall be the address of the Company.
- (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, and the reasonable costs for convention of meeting shall be borne by the Company.
- (8) Where the Board of Directors is unable to assign a director to be chairman of the meeting, the meeting shall be presided by supervisory committee or the Requisitioning Shareholder according to the 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 the 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 Article 65 of the Articles of Association, 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 the Articles shall not be proposed for voting and be resolved.

Section VIII Corporate Governance Structure and Governance Report

K. The Method of Raising Enquiries to the Board of Directors

If the shareholders have any enquiries, they can write to the company. For the address of the Company please refer to Section II “Corporate Profile and Main Financial Indicators” of this annual report; the addressee is the secretary of the company.

L. Amendment of Articles of Association

During the reporting period, in order to fully protect the interest of investors, further regulate and perfect the corporate governance structure of the Company, the Company, in accordance with relevant provisions as set out in the laws, rules and regulations including the Company Law, the Securities Law, Guidance on Listed Company Articles of Association (Revised in 2014) Announcement of the China Securities Regulatory Commission and the Listing Rules, coupled with the actual operation and development needs of the Company, amended certain provisions in the Articles, and these were considered and approved at the 2015 annual general meeting of the Company.

For the details of amendment, please refer to the circular dated 29 March 2016 and the notice of the annual general meeting dated 15 April 2016.

Section IX Social Responsibility Report

I. The Company's views on social responsibility:

Being a State-controlled listed company, the Company operates in the transportation industry and is engaged in promoting social development and the construction of infrastructure serving the people's livelihood. While pursuing economic benefits and safeguarding the interests of shareholders, the Company has always placed the fulfilment of corporate social responsibility in an important position in our corporate development. We always believe the development of the Company has benefited from the State's favourable policy of reform and opening as well as the strong support from the community and cannot be achieved without the hard work and contribution of all our employees. The Company shall take on the economic, legal, moral and social responsibilities that should be fulfilled by it as a corporate citizen during its development. Since its listing in 1996, the Company has always persisted in taking into account both economic and social benefits amidst development, pursuing the harmonious development of our enterprise, our employees and the community in practice and repaying the community with practical actions.

II. Fulfillment of Social Responsibility:

(I) Contribution to the Community

1. Continued Creation of Economic Values (in accordance with PRC Accounting Standards)

In 2016, the Company achieved revenue of RMB2.499 billion, an increase of 2.97% year-on-year. Net profit was approximately RMB909 million, of which, net profit attributable to the parent company was RMB933 million, representing a decrease of 0.94% year-on-year. As of 31 December 2016, the size of our assets amounted to RMB13.121 billion, the return on net assets was 11.16%.

(1) Tax Contribution

Since its incorporation, the Company has insisted on business integrity and paid tax according to law and is an important corporate taxpayer in its locality and has made due contribution to the State's tax revenue and the local economy. In 2016, the Company paid various types of taxes and fees totaling RMB432.8239 million.

(2) Driving the economic development of regions along the expressways

Being an extremely important component of the modern transportation system, expressways are infrastructure facilities necessary for modern social development. Expressways play an important role in the intensive utilization of resources, improving transportation efficiency, promoting commerce and trade circulation, enhancing regional economic ties and promoting economic development. The existing expressways of the Company are mostly components of the national highway backbones running east-west and have profound significance on the national strategies for reinforcing economic and cultural exchanges between eastern and western regions, promoting east-west and north-south connectivity and accelerating the development of the western region and Yangtze economic region. The road sections under the jurisdiction of the Company pass through the central city circles or regions with a high population density and relatively active social and economic activities in our province, which has vigorously promoted the interconnection of regional economies, facilitated the eastward development of the Wanjiang region, expedited the pace of integrating with the Yangtze River Delta and driven the economic development of the South Anhui region.

Section IX Social Responsibility Report

2. Advancing Project Construction with Full Efforts and Improving the Expressway Transportation Network

Dedication to the development of expressways as our principal operation is the foundation of the Company's business. In 2016, the Company continued to step up its efforts in the investment and construction of expressways, accelerating the advancement of the construction of Ningxuanhang Expressway, driving forward the "4 to 8" capacity expansion reconstruction project of Hening Expressway and ensured work progress and project completion quality through strengthening the dynamic management of projects, establishing the coordination linkage mechanism and enhancing on-site supervision.

Ningxuanhang Expressway is an important connection route of "Vertical One" in the expressway network plan of "Four Verticals and Eight Horizontals" and is also a transit section in our province of the "Vertical Seven" Ningjin (Nanjing-Jinhua) Expressway planned in "Yangtze River Delta Metropolitan Economic Circle Expressway Planning Network (長三角都市經濟圈高速公路規劃網)" jointly prepared by Shanghai, Jiangsu and Zhejiang. The third phase of Lixuan Section commenced construction since 20 April 2015, as at the end of 2016, total investment completed amounted to RMB681 million, representing approximately 31.93% of the project. The first phase and second phase of Ningxuanhang Expressway were open to traffic consecutively, the third phase of Lixuan Section to be completed in 2017 was included in the list of key projects for 2017 by the Anhui government, the economic benefits and social benefits on the opening of the full route of Ningxuanhang Expressway would be more manifested. The construction of Ningxuanhang Expressway has important significance for enhancing the economic ties of the four provinces and cities, namely Jiangsu, Zhejiang, Shanghai and Anhui, and between the mid-western region and the eastern region, promoting the process of the integration of regional economies and facilitating the development of tourism and economy.

Hening Expressway is the common section of Hulong Expressway and Hushaan Expressway, the Shanghai Section and Jiangsu Section of Hulong Expressway were expanded according to the eight-lane expressway standard, reconstruction and expansion of the Jiangsu section of the Hushaan Expressway was also underway. The expansion from four lanes to eight lanes of the Dashushan to Longxi Overpass Section of the Hening Expressway was completed in September 2009, the Zhouzhuang to Longxi Overpass Section became a bottleneck of regional traffic. The reconstruction and expansion of the Zhouzhuang to Longxi Overpass Section would be able to improve the traffic flow condition significantly along the route of the expressway, would greatly enhance the interconnection among various expressways within the province, and would have significant implications on integration, interconnection and regional economic development between the regions.

Section IX Social Responsibility Report

3. Scientific Management and Persistent Enhancement of Smooth Traffic Flow Capability

To conscientiously improve the expressway management and service standard of the Company, optimize the corporate image and promote the harmonious development of the community, despite the absence of applicable laws and regulations in the PRC on the management and service standards of expressways, the Company has undertaken the standardization construction of toll booths and teams and groups in all management offices by adopting the requirements of the GB/T19001-2008 quality control system as the standard.

First is system standardization. The management offices have established and improved all rules and regulations by soliciting opinions extensively and taking into account the actual situation of the toll booths. For instance, we have revised and improved the appraisal and incentive mechanism. The focus is on the toll staff star class appraisal (收費人員星級考核), the outstanding station master project appraisal (優秀站長工程考核) and the team and group smile service responsibility system (班組微笑服務責任制), etc. Through the implementation of effective systems, we have guaranteed the incentive effect, mobilized the enthusiasm and initiative of all employees towards work and vigorously promoted the solid advancement of all tasks.

Second is software standardization. The focus is on enhancing team and group construction. We shall achieve persistence in supervision by booth heads, shift supervisors taking the lead and collaboration by all employees; achieve persistence in the closed-loop management model of process completeness and one settlement for one matter (一事一結); achieve persistence in the working principle of booth affairs disclosure and team and group autonomy; enhance education and training to facilitate the building of our own teams; provide team and group openings for job rotation to let staff holding different posts to relearn their job responsibilities, etc.

Third is hardware standardization. We shall achieve a strict toll collection process to guarantee unimpeded crossings; optimize smile service to improve service quality; rationally plan toll collection areas, make unified regulations on workplaces and living environment for staff, etc.

Through the sustained efforts of the Company, the hardware facilities of all toll booths have been renovated and the service capability and quality of toll collectors have been enhanced. A standard system framework consisting of toll collection, information, road assets inspection, rescue and obstacle clearance and service zones, general standard for gas station services, service assurance and service provision has been basically constructed. No complaint case and relevant non-compliance incidents in respect of the service standard of the Group had occurred during the year.

4. Create the Corporate Image and the Brand of “Anhui Expressway”

On the basis of clarifying our core values of “conforming to principles with persistence in implementation, enabling smooth flow of traffic reaching far distances”(重道篤行,通達致遠), we will form our own brand awareness for promotion of brand strategy; strengthen construction of corporate culture from the three major aspects of corporate spirit, corporate system and staff behavior to enhance internal cohesion and strengthen the soft power of corporate culture; and form an industry pattern with our own characteristics, forging “Anhui Expressway” into a corporate citizen performing corporate social responsibilities and a well-known brand of expressway in China and abroad.

Section IX Social Responsibility Report

5. Strictly Implementing Various Toll Reduction and Exemption Policies

During the reporting period, the Company continued to implement various toll reduction and exemption policies strictly, total toll reductions and exemptions granted was RMB719 million (2015: 593 million), representing an increase of 21.25% year-on-year.

- (1) Green Passage Toll Exemption. In November 2013, the first “Green Passage Automatic Detection System” (綠通自動檢測系統) in our province was completed and put into use in Wansu Toll Booth of Xiao County Management Office. Since the system was put into use, the Company, on one hand, earnestly implemented the green passage new policy, and on the other hand, took measures to reinforce management at toll collection sites continuously, ensuring the fast and toll-free passing of vehicles carrying fresh agricultural products, flood rescue vehicles, thermal coal rush-transport vehicles and transregional operation combined harvesters so that national energy safety and various policies of benefiting and supporting agriculture could be implemented. During the reporting period, the total amount of toll reductions and exemptions granted by the green passage of the Company was approximately RMB 399 million, representing an increase of 14.99% year-on-year, toll reductions and exemptions were granted to 1,158,700 vehicles, reducing social logistics cost.
- (2) Toll Reduction and Exemption on Major Holidays. In 2016, on the basis of the working experience of exempting toll for small passenger cars during major holidays in 2015 and taking into account the actual situation concerning the administration of road sections under our jurisdiction and the work characteristics of exempting toll during major holidays, the Company improved the implementation plan, optimized the operating rules, made full efforts in organization and implementation, and earnestly implemented the “Policy of Exempting Toll for Small Passenger Cars during Major National Holidays” to ensure the orderly transit of vehicles during peak flow periods such as Spring Festival travel season and toll-free period for small passenger cars during major holidays. During the major holidays in 2016, the Company granted exemptions to a total of 5,457,200 vehicles and waived tolls amounted to approximately RMB218 million.
- (3) Toll Reduction and Exemption for Anhui Transportation Cards. In response to the demand of “supply-side” reforms, our province implemented 15% toll discount for lorries which are holders of Anhui Transportation Cards since 12 July 2016, resulted in a significant increase in the amount of waived toll due to Anhui Transportation Cards. During the reporting period, total amount of waived toll due to Anhui Transportation Cards by the Company was approximately RMB74 million (2015: RMB35 million), representing an increase of 111.43% year-on-year.
- (4) Other Reduction and Exemption Policies. Reductions and exemptions granted due to other policies amounted to approximately RMB28 million (2015: RMB32 million).

(II) Production safety

Production safety is an obligation and basic responsibility that should be fulfilled by each enterprise. The Company has firmly established the safety concept of “Safety is Life, Safety is Service, Safety is Efficiency” and has done a solid job in expressway construction and operation safety management. As a result, the production safety situation of the Company has continued to be stable. During the year, the work injury rate of the Group was extremely low, no significant safety accident relating to production safety had occurred.

1. Reinforce the construction of production safety organization and structure

To perform the duties of safety management practicably, the Company established the production safety committee to undertake, guide, deploy and supervise the operation of production safety comprehensively, and by combining with the practical circumstances of the Company, a liaison system was established under which each corporate leader was assigned the task of production safety of a road section to strictly implement the duty requirement of production management must include safety management, and business management must include safety management.

2. Reinforce the implementation of production safety responsibility system

The Company further improved the four-tier responsibility system of the Company – all units – all departments – staff of all positions to realize a responsibility system reaching the edge horizontally and reaching the bottom vertically. The primary responsibility for production safety in various units was reinforced, the accountability system of “head leader” to be accountable for overall responsibility and all leadership members to be accountable for “one position with two responsibilities” was strictly implemented. Each tier was required to sign the “Production Safety Responsibility Letter”, through breakdown, refinement and level-based implementation, the foundation of production safety management was consolidated.

3. Reinforce the revision and improvement of the production safety system

During the reporting period, the Company actively proceeded with the revision and improvement of safety management systems and emergency plans under the “Administrative Measures for Production Safety Supervision (Trial)” (安全生產監督管理辦法(試行)), “Inspection and Governance System for Potential Safety Hazards (Trial)” (安全隱患排查治理制度(試行)) and “Contingency Plans for Emergency Events in Road Operation (Trial)” (道路營運突發事件應急預案(試行)) in combination with practical needs to improve continuously the system of rules and regulations for production safety.

According to the requirements of Production Safety Law, the Company formulated the safe operation process which was implemented strictly through education and supervision of employees, provided employees with the necessary protective equipment, inspected the safety protective facilities on work sites regularly, implemented pre-work safety communication, promoted safety publicity and training, and enhanced employees’ own awareness of safety precautions to protect the personal safety of employees in a practical manner.

Section IX Social Responsibility Report

4. Reinforce production safety management and control measures

The office of Hening reconstruction and expansion project of the Company formulated the safe work site implementation plan in combination with the practical circumstances of the project in accordance with the requirements of the “Notice on the Publication of the Implementation Plan of ‘Safe Work Site’ Construction Activities in Highway and Marine Transportation Projects of Anhui Province” (關於印發安徽省公路水運工程“平安工地”建設活動實施方案的通知) issued by the provincial office, established a safe production leadership team and unveiled a series of production safety management systems, including inter alia, “Administrative Measures for Production Safety” (安全生產管理辦法), “Detailed Implementation Rules for Production Safety” (安全生產實施細則) and “Production Safety Responsibility System” (安全生產責任制). The production safety responsibility system, construction safety protective measures, various types of safety and emergency rescue systems (including the drill system) and other measures and systems were established and improved. To supervise the establishment of a comprehensive security system and its normal operation by all units as soon as possible, integrated safety inspection was conducted throughout the route on regular basis.

The Company adopted a combination of secret visits and formal investigations to conduct production safety inspection and supervision on the management offices of the road sections under our control, and provided timely feedback on the inspection and supervision, supervised the implementation of rectification measures to ensure the effectiveness of work. Inspection and governance of potential safety hazards were commenced solidly. Comprehensive inspections for potential safety hazards on, inter alia, operating road, service zones and gasoline stations were organized and commenced, with particular focus on the inspection of fire prevention, electricity usage, special equipment, vehicles and food safety. Rectifications would be implemented immediately with supervision on any problems and potential hazards discovered to ensure no omission in inspection and timely treatment for potential hazards. No complaint case and relevant non-compliance incidents in respect of the production safety of the Group had occurred during the year.

5. Pursue the establishment of a safety culture conscientiously

During the reporting period, the Company continued to organize targeted safety educational trainings such as training on tunnel operation safety management, training on production safety knowledge, training on quality management and related systems, and focused on the organization of special educational trainings for department heads, officer-in-charge of projects and safety management officers to create an atmosphere of safe culture in “people oriented safe development”, so as to continuously enhance the production safety concept and production safety skills of all staff. In 2016, the Hefei management office under the control of the Company was awarded the honorary title of “Exemplary Enterprise in Safety Culture Establishment at National Level”(國家級安全文化建設示範企業).

Section IX Social Responsibility Report

6. Enhance emergency management, organize various forms of emergency drills

Firstly, to examine and correct defects and timely revise and improve various kinds of emergency response plans. Secondly, to conduct vigorously emergency drills with different themes. During the reporting period, all entities of the Company joined the respective departments to conduct road traffic accident and traffic jam drills, conducted fire prevention and anti-theft drills in premises such as toll booths and office areas, conducted flood control, first aid and other drills in service zones, conducted construction work, flood control, electric shock prevention, firefighting, evacuation and other drills in respect of construction projects, strengthened the pertinence of emergency drills and summarized and evaluated the drills. Thirdly, to enhance the building of rescue and obstacle clearance teams and their equipment in accordance with the requirements of the relevant documents, implement rational distribution, further reinforce communication and coordination and linkage with departments such as expressway traffic police, fire prevention and safety supervision to carry out fast rescue, remove obstacles and ensure smooth flows.

(III) Protection of the Interests of Stakeholders

1. Protection of the Interests of Shareholders and Creditors

Through constantly improving its corporate governance structure and establishing a sound internal control system, the Company has gradually become a modern enterprise with sound systems, effective control and normative operations. In December 2016, the Company was granted the “Prize of Excellence in Board of Directors of the Golden Round Table Awards” (金圓桌獎優秀董事會獎) due to our regulated corporate governance and strict internal control.

In 2016, the Company continued optimizing the risk management system and the internal control system, refining the implementation, supervision and inspection of the internal control system and completed the establishment of the quality control system for implementation in all management offices, laying a solid foundation for the healthy development of the Company and the protection of the interests of shareholders and creditors.

- (1) We further improved the Company’s corporate governance structure, specified the functions and positioning of the Company’s shareholders’ meeting, board of directors, supervisory committee and management, exercised the professional functions of the audit committee, the strategic development and investment committee, the human resources and remuneration committee under the Board of the Company to establish and form mutual check and balance among responsibility, power and interest, taking into account fair and efficient management systems and mechanisms.
- (2) In strict accordance with the requirements of the Articles of Association and the “Rules of Procedures of the General Meeting” (股東大會議事規則), the Company convened and held general meetings according to the laws, and offered convenience for shareholders to exercise their rights as far as possible. All shareholders were treated equally to ensure that all shareholders, in particular minority shareholders, would enjoy equal status.

Section IX Social Responsibility Report

- (3) The Company established the Board according to the laws and specified its functions, duties and authorities. Entrusted by the general meeting, the Board shall be responsible for managing and operating the Company's corporate assets and shall report to the general meeting. The 7th Session of the Board of the Company comprised of 9 directors, among them 4 were executive directors, 2 were non-executive directors and 3 were independent non-executive directors. Independent directors accounted for one-third of the members of the Board. Among them, many directors were in possession of professional accounting qualifications or expertise in financial management. The independent supervision of independent directors played a significant role in protecting the interest of minority shareholders.

In 2016, the Company held a total of 10 Board meetings. The Board meetings discussed and made decisions on major issues such as the Group's operating and financial conditions, project investment, governance structure and change of directors. The directors of the Company proactively gained an understanding on the operating developments of the Company, attended Board meetings and meetings of Board committees with a prudent and responsible attitude, fully utilized their respective professional experience and expertise and provided effective recommendations on the issues discussed so that the Board could conduct fruitful discussions and made fast and prudent decisions, and played a positive promoting role in acting in the best interest of the Company.

- (4) Stabilized the dividend policy and protected the interests of investors. Pursuant to the requirements of the document of "Decisions on Amending Some Provisions on Cash Dividends by Listed Companies" promulgated by the CSRC, the Company specified its cash dividend policy in the Articles of Association, i.e. "The Company distributes profits on an annual basis and shall distribute dividends at least once each year" and "The total profits distributed by the Company in cash for three consecutive years shall not be less than 30% of the average annual distributable profits realized in the last three years to ensure the continuity and stability of the profit distribution policy". Since its listing, the Company distributed cash dividends each year. The cumulative dividend per share was RMB2.8375 and a total of RMB4.652 billion of cash dividends had been paid. By way of a high percentage of cash dividends, the shareholders of the Company were able to derive handsome returns from the development of the enterprise.
- (5) Actively maintained good investor relations. The Company made full use of various media to actively conduct various forms of investor relations activities and established smooth communication channels with investors. With websites, hotlines and mail boxes as the platform, the Company disclosed information on production, operation and management in a timely, accurate and complete manner. The Company successfully held the 2015 annual and 2016 interim results presentations in March and August 2016, respectively, to allow domestic and overseas investors to have full understanding on its operating conditions and development strategies, which enhanced its transparency.
- (6) The Company conscientiously fulfilled its information disclosure obligation so that its shareholders and creditors were able to have timely understanding and knowledge of its operating developments, financial position and major issues, safeguarding their right to information.

Section IX Social Responsibility Report

The Company managed information disclosure and insider information in strict accordance with the “Corporate Information Disclosure Management System”(公司信息披露管理制度), the “Management System for Reporting, Delivery and Use of External Information of the Company”(公司外部信息報送和使用管理制度), the “Management System for Insider Information and Insiders”(內幕信息及知情人管理制度) and the “Administrative Measures for the Relevant Activities such as the Reception of Specific Targets by the Company for Investigation and Research and Interview”(公司接待特定對象調研採訪等相關活動管理辦法), steadfastly prevented making selective disclosure to different investors to fully safeguard and protect the equal information right of shareholders and investors and to safeguard the credible image of the Company within the capital market.

During the year, the Company adhered to the basic principles of openness, fairness and impartiality, strived to fulfill its legal obligations on information disclosure timely and accurately in compliance with the requirements of the relevant laws and the Listing Rules, and ensured that all shareholders had equal and adequate right to information, completed 63 ad hoc announcements on A Shares, 23 ad hoc announcements on H Shares and 4 regular reports. In addition, the Company’s announcements were also published on the “China Securities Journal”(中國證券報), the “Shanghai Securities News”(上海證券報), website of the Stock Exchange and website of the Company in a timely manner to ensure that information of the Company was communicated to all shareholders and investors through various channels in a timely and accurate manner.

- (7) The Company provided borrowings or entrusted loans to subsidiaries strictly in accordance with stipulated procedures to ensure risk minimization to the Company and creditors. As a debtor, the Company fulfilled its debt repayment obligation strictly in accordance with the contract of borrowings and there was no occurrence of any act in breach of trust, such as non-repayment on maturity.

2. Protection of Employees’ Interests

We adhered to starting business with joint efforts and sharing achievements together to create a positive and progressive internal environment. Through striving to create a harmonious and pleasant working atmosphere, we motivated employees to contribute their talent and intelligence to the development of the enterprise, share the fruits of development and jointly create a better life. We committed to create a harmonious corporate atmosphere and strived to enable the employees to enjoy the sense of happiness and achievement brought by working with a positive, grateful and optimistic attitude by creating the “LOHAS Time-Space” for employees.

The Company had strictly complied with the requirements of the Labour Law (勞動法) of the PRC, without violating any relevant standards and regulations:

1. Wages, overtime payments and relevant welfare benefits of employees were paid in accordance with the local minimum wage rate (or above);
2. Consolidated working hours system was implemented with reference to the requirements under the Labour Law;
3. The granting of annual leave and statutory paid leave was in compliance with national requirements;

Section IX Social Responsibility Report

4. The Company treated each employee equally, the recruitment, remuneration and promotion of employees were not affected by his/her social status in terms of race, ethnic group, nationality, sex, religion, age, sexual orientation, political faction and marital status, etc.

(1) Employees

Table 1 Statistics about the number of employees,
profession composition and education level

Number of incumbent employees of the parent company	1582
Number of incumbent employees of major subsidiaries	585
Total number of incumbent employees	2167
Number of resigned and retired employees for whom the parent company and major subsidiaries are required to bear the costs	65

Profession Composition

Profession composition category	Number of persons in profession composition
Production staff	1537
Sales staff	0
Technical staff	129
Financial staff	36
Administration staff	465
Total	2167

Education Level

Education level category	Number of persons
Postgraduate	35
Undergraduate	370
College	1282
Technical secondary school	387
High school and below	93
Total	2167

- (2) The Company had strictly complied with the requirements of the Labour Law by hiring employees who had reached the statutory working age and were holders of valid resident identity cards issued by the Public Security Bureau. Moreover, the Company conducted recruitment according to the principles of fairness, openness and voluntary basis, no workers were forced to sign any legal labour contracts. During the year, the Group was not involved in any issues of children labour and forced labour. The Group will continue to observe the stringent recruitment system and eliminate any children labour and forced labour issues.

Section IX Social Responsibility Report

- (3) The Company implemented a broadband remuneration system according to different natures of positions which were classified into four series of positions, namely, management positions, professional technical positions, toll collection positions and general staff protected positions. The remuneration level of each employee was determined by the position and his/her own conditions. Meanwhile, the Company deepened the reform on distribution system, optimized the individual income allocation structure, set a reasonable ratio for fixed wages and floating wages, improved the appraisal system, the results of appraisal were linked to remuneration allocation, so as to realize the possibility of increase and decrease in staff income.

The Company strictly complied with the requirements of Social Insurance Law (社會保險法) to protect the legitimate interests of employees and made contributions to “Five Insurances, One Fund” for all employees, including pension insurance, unemployment insurance, medical insurance, work injury insurance, maternity insurance and housing provident fund, and the relevant amounts of fees were fully and duly paid. In 2016, the total amount of social insurance fees paid for the above five types of insurance was RMB29.89 million, the total amount of contributions made to the housing provident fund was RMB20.73 million.

In addition, in order to motivate and retain employees, mobilize employees’ enthusiasm in work, and secure talents to support corporate development, the Company established a corporate annuity plan according to the relevant regulations and policies related to corporate annuity management and taking into account the practical circumstances, employees participated in the plan on voluntary basis. In 2016, the amount of corporate annuity fees paid was RMB6.06 million.

- (4) The Company emphasized on production safety, stressed on the labour protection of employees and implemented production safety management fully in the ordinary course of production and operation to prevent the occurrence of accidents. By strictly implementing the Production Safety Law (安全生產法) and the relevant national laws and regulations, we have created a healthy and safe working environment for employees through means such as implementing safety regulations, arranging special funds and providing protection facilities. Meanwhile, the Company improved the self-defense capability of employees by conducting events such as production safety publicity and education and safety knowledge competition.

In March 2016, the Company entered into a letter of responsibility for production safety for 2016 with all departments and their respective responsible entities. The respective responsible entities further implemented the responsibility for production safety work through various channels such as convening regular working meetings on safety, railway police joint meetings, project construction management theory discussion meetings and maintenance and safety work meetings.

Section IX Social Responsibility Report

- (5) The Company formulated a detailed employee training plan to actively conduct vocational training and facilitate the comprehensive development of employees. Attaching much importance to employee education and training, the Company formulated an annual training plan at the beginning of the year to conduct various kinds of training orderly in accordance with the relevant system and training plan to further improve the training content, improve the approach to training, integrate training resources, optimize the training team, increase the overall training quality and effectiveness and drive continuous improvement in the training standard. During the reporting period, the Company and all departments, taking into account the actual needs of works and departmental business functions, conducted various kinds of business trainings such as operational management, engineering technology, safety management, maintenance management, information technology and financial management to vigorously enhance the position-specific skills and expertise standard of employees. The Company established the “Tongda Lecture Hall” to organize special trainings on a regular basis; actively made use of the network platform to encourage autonomous learning by employees, promoted the use of the E-learning online study system, and at the same time, capitalized on functions such as mobile phone user end and online interactions to fully promote the development of the network education platform.
- (6) The Company expressly stipulated the election and appointment systems of employee representative supervisors in its Articles of Association. Employee representative supervisors shall be elected democratically by the employee representatives’ general meeting of the Company to supervise the operating activities of the Company and the performance of duties by directors and the senior management on behalf of the employees. The Company also formed the labour union and established the employee representatives’ general meeting system to ensure that employees shall have adequate rights in decisions involving their vital interests.

3. Protection of the Interests of Suppliers, Customers and Consumers

- (1) The Company persisted in operating according to the laws and regulating operations and maintained good business cooperation relationship with suppliers and customers based on the principles of honesty and trustworthiness and mutual benefits.
- (2) By capitalizing on the building of an uncorrupted working style in the Party, and capturing the opportunities of learning and education along the lines of “Two Learnings and One Practice” and “With Speech and Observation, See the Actions”, the Company actively conducted special activities to combat commercial bribery and consciously resisted commercial bribery to protect the interests of suppliers, customers and consumers.
- (3) The Company implemented and strictly executed various tender bidding systems, by introducing the market mechanism, both fairness and efficiency of tender bidding projects were truly achieved with optimization in cost and profit.
- (4) The Company established a sound feedback system with a specialized department responsible for listening to the opinions and suggestions of suppliers, customers and consumers, accepting questions raised by them, handling their complaints and making targeted improvements based on the actual situation of the Company to ensure that the interests of suppliers, customers and consumers were protected effectively.

Section IX Social Responsibility Report

4. Anti-corruption

The Group strived to become a corporation with good reputation and in compliance with disciplines and laws. The Group promoted the professional ethics of compliance with the laws, probity, honesty and dedication to work, prohibited any forms of acceptance of bribes, corruption and bribery acts. The relevant national laws and regulations, including the “Provisional Measures on Strict and Impartial Political Discipline and Political Rules”(嚴明政治紀律和政治規矩暫行辦法) and “Provisional Measures on Strict Prohibition to Seek Improper Benefits by Using the Convenience of Duties”(嚴格禁止利用職務上的便利謀取不正當利益暫行辦法), were consistently observed, professional conduct of employees were expressly stipulated and regulated through the Employees’ Handbook, various kinds of trainings and conflict of interest guidelines, and regular reviewed on the effectiveness of the internal management system of the entire Group. The Group was required to comply with strict procedures and processes in the ordinary course of operation; the internal audit department would conduct audits on all subsidiaries on regular basis and reported duly to the operation management, and corresponding measures would be adopted to ensure the enforcement of regulated practices. These measures had effectively facilitated the execution and improvement of the Group’s regulation system. During the year, there was no occurrence of any litigation cases nor incidents of any relevant violations in respect of corruption of the Group or its employees.

(IV) Public Welfare Undertakings

In 2016, the Company conducted public welfare activities actively, such as targeted poverty alleviation, pair assistance, making donations to schools, offering volunteer services to the community and organizing voluntary blood donation, to enhance the social influence and establish a good social image of the Company.

1. Conscientious and consistent implementation of the national targeted poverty alleviation strategy

The Company continued to provide pair assistance to Zaojia Xiang of Changfeng County to improve its agricultural water irrigation infrastructure continuously, the Company donated RMB50,000 in 2016 for renovating the electric pumps of Station Two at Cui Lane in Chen Liu Village and local construction works, such as consolidation and maintenance of pump room and clearance of obstructing earth and stones.

Section IX Social Responsibility Report

The Company's Xiao County Management Office established and improved the mechanism for corporate assistance work, formulated the annual assistance plan and organized the leadership team of assistance work to ensure each management member of the office will provide assistance to one employee household in poverty. After selecting the right poverty alleviation project, assistance would be provided to the household in poverty by selecting a wealth generation project according to individual conditions of the household, and strived to obtain supporting funds to realize stable additional income, assistance was also provided to overcome problems and difficulties of poor households for improving their living environment, employment or starting a business. File records on employees in poverty would be compiled for dynamic management and provision of regular assistance and visits. In 2016, the Xiao County Management Office conveyed sympathy to 17 employees in difficulties and hospitalization and contributed RMB16,000 in total.

The Company's Gaojie Management Office established a poverty alleviation work leadership team and a subordinated office, which was mainly responsible for the specific work of difficult cases in poverty alleviation. It actively performed pairing work for the targets of assistance, namely Sanli Village and Tianzhu Village of Shuihao Township in Qianshan County, performed visits, surveys and research to formulate a poverty alleviation work plan. Arrangements were made for one-to-one assistance provided by officers above middle management level to 27 households of Sanli Village and 29 households of Tianzhu Village in Qianshan County, each officer above middle management level was paired with at least 2 households to ensure the obligations were duly performed. Assistance was provided to help village households develop tourism industry and set up local tourism signboards at the entrance and exit of the toll station at Tianzhu Mountain. On the provision of industry assistance funds, over RMB40,000 were raised by the industry poverty alleviation fund to help villages in poverty to develop industries with unique features. On providing additional income to poor households, the canteens of Management Offices purchased some agricultural products and by-products produced by the poor village households at the end of 2016 to increase their income. The young volunteers of the offices were paired with over 10 left-behind children along the route and provided visits and caring activities to them on festive and holiday seasons.

2. Focusing on making donations to assist education for poor students

The Company's Hefei Management Office was paired to provide long-term support for the left-behind child, Di Jingyi, of Panggudui Primary School in Changfeng County, establishing a long-term and public caring platform for left-behind children.

The Company's Xiao County Management Office commenced caring activities for left-behind children, organized volunteers to deliver learning tools and stationery to Maoguan Primary School of Longcheng Township in Xiao County, and watched the June 1 Cultural and Arts Performance together with the children.

Section IX Social Responsibility Report

3. Promoting the volunteer spirit with enhanced efforts

Firstly, during the period of emergency or significant events, such as the flood rescue period in 2016, Xuanguang Company closed the Xuancheng North Station from 10 July to 25 July for use as the special access for emergency vehicles to set up an emergency life passage from city area to Shuangqiao Lianwei and provided free passage for rescue vehicles and local residents, and actively raised RMB16,780 of donations from Party members and cadres as disaster relief for the affected residents. The volunteer service team of Gaojie Office visited the resettlement spot to give care and support for the flood victims, and donated emergency daily supplies to the flood victims at the resettlement spot. Some toll station staff provided volunteer services at the resettlement spot during their leisure time after work. During the period of G20 Summit, the Anhui and Zhejiang toll stations completed the task of ensuring safe and smooth traffic flow for the G20 Summit successfully and received commendation medals granted by the security team of the summit and the Public Security Department of Zhejiang Province, together with the award of pennants, making the Company the only entity in the provincial transportation system being awarded with these honours.

Secondly, in the course of ordinary work and daily living, such as the formal establishment of the young volunteer service league in 2016 by the Ningguo Management Office of the Company, effective support was given to commence social welfare business by the Ningguo Management Office. Chuzhou Management Office set up the “Communist Youth League Heart to Heart Linkage Post” and service counter to provide convenient services such as the provision of drugs, tea and water, and free advice to drivers and passengers, a total of over 3,000 copies of various kinds of publicity leaflets were distributed during the year and provided over 100 free consultations. The trade union and youth league general branch of Hefei Management Office participated in the charitable relay race “For A Happy Summer to 48 Leukemia Children” jointly organized by the women’s federation, municipal league committee and radio broadcast station of Hefei city.

(V) Environmental Protection and Sustainable Development

The Company fully and consistently adhered to the green development concepts of resources saving, intensive efficiency, energy saving and emission reduction, ecology and environmental protection, and natural harmony, maximized the provision of reasonable protection to the environment and maximized the efficient utilization of resources to provide safe, comfortable, fast and convenient traffic for people. The Company strictly complied with the relevant national requirements (including the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Water Pollution Prevention and Control Law of the PRC (中華人民共和國水污染防治法) and the Atmospheric Pollution Prevention and Control Law of the PRC (中華人民共和國大氣污染防治法)) on the emission and discharge of exhaust gas, waste water, greenhouse gases and the treatment of hazardous and non-hazardous wastes, no violation incidents had occurred in 2016.

Section IX Social Responsibility Report

1. During the course of construction of expressways, effective measures would be adopted to tackle the environmental problems arising from the construction process of expressways. Firstly, an energy saving assessment report would be prepared to enhance management at the construction site and insisted on civilized construction. The temporary facilities, such as the construction site, access roads and resident office, would have a reasonable layout to avoid causing damage to the environment, and environmental measures such as effective dust removal and sound proof measures would be adopted. Secondly, the garbage, wastes and remains of construction materials generated would be treated according to the Law on Prevention and Control of Solid Waste Environmental Pollution of the PRC (中華人民共和國固體廢物污染環境防治法) and subject to different treatments according to their respective conditions. Construction units were required not to leave behind construction wastes within the land area of expressways and such wastes had to be delivered to designated locations for treatment. Hazardous construction materials regulated by the Law on Prevention and Control of Solid Waste Environmental Pollution of the PRC would be treated strictly in accordance with the legal provisions. Thirdly, as there was a large quantity of demolition and reconstruction work of overhead bridges, two research projects, namely, “Research on Assembled Sheet-Pile Non-soil Subgrade”(裝配化樁板式無土路基研究) and “Research on Assembled Feeder Overhead Bridge”(裝配式支線上跨橋研究) were commenced.
2. In the process of expressway maintenance, depending on geographical locations, new green maintenance technology characterized by good road performance, long usable life, low construction cost, energy saving and environmental friendly would be actively researched and utilized, resources recycling technology and preventive maintenance technology would be developed. As at the end of 2016, the Company and ATHC completed 5 research projects, including the “Research on Bridge Deck Pavement Technology for Steel Bridges with Steep Gradient Bends”(大坡度彎曲鋼橋橋面鋪裝技術研究), leveraging on maintenance projects. In November 2016, in the presentation ceremony of 2015 Science and Technology Awards hosted by the China Highway & Transportation Society (中國公路學會), the research project on “Durable Road Surface Design for Drainage and Crack Resistance Functions and Application in Conversion and Expansion Construction Projects”(基於排水抗裂功能的耐久性路面設計及改擴建工程應用) won the 2015 Science and Technology Award granted by the China Highway & Transportation Society. In maintenance practice, according to the requirements of “Circular Economy Promotion Law of the PRC” (中華人民共和國循環經濟促進法), the Company applied the new technical process of removing grouting hazards from expressways by treatment of milling wastes into base course fillers, new preventive maintenance technology for anti-skid resistance level and high polymer grouting technology in asphalt road surface maintenance, and by recycling obsolete and old road surface materials such as obsolete and old concrete plates for use in subgrade protection projects, the maintenance cost was effectively reduced and the protection for ecological environment, improvement in utilization efficiency of resources, reduction in energy consumption and reduction in the discharge of pollutants were maximized.

Section IX Social Responsibility Report

3. In the course of operating business, we strictly complied with local regulations and environmental protection laws, actively performed our environmental protection obligations, continued to reinforce maintenance of highway environment, adopted many proven effective ecological protective measures and pollution prevention and control measures. Firstly, all management offices of road sections under our control increased green management and maintenance efforts, and increased sound proof screens on road sections which are residents-concentrated to reduce the effect of traffic noise pollution on residents along the route. Secondly, we improved the drainage systems of expressways and enhanced management and maintenance of water drainage facilities. The Xiao County Management Office of the Company carried out reconstruction work for ditches on both sides of manual gates on the Anhui Section of Lianhuo Expressway under our control to guide water inside the ditches into River Dai on the eastern side and improved the passage conditions for surrounding residents, while protecting the surrounding crop fields from the impact of floods. Thirdly, emergency management was strengthened, special contingency plans were formulated to tackle with emergency incidents happened to transportation vehicles of hazardous and chemical products and the leakage of hazardous and chemical products in emergency cases efficiently to prevent and reduce the direct discharge of pollutants into agriculture fields, wetlands or rivers through the drainage system. Fourthly, discharge of household sewage water was controlled and treated. Sewage water from toll stations were treated by sewage treatment plants before discharge, household garbage from all management zones would be cleared everyday by designated cleaners to reduce the pollution of household waste. Fifthly, we emphasized on adopting reasonable repair and maintenance reinforcement plans to minimize the environmental impact of maintenance works. Sixthly, we organized environmental activities in villages and townships along the routes. The Chuzhou Management Office of the Company strongly disseminated the preventive and control measures of atmospheric pollution, and organized 12 visits to village households together with traffic police and highway administrators of the road sections under our control to prohibit hay burning and distributed 8,000 copies of publicity materials and answered consultation questions from 300 persons, and further enhanced the safety and environmental awareness of residents along the routes.
4. Emphasis on nurturing environmental protection awareness among employees and environmental friendly actions. The management offices of road sections under our control began with education, organized serious studies on the Environmental Protection Law, Water Pollution Prevention and Control Law and Law of Prevention and Control of Atmospheric Pollution, etc. and implemented the requirements of local environmental protection authorities to fulfill environmental protection obligations along the road sections under our jurisdiction. All our staff were encouraged to perform environmental protection work voluntarily under our supervision and seriously receive guidance and supervision from environmental protection authorities. Office automation was steadily implemented, the corporate portal website, OA system, financial management system, human resources information system, information centralization platform, private cloud platform and vehicles management system were established and in operation to realize a paperless office, enhance management efficiency and enhance environmental protection awareness among employees.

All of the above energy and resources utilization efficacy plans obtained effective results.

Section IX Social Responsibility Report

III. Conclusion

In summary, in 2016, the Company, as a social member, has satisfactorily fulfilled its corresponding social responsibilities in various tasks, such as promoting social and economic development, protecting the interests of employees and stakeholders and environmental protection. The Company will further enhance its sense of responsibility as a social member so as to repay the community with concrete actions.

This report has been considered and approved by the 23rd Meeting of the 7th Session of the Board of Directors of the Company on 24 March 2017. The Company's Board of Directors and all of its members accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents in this report.

Anhui Expressway Company Limited
24 March 2017

Section X Report of the Supervisory Committee

In 2016, all members of the Supervisory Committee have strictly complied with the requirements of the “Company Law”, “Listing Rules”, “the Articles of Association” of the Company and “the Standing Orders of the Supervisory Committee”, performed their duties prudently and exercised their authority independently according to law in order to ensure the regular operation of the Group and to protect the interests of the shareholders and the Company. The Supervisors have conscientiously performed their duties as supervisors, and knew about and understood the operation and management of the Group through attending Board meetings and shareholders’ meeting, so as to ensure the proper operation and healthy development of the Group.

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 Group, discussing and checking the financial reports to be submitted to the shareholders’ general meeting by the board of directors; supervising, examining and coordinating the development, execution and improvement of the Group’s internal control.

In 2016, the Supervisory Committee held 6 meetings, the notice, convening and resolutions of which were in accordance with the statutory procedures and the Articles of Association of the Company. It attended 10 board meetings and 2 shareholders’ general meeting. During the reporting period, there was no matters in which the Supervisor representative of the Company negotiates with or sues the directors.

The Supervisory Committee issued the following opinions related to relevant important items such as the regular reports approved by the Board of Directors and the shareholders’ meeting, regulatory and management of internal control, etc. in 2016 in accordance with relevant regulations:

I. Compliance with laws in operation

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 daily operation and management activities were operated in accordance with the Company Law, Securities Law, Listing Rules, Articles and other relevant provisions. The internal management and control system is constantly perfected. Information was disclosed in a timely, accurate and complete manner. The decision procedures of the Board and the Shareholders’ General Meeting comply with the laws. The Directors and senior management of the Company were able to prudently and diligently perform their duties. 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.

II. Financial condition of the Group

The Supervisory Committee carefully examined the 2016 financial report prepared by the Board of Directors to be submitted to the shareholders’ meeting and considered that the report accurately reflected the financial situation, operation results and cash-flows of the Group in 2016 in compliance with the provision of the relevant laws, regulations and the Articles.

Section X Report of the Supervisory Committee

III. Connected transactions of the Group

The Supervisory Committee reviewed all connected transactions of the Company during the year and forms the opinion that all daily connected transactions in the year were reviewed and performed in strict accordance with the legal procedures. Directors associated with the relevant transactions abstained from voting. The actual transaction amount of the daily connected transaction in 2016 is within the approved limit. The aforesaid connected transactions are normal operational business of the Company out of production and operational needs. The prices of the connected transactions were fair, reasonable and the transactional decision procedures were in compliance with the law and regulations. The transaction price reflects the principle of equitability and fairness. No act which is damaging to the interests of the Group and 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 2016” 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.

Liu Youcai

Chairman of the Supervisory Committee

Hefei, Anhui, the PRC

24 March 2017



羅兵咸永道

To the Shareholders of Anhui Expressway Company Limited
(incorporated in the People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of Anhui Expressway Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 162 to 254, which comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report



羅兵咸永道

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of this report.

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

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



A key audit matter is identified in our audit as follows:

Key Audit Matter

Accounting treatments on concession intangible assets

Refer to note 4 "Critical accounting estimates and judgements" and note 5 "Concession intangible assets" to the consolidated financial statements

As at 31 December 2016, total concession intangible assets amounted to approximately RMB 9,236,927 thousand, which accounted for 70% of total assets. For the year ended 31 December 2016, the additions and amortisation of concession intangible assets amounted to approximately RMB 564,496 thousand and approximately RMB 566,322 thousand respectively.

Construction costs including capitalised borrowing costs are initially recognised as concession intangible assets. Management calculates the capitalised borrowing costs at each year end based on capitalisation rate, which requires significant judgements and assumptions to be made to determine the weighted average of the borrowing rates applicable to the Group's borrowings during the year.

Meanwhile, management amortises the concession intangible assets when the respective underlying toll roads start operation using the straight-line method over the concession years granted, which also requires significant judgements and assumptions to be made to determine the concession years especially for those newly set-up concession assets.

How our audit addressed the Key Audit Matter

We understood management's policies and processes, evaluated and tested the controls in relation to the capitalisation of related costs as concession intangible assets and management's estimation of the related capitalisation rate, amortisation years and impairment assessment.

In addition, for concession intangible assets' initial recognition and subsequent measurement, individually or in aggregate, we have inspected management's assessment and performed the following audit procedures in the current year:

- understood, evaluated and tested management's controls in connection with concession intangible assets' daily management and accounting treatments;
- verified accuracy, completeness and existence of the additions of concession intangible assets in the current year as follows:
 - confirmed on a targeted basis significant construction payable transactions and balances with suppliers;
 - inspected on a sampling basis the accuracy of additions in concession intangible assets by examining the construction settlement certificates;
 - searched for unrecorded liabilities by inspecting subsequent payments and invoices.

Independent Auditor's Report



羅兵咸永道

Key Audit Matter

Accounting treatments on concession intangible assets (continued)

The concession intangible assets are stated at the fair value of the construction service provided less accumulated amortisation and impairment losses. 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, which also requires significant judgements and assumptions to be made during management's impairment assessment.

We focus on accounting treatments on concession intangible assets because of the significance of such assets to the consolidated financial statements together with the involvement of significant management's judgements and assumptions.

How our audit addressed the Key Audit Matter

- obtained management's assessment on the determination of the weighted average of the borrowing rates and compared borrowing rates with borrowing agreements;
- verified the accuracy of capitalised borrowing costs;
- assessed the reasonableness of amortisation years;
- recalculated the amortisation charges of concession intangible assets for the year;
- assessed the management's impairment review on concession intangible assets including the forecasted transport volume and pre-tax weighted average cost of capital.

We found that the initial recognition, including capitalised borrowing costs, and subsequent measurement including amortisation years and management's impairment assessment of concession intangible assets are supported by the evidences we obtained.

Other Information

The directors of the Company are responsible for the other information as set out in the Company's 2016 annual report. The other information comprises the information included in the corporate profile and main financial indicators, change of ordinary shares and shareholders, and directors, supervisors, senior management and staff (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the important notice, definitions, corporate business summary, report of the board of directors, major events, corporate governance structure and governance report, social responsibility report, report of the supervisory committee, documents available for inspection and appendix, which are expected to be made available to us after that date.



羅兵咸永道

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the important notice, definitions, corporate business summary, report of the board of directors, major events, corporate governance structure and governance report, social responsibility report, report of the supervisory committee, documents available for inspection and appendix, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee and take appropriate action considering our legal rights and obligations.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report



羅兵咸永道

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report



羅兵咸永道

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the audit committee all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Arthur Chi Ping Kwok.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 March 2017

Consolidated balance sheet

As at 31 December 2016

(All amounts in Renminbi thousand unless otherwise stated)

ASSETS	Note	As at 31 December	
		2016	2015
Non-current assets			
Concession intangible assets	5	9,236,927	9,245,876
Land use rights	6	10,493	11,450
Property, plant and equipment	7	954,173	1,046,208
Investment properties	8	338,391	354,011
Intangible assets	9	3,548	2,388
Investment in an associate	11	104,591	90,788
Deferred income tax assets	23	55,995	51,860
Available-for-sale ("AFS") financial assets	12	235,000	221,126
		10,939,118	11,023,707
Current assets			
Inventories	14	5,276	5,287
Trade and other receivables	13	260,073	310,835
Restricted cash	15	110,000	197,000
Cash and cash equivalents	15	1,900,812	709,246
		2,276,161	1,222,368
Total assets		13,215,279	12,246,075
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary share capital	16	1,658,610	1,658,610
Share premium	16	1,415,593	1,415,593
Other reserves	17	127,587	118,083
Retained earnings		5,542,709	4,998,212
		8,744,499	8,190,498
Non-controlling interests	10(f)	740,743	789,927
Total equity		9,485,242	8,980,425

Consolidated balance sheet (continued)

As at 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

	Note	As at 31 December	
		2016	2015
LIABILITIES			
Non-current liabilities			
Long-term payables	22	960,837	956,264
Borrowings	20	1,649,833	1,052,649
Deferred income tax liabilities	23	140,281	152,014
Deferred income	18	32,931	35,105
		<u>2,783,882</u>	<u>2,196,032</u>
Current liabilities			
Trade and other payables	19	671,382	632,538
Current income tax liabilities		124,083	67,397
Provision	21	22,069	6,896
Borrowings	20	128,621	362,787
		<u>946,155</u>	<u>1,069,618</u>
Total liabilities		<u>3,730,037</u>	<u>3,265,650</u>
Total equity and liabilities		<u>13,215,279</u>	<u>12,246,075</u>

The notes on pages 169 to 254 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 162 to 254 were approved by the Board of Directors on 24 March 2017 and the consolidated balance sheet was signed on its behalf by:

Director (喬傳福)

Director (許振)

Consolidated income statement

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December	
		2016	2015
Revenue	25	3,063,632	3,158,404
Cost of sales	27	(1,686,456)	(1,800,738)
Gross profit		1,377,176	1,357,666
Other gains - net	26	60,770	68,371
Administrative expenses	27	(107,659)	(128,693)
Operating profit		1,330,287	1,297,344
Finance costs	29	(109,168)	(66,560)
Share of profit of an associate	11	13,803	18,601
Profit before income tax		1,234,922	1,249,385
Income tax expenses	30	(334,032)	(290,500)
Profit for the year		900,890	958,885
Attributable to:			
Owners of the Company		925,075	929,377
Non-controlling interests		(24,185)	29,508
		900,890	958,885
Basic and diluted earnings per share (expressed in RMB per share)	31	0.5577	0.5603

The notes on pages 169 to 254 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December	
		2016	2015
Profit for the year		900,890	958,885
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in value of available-for-sale financial assets, net of tax	12, 23	10,406	(41,851)
Total comprehensive income for the year		911,296	917,034
Attributable to:			
Owners of the Company		935,481	887,526
Non-controlling interests		(24,185)	29,508
		911,296	917,034

The notes on pages 169 to 254 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Attributable to owners of the Company				Non-controlling interests	Total
		Ordinary share capital (Note 16)	Share premium (Note 16)	Other reserves	Retained earnings		
Balance at 1 January 2015		<u>1,658,610</u>	<u>1,415,593</u>	<u>161,060</u>	<u>4,449,189</u>	<u>847,613</u>	<u>8,532,065</u>
Comprehensive income							
Profit for the year ended 31 December 2015		—	—	—	929,377	29,508	958,885
Other comprehensive loss							
– Fair value losses on AFS financial assets, net of tax	12	—	—	(41,851)	—	—	(41,851)
Total comprehensive income		<u>—</u>	<u>—</u>	<u>(41,851)</u>	<u>929,377</u>	<u>29,508</u>	<u>917,034</u>
Others	17	—	—	(1,126)	1,126	—	—
Transactions with owners							
Capital redemption of non-controlling interests		—	—	—	—	(15,000)	(15,000)
Dividends relating to 2014	32	—	—	—	(381,480)	—	(381,480)
Dividends paid to non-controlling interests of subsidiaries relating to 2014		—	—	—	—	(83,125)	(83,125)
Difference between the carrying amount and undiscounted amount of interest free loan received from non-controlling interests, net of tax	10(b), 22, 23	—	—	—	—	10,931	10,931
Balance at 31 December 2015		<u>1,658,610</u>	<u>1,415,593</u>	<u>118,083</u>	<u>4,998,212</u>	<u>789,927</u>	<u>8,980,425</u>

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Attributable to owners of the Company				Non-controlling interests	Total
		Ordinary share capital (Note 16)	Share premium (Note 16)	Other reserves	Retained earnings		
Balance at 1 January 2016		1,658,610	1,415,593	118,083	4,998,212	789,927	8,980,425
Comprehensive income							
Profit for the year ended 31 December 2016		—	—	—	925,075	(24,185)	900,890
Other comprehensive income							
– Fair value gains on AFS financial assets, net of tax	12	—	—	10,406	—	—	10,406
Total comprehensive income		—	—	10,406	925,075	(24,185)	911,296
Others	17	—	—	(902)	902	—	—
Transactions with owners							
Dividends relating to 2015	32	—	—	—	(381,480)	—	(381,480)
Dividends paid to non-controlling interests of subsidiaries relating to 2015		—	—	—	—	(88,127)	(88,127)
Difference between the carrying amount and undiscounted amount of interest free loan received from non-controlling interests, net of tax	10(b), 22, 23	—	—	—	—	63,128	63,128
Balance at 31 December 2016		1,658,610	1,415,593	127,587	5,542,709	740,743	9,485,242

The notes on pages 169 to 254 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December	
		2016	2015
Cash flows from operating activities			
Cash generated from operations	34	1,567,349	1,085,983
Interest paid		(92,534)	(80,818)
Income tax paid		(317,726)	(371,697)
Net cash generated from operating activities		1,157,089	633,468
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(19,135)	(65,851)
Purchase of intangible assets	9	(2,297)	(1,403)
Net decrease/(increase) in restricted cash	15	87,000	(100,000)
Net increase in financial products	13	(45,000)	(85,000)
Proceeds from sales of property, plant and equipment		339	452
Proceeds from sales of investment properties		—	10
Interest received	26	25,821	5,964
Dividends received from AFS financial assets and an associate		51,129	37,589
Net cash generated from/(used in) investing activities		97,857	(208,239)
Cash flows from financing activities			
Proceeds from bank borrowings		718,780	552,098
Proceeds from long-term payables		136,410	219,343
Repayments of bank borrowings		(361,012)	(442,513)
Repayments of long-term payables		(83,652)	(32,952)
Dividends paid to the non-controlling interests		(92,580)	(78,671)
Dividends paid to the Company's shareholders	32	(381,480)	(381,480)
Repayments of share capital to the non-controlling interests		—	(15,000)
Net cash used in financing activities		(63,534)	(179,175)
Net increase in cash and cash equivalents		1,191,412	246,054
Cash and cash equivalents at beginning of the year		709,246	462,945
Exchange gains on cash and cash equivalents		154	247
Cash and cash equivalents at end of the year		1,900,812	709,246

The notes on pages 169 to 254 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(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 (the “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, the PRC.

As at 31 December 2016, 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 2016*

* In 2013, the section of Xuancheng to Ningguo of Ningxuanhang Expressway Anhui Section was 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. In 2015, the section of Ningguo to Qianqiuguan of Ningxuanhang Expressway Anhui Section was officially opened to traffic. The length of toll road is 40 kilometres and the temporary granted concession period is 5 years starting from 19 December 2015. The formal granted concession period for Ningxuanhang Expressway Anhui Section will be determined according to future assessment and relevant provisions. As at 31 December 2016, 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 24 March 2017.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(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 all applicable Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention.

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

2.1.1 Changes in accounting policies and disclosures

(a) *New standard and amendments of HKFRS effective in 2016 adopted by the Group*

The following new standard and amendments of HKFRS have been adopted by the Group for the first time for its financial year beginning on 1 January 2016:

- HKFRS 14 “Regulatory Deferral Accounts”
- Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operations
- Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortisation
- Amendment to HKAS 27 on using equity method in separate financial statements
- Amendments from 2014 annual improvements, including:
 - Amendment to HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”
 - Amendment to HKFRS 7 “Financial Instruments: Disclosures”
 - Amendment to HKAS 19 “Employee Benefits”
 - Amendment to HKAS 34 “Interim Financial Reporting”
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 on applying the consolidation exception by investment entities
- Amendments to HKAS 1 on disclosure initiative

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

Notes to the consolidated financial statements

For the year ended 31 December 2016
(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 policies and disclosures (continued)

(b) New standards and amendments of HKFRS issued but are not yet effective for the financial year beginning on 1 January 2016 and have not been early adopted by the Group

A number of new standards and amendments of HKFRS which are relevant to the Group's operations are effective for the financial year beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. The Group is yet to assess the full impact of these new standards and amendments and intends to adopt them no later than the respective effective dates of these new standards and amendments. These new standards and amendments are set out below:

- Amendments to HKAS 12 "Income Taxes", effective for annual accounting periods beginning on or after 1 January 2017
- Amendments to HKAS 7 "Statement of Cash Flows", effective for annual accounting periods beginning on or after 1 January 2017
- HKFRS 15 "Revenue from Contracts with Customers", effective for annual accounting periods beginning on or after 1 January 2018
- HKFRS 9 "Financial Instruments", effective for annual accounting periods beginning on or after 1 January 2018
- HKFRS 16 "Leases", effective for annual accounting periods beginning on or after 1 January 2019
- Amendments to HKFRS 10 and HKAS 28 regarding sale or contribution of assets between an investor and its associate or joint venture, effective for annual accounting periods beginning on or after 1 January 2019

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.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(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*

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 interests 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 interests 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.

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

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

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

Transactions with non-controlling interest 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 interest 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.

Impairment testing of the investments in subsidiaries is also required according to Note 2.11.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(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 interests in associates are recognised in the consolidated income statement.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

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.

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

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

Segment information has been reported for the above two business segments from 2012 (when the pawn services business was first started) up to the first six months of 2016, although the reported revenue, reported profit or loss and assets of the pawn services business were much less than 10% of the relevant combined totals. Since the second half of 2016, the Group has decided to make a strategic shift in its business focus relating to the pawn services business. In the future, efforts will only be made to recover those overdue loans and to collect back those undue loans upon maturity. There were no revenue generated from the pawn services business and no new loans granted throughout the year 2016. As a result of such strategic shift, the Group considered that it is no longer meaningful to treat the pawn services business as separate reportable operating segment and since there are no other significant businesses other than the toll roads services, no segment information is presented for the year 2016.

The Group is domiciled in Anhui Province, the PRC. Its revenue is generated from Anhui Province, the PRC. As at 31 December 2016 and 2015, all non-current assets of the Group are located in the PRC.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(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 presentation and functional 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 costs". 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 2016
(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 2016
(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 stations 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 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 2016
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.8 Investment properties

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

Investment properties are 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 properties are 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 properties	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 and bring to use 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 2016
(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, receivables and AFS. 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).

(b) *AFS financial assets*

AFS financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Group's AFS financial assets are equity interests in unlisted companies (Note 12). They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting period.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.12 Financial assets (continued)

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 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. AFS financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

When securities classified as AFS 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 AFS securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on AFS 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(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

(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.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(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)

(a) *Assets carried at amortised cost*

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

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.

(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 equity investments, 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 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.

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 realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

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.

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 and other short-term highly liquid investments with original maturities of three months or less.

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 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.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

2 Summary of significant accounting policies (continued)

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.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(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

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, and 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.

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 when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits 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.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.20 Current and deferred income tax (continued)

(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.

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. In addition, the employees of the Group also enter into supplementary pension scheme on a voluntary basis. The Group is required to make annual contributions to an independent fund management company equivalent to the basic monthly salary, subject to certain ceiling, in respect of its employees. 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 24.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

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 - 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.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.25 Revenue recognition (continued)

(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.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group'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 of prior year 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 utilisation.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, 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 AFS financial asset is unquoted equity shares, which is not directly related to the changes in market price of securities. The Group is not exposed to commodity price risk either.

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from foreign currency exposures, primarily with respect to the Hong Kong dollar ("HKD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts, transacted with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 December 2016, if RMB had strengthened/weakened by 10% against HKD with all other variables held constant, post-tax profit for the year would have been RMB 8,129 thousand (2015: RMB 14,879 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of HKD-denominated borrowings. Profit is less sensitive to movement in RMB/HKD exchange rates in 2016 than 2015 because of the increased amount of HKD-denominated borrowings.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) 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 cash at bank balance of the Group as at 31 December 2016 and 2015:

	As at 31 December	
Counterparties	2016	2015
Major financial institutes	<u>2,010,809</u>	<u>906,238</u>

The Group has policies to place its deposits only with major financial institutions. As at 31 December 2016 and 2015, most of cash was deposited with major financial institutions in Mainland China and Hong Kong. The Group's management does not expect any loss from non-performance by these counterparties.

Toll income from toll roads operations are settled in cash, which is collected by Anhui Expressway Network Operations Co., Ltd. ("安徽高速公路聯網運營有限公司", "AENO", the toll settlement centre of Anhui Province) on behalf of the Group. Since the toll roll income receivables are expected to be received in the second month, the Company's management does not expect any loss from those receivables. Please refer to Note 13 for details.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Hefei Wan Tong Pawn Co., Ltd. ("合肥皖通典當有限公司", "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.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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;
- Forest rights;
- Equity instruments, mainly equity interests in unlisted companies which are typically related to the borrowers; and
- Accounts receivable 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 interests 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 loss 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 2016
(All amounts in Renminbi thousand unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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

	As at 31 December	
	2016	2015
Pawn loans to customers		
– Forest rights backed pawn loans	63,000	63,000
– Real estate backed pawn loans	61,249	67,563
– Accounts receivable backed pawn loans	22,348	22,948
– Equity interests backed pawn loans	17,250	17,250
– Combination of real estate and equity interest backed pawn loans	11,726	11,726
	175,573	182,487
Less: Impairment allowances		
– Forest rights backed pawn loans	(51,000)	(44,100)
– Real estate backed pawn loans	(30,475)	(30,532)
– Accounts receivable backed pawn loans	(9,774)	(2,204)
– Equity interests backed pawn loans	(12,075)	(12,075)
– Combination of real estate and equity interest backed pawn loans	(9,408)	(8,208)
	(112,732)	(97,119)
	62,841	85,368

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.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Wan Tong Pawn's credit risk management policies require the review of individual outstanding loans secured by real estate, equity interests and accounts receivable 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.

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) loss 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:

	As at 31 December	
	2016	2015
Pawn loans to customers:		
– Forest rights backed pawn loans	12,000	18,900
– Real estate backed pawn loans	30,774	37,031
– Accounts receivable backed pawn loans	12,574	20,744
– Equity interests backed pawn loans	5,175	5,175
– Combination of real estate and equity interest backed pawn loans	2,318	3,518
	<u>62,841</u>	<u>85,368</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 2016
(All amounts in Renminbi thousand unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Pawn loans to customers (Note 13(a)) are summarised as follows:

	As at 31 December	
	2016	2015
Neither past due nor impaired	—	—
Past due but not impaired	—	—
Impaired	<u>175,573</u>	<u>182,487</u>
	175,573	182,487
Less: Impairment allowances	<u>(112,732)</u>	<u>(97,119)</u>
	<u>62,841</u>	<u>85,368</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) 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 borrowing facilities disclosed in Note 20.

The table below analyses the Group'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.

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
At 31 December 2016					
Bank borrowings, including interest (Note 20)	192,568	284,302	568,468	1,103,069	2,148,407
Trade and other payables, excluding other taxation payables, staff salaries and welfare, advance from customers, current portion of long-term payables and interest payable (Note 19)	581,804	—	—	—	581,804
Long-term payables, including interest and current portion (Note 22)	56,319	163,077	244,770	1,248,322	1,712,488
	<u>830,691</u>	<u>447,379</u>	<u>813,238</u>	<u>2,351,391</u>	<u>4,442,699</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
At 31 December 2015					
Bank borrowings, including interest (Note 20)	424,509	243,083	424,924	646,341	1,738,857
Trade and other payables, excluding other taxation payables, staff salaries and welfare, advance from customers, current portion of long-term payables and interest payable (Note 19)	541,975	—	—	—	541,975
Long-term payables, including interest and current portion (Note 22)	58,250	141,519	207,988	1,290,658	1,698,415
	<u>1,024,734</u>	<u>384,602</u>	<u>632,912</u>	<u>1,936,999</u>	<u>3,979,247</u>

(d) 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 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 2016, 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.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(d) Cash flow and fair value interest rate risk (continued)

Bank borrowings issued at floating rates expose the Group to cash flow interest rate risk. During 2016 and 2015, the Group's bank borrowings at floating rate were denominated in RMB and HKD. As at 31 December 2016, the Group's bank borrowings to the extent of RMB 1,067,627 thousand (31 December 2015: RMB 961,099 thousand) and HKD 123,898 thousand (equivalent to RMB 110,827 thousand) (31 December 2015: HKD 243,898 thousand (equivalent to RMB 204,338 thousand)) were issued at floating rates. As at 31 December 2016, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB 5,678 thousand (2015: RMB 4,628 thousand) higher or lower.

As at 31 December 2016, the Group's long-term payables of RMB 412,520 thousand (31 December 2015: RMB 436,310 thousand) were at floating rate and expose the Group to cash flow interest rate risk. As at 31 December 2016, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB 1,932 thousand (2015: RMB 1,816 thousand) higher or lower. The Group's long-term payables of RMB 579,395 thousand (including current portion of long-term payables) (31 December 2015: 551,032 thousand) were interest free and expose the Group to fair value interest rate risk. The fair value of long-term payables is disclosed in Note 22.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

3 Financial risk management (continued)

3.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and long-term payables 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 gearing ratio of the Group at 31 December 2016 and 2015 were as follows:

	As at 31 December	
	2016	2015
Total borrowings (Note 20)	1,778,454	1,415,436
Long-term payables (Note 22)	991,915	987,342
Less: cash and cash equivalents (Note 15)	(1,900,812)	(709,246)
Net debts	869,557	1,693,532
Total equity	9,485,242	8,980,425
Total capital	10,354,799	10,673,957
Gearing ratio	8.40%	15.87%

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

3 Financial risk management (continued)

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).
- The following table presents the Group's financial assets that are measured at fair value at 31 December 2016 and 2015.

As at 31 December 2016	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
AFS financial assets	—	—	235,000	235,000
As at 31 December 2015	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
AFS financial assets	—	—	221,126	221,126

The following table presents the changes in level 3 instruments for the year ended 31 December 2016.

	AFS financial assets RMB'000
Opening balance	221,126
Gain recognised in other comprehensive income	13,874
Closing balance	235,000

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

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

	Fair value as at 31 December 2016	Valuation technique	Unobservable input	Range (weighted average)
AFS financial assets	<u>235,000</u>	Market comparable approach	<u>P/B</u>	<u>10~13/(11.5)</u>

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

4 Critical accounting estimates and judgements

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

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

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

4 Critical accounting estimates and judgements (continued)

(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 the 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. The management also believes 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 considers that these are the 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

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

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 2016 of RMB 22,069 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 21).

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.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

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 utilised. 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

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

4 Critical accounting estimates and judgements (continued)

(h) Impairment of long-term assets

Concession intangible assets, land use rights, property, plant and equipment, investment properties and intangible assets with finite useful lives are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are 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 the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

5 Concession intangible assets

	As at 31 December	
	2016	2015
Cost	15,039,368	14,484,051
Accumulated amortisation	(5,802,441)	(5,238,175)
Net book amount	<u>9,236,927</u>	<u>9,245,876</u>

	Year ended 31 December	
	2016	2015
Opening net book amount	9,245,876	9,222,294
Additions	564,496	731,399
Transfer out to property, plant and equipment (Note 7)	(7,123)	(199,505)
Amortisation charges (Note 27)	(566,322)	(508,312)
Closing net book amount	<u>9,236,927</u>	<u>9,245,876</u>

As at 31 December 2016 and 2015, 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 2033.

As at 31 December 2016, the Group's concession intangible assets of RMB 1,020,495 thousand (31 December 2015: RMB 453,368 thousand) are still under construction. Those constitute property, plant and equipment upon completion are transferred out.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

5 Concession intangible assets (continued)

Borrowing costs with the amount of RMB 18,289 thousand (2015: RMB 55,837 thousand), including amortisation of long-term payables to non-controlling interests with the amount of RMB 548 thousand (2015: RMB 7,118 thousand) (Note 22), have been capitalised in 2016 at an average interest rate of 4.67% (2015: 5.61%).

Amortisation expenses of RMB 566,322 thousand have been charged in “cost of sales” (2015: RMB 508,312 thousand).

As at 31 December 2016, 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.

6 Land use rights

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

	As at 31 December	
	2016	2015
Cost	21,039	21,039
Accumulated amortisation	(10,546)	(9,589)
Net book amount	10,493	11,450

	Year ended 31 December	
	2016	2015
Opening net book amount	11,450	12,407
Amortisation charges (Note 27)	(957)	(957)
Closing net book amount	10,493	11,450

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 957 thousand (2015: RMB 957 thousand) have been charged in “cost of sales”.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

7 Property, plant and equipment

	Buildings	Safety, communication and signalling equipment	Toll stations and ancillary equipment	Motor Vehicles	Other machinery and equipment	Construction in progress	Total
At 1 January 2015							
Cost	555,929	796,090	184,739	88,969	154,283	55,642	1,835,652
Accumulated depreciation	(117,568)	(524,353)	(120,422)	(64,435)	(120,538)	—	(947,316)
Net book value	<u>438,361</u>	<u>271,737</u>	<u>64,317</u>	<u>24,534</u>	<u>33,745</u>	<u>55,642</u>	<u>888,336</u>
Year ended 31 December 2015							
Opening net book amount	438,361	271,737	64,317	24,534	33,745	55,642	888,336
Additions	—	622	3,557	5,885	2,320	53,467	65,851
Disposals	(895)	(1,393)	(1,376)	(322)	(222)	—	(4,208)
Transfers	4,136	2,894	15,339	—	1,378	(23,747)	—
Transfer in from concession intangible assets (Note 5)	87,391	101,975	7,015	—	3,124	—	199,505
Depreciation (Note 27)	(19,461)	(48,554)	(16,181)	(5,377)	(13,703)	—	(103,276)
Closing net book amount	<u>509,532</u>	<u>327,281</u>	<u>72,671</u>	<u>24,720</u>	<u>26,642</u>	<u>85,362</u>	<u>1,046,208</u>
At 31 December 2015							
Cost	646,322	892,974	198,046	88,431	155,065	85,362	2,066,200
Accumulated depreciation	(136,790)	(565,693)	(125,375)	(63,711)	(128,423)	—	(1,019,992)
Net book value	<u>509,532</u>	<u>327,281</u>	<u>72,671</u>	<u>24,720</u>	<u>26,642</u>	<u>85,362</u>	<u>1,046,208</u>
Year ended 31 December 2016							
Opening net book amount	509,532	327,281	72,671	24,720	26,642	85,362	1,046,208
Additions	—	872	1,592	2,396	1,766	12,509	19,135
Disposals	—	(43)	(255)	(365)	(10)	—	(673)
Transfers	903	14,556	18,574	—	1,290	(35,323)	—
Transfer in from concession intangible assets (Note 5)	—	211	5,751	—	1,161	—	7,123
Transfer out to investment property (Note 8)	(2,297)	—	—	—	—	—	(2,297)
Depreciation (Note 27)	(21,555)	(58,742)	(17,981)	(5,032)	(12,013)	—	(115,323)
Closing net book amount	<u>486,583</u>	<u>284,135</u>	<u>80,352</u>	<u>21,719</u>	<u>18,836</u>	<u>62,548</u>	<u>954,173</u>
At 31 December 2016							
Cost	644,928	908,570	223,708	90,462	159,272	62,548	2,089,488
Accumulated depreciation	(158,345)	(624,435)	(143,356)	(68,743)	(140,436)	—	(1,135,315)
Net book value	<u>486,583</u>	<u>284,135</u>	<u>80,352</u>	<u>21,719</u>	<u>18,836</u>	<u>62,548</u>	<u>954,173</u>

Depreciation expenses of RMB 102,117 thousand (2015: RMB 90,892 thousand) have been charged in “cost of sales”; depreciation expenses of RMB 13,206 thousand (2015: RMB 12,384 thousand) have been charged in “administrative expenses”.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

8 Investment properties

	Buildings
At 1 January 2015	
Cost	497,464
Accumulated amortisation	<u>(125,292)</u>
Net book amount	<u>372,172</u>
Year ended 31 December 2015	
Opening net book amount	372,172
Disposals	(349)
Amortisation expenses (Note 27)	<u>(17,812)</u>
Closing net book amount	<u>354,011</u>
At 31 December 2015	
Cost	496,726
Accumulated amortisation	<u>(142,715)</u>
Net book amount	<u>354,011</u>
Year ended 31 December 2016	
Opening net book amount	354,011
Transfer in from property, plant and equipment (Note 7)	2,297
Amortisation expenses (Note 27)	<u>(17,917)</u>
Closing net book amount	<u>338,391</u>
At 31 December 2016	
Cost	500,135
Accumulated amortisation	<u>(161,744)</u>
Net book amount	<u>338,391</u>

Amortisation expenses of RMB 17,917 thousand (2015: RMB 17,812 thousand) have been charged in "cost of sales".

The fair values for the investment properties of the Group as at 31 December 2016 totalled RMB 521,078 thousand (31 December 2015: RMB 537,071 thousand).

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

8 Investment properties (continued)

The fair values have been arrived based on the open market valuation performed by Anhui Zhonglian Guoxin Assets Valuation Company Limited (“安徽中聯國信資產評估有限責任公司”, the “Valuer”). The valuation including the use of inputs that are not based on an observable market data (that is, level 3 assets). The Valuer is an independent qualified professional firm not connected with the Group and has appropriate qualifications and relevant experience in the valuation of similar properties in the relevant locations.

The valuations were arrived at using the approach of (i) applying capitalised income projections based upon a property’s estimated net market income, and a capitalisation rate derived from an analysis of market evidence and (ii) by making reference to comparables as available in the relevant market.

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

(a) Amounts recognised in consolidated income statement for investment properties

	Year ended 31 December	
	2016	2015
Rental income (Note 25)	48,646	52,337
Direct operating expenses from property that generated rental income	(18,277)	(25,952)
	<u>30,369</u>	<u>26,385</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

9 Intangible assets

	Acquired computer software licenses
At 1 January 2015	
Cost	8,564
Accumulated amortisation	(6,866)
Net book amount	<u>1,698</u>
Year ended 31 December 2015	
Opening net book amount	1,698
Additions	1,403
Amortisation expenses (Note 27)	(713)
Closing net book amount	<u>2,388</u>
At 31 December 2015	
Cost	9,967
Accumulated amortisation	(7,579)
Net book amount	<u>2,388</u>
Year ended 31 December 2016	
Opening net book amount	2,388
Additions	2,297
Amortisation expenses (Note 27)	(1,137)
Closing net book amount	<u>3,548</u>
At 31 December 2016	
Cost	12,264
Accumulated amortisation	(8,716)
Net book amount	<u>3,548</u>

Amortisation expenses of RMB 1,137 thousand (2015: RMB 713 thousand) have been charged in “administrative expenses”.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

10 Subsidiaries

The following is a list of the subsidiaries at 31 December 2016:

Name	Place of establishment and kind of legal entity	Principal activities and place of operation	Paid in, issued and fully paid capital ('000)	Proportion of equity interest directly held by the Company and the Group (%)	Proportion of equity interest held by non-controlling interests (%)
Xuan Guang Expressway Company Limited ("宣廣高速公路有限責任公司", "Xuan Guang") (a)	The PRC, limited liability company	Management and operation of expressway in Anhui province, the PRC	RMB 111,760	55.47%	44.53%
Anhui Ningxuanhang Expressway Investment Company Limited ("安徽寧宣杭高速公路投資有限公司", "Ningxuanhang") (b)	The PRC, limited liability company	Management and operation of expressway in Anhui province, the PRC	RMB 300,000	51.00%	49.00%
Xuancheng Guangci Expressway Co., Ltd. ("宣城市廣祠高速公路有限責任公司", "Guangci") (c)	The PRC, limited liability company	Management and operation of expressway in Anhui province, the PRC	RMB 56,800	55.47%	44.53%
Wan Tong Pawn (d)	The PRC, limited liability company	Pawn, small loan and related services in Anhui province, the PRC	RMB 157,500	71.43%	28.57%
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	HKD 2,400	100.00%	—

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

10 Subsidiaries (continued)

(a) Xuan Guang

Xuan Guang is an equity 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 long-term loan to 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.

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 2016, the net profit portion of the distribution attributable to the Company amounted to RMB 104,135 thousand (2015: RMB 91,788). The net profit portion of the distribution attributable to XCIC amounted to RMB 83,598 thousand (2015: RMB 73,685 thousand).

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

10 Subsidiaries (continued)

(b) Ningxuanhang

Ningxuanhang is an equity 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 interests 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 to XCIC.

Pursuant to a capital injection agreement among the Company, Anhui Transportation Holding Group Co., Ltd. (“安徽省交通控股集團有限公司”, “ATHC”, parent company of the Company, formerly named “Anhui Expressway Holding Co., Ltd.”), and XCIC dated 20 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; ATHC 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, ATHC and XCIC’s equity interests in Ningxuanhang changed to 51%, 39% and 10%, respectively.

The Company, ATHC and XCIC also provided funding to Ningxuanhang in the form of long-term shareholders’ loans. Details of the undiscounted long-term shareholders’ loans in 2016 are as follows:

	The Company		ATHC		XCIC		Total
	Interest free	Interest bearing	Interest free	Interest bearing	Interest free	Interest bearing	
Beginning of the year	775,916	1,082,732	542,647	436,310	152,141	—	2,989,746
Additions	64,880	144,730	97,500	26,910	12,000	—	346,020
Repayments	—	—	—	(50,700)	—	—	(50,700)
Ending of the year	<u>840,796</u>	<u>1,227,462</u>	<u>640,147</u>	<u>412,520</u>	<u>164,141</u>	<u>—</u>	<u>3,285,066</u>

The interest rate of interest bearing long-term loans ranged from 4.41% to 6.15% per annum in 2016 (2015: 4.90% to 6.15% per annum).

According to the agreement among the Company, ATHC and XCIC, annual net profit is to be made as dividends to the Company, ATHC 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 and long-term shareholders’ loans are fully settled, annual net profit and the amortisation and depreciation are distributed to the Company, ATHC and XCIC in proportion to their respective contributions to Ningxuanhang’s paid-in capital.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

10 Subsidiaries (continued)

(b) Ningxuanhang (continued)

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 difference between initial fair value and undiscounted amount of RMB 52,622 thousand of the interest free loan was recognised as an addition to the Company's investment in Ningxuanhang in 2016 (2015: RMB 164,307 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 2016, the sections of Xuancheng to Ningguo and the Ningguo to Qianqiuguan of Ningxuanhang Expressway Anhui Section have been officially opened to traffic (Note 1) and remaining road section is still under construction.

In 2016, the net loss attributable to the Company amounted to RMB 127,609 thousand (2015: RMB 57,982 thousand); the net loss attributable to ATHC amounted to RMB 97,584 thousand (2015: RMB 44,339 thousand); the net loss attributable to XCIC amounted to RMB 25,022 thousand (2015: RMB 11,369 thousand).

(c) Guangci

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

Pursuant to a share transfer agreement dated 21 February 2012 among the Company, ATHC and XCIC, the Company acquired ATHC 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 interests in Guangci were 55.47% and 44.53%, respectively.

In 2016, the net profit attributable to the Company amounted to RMB 23,423 thousand (2015: RMB 19,766). The net profit portion of the distribution attributable to XCIC amounted to RMB 18,801 thousand (2015: RMB 15,868 thousand).

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

10 Subsidiaries (continued)

(d) Wan Tong Pawn

Wan Tong Pawn is an equity 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 interests in Wan Tong Pawn. Hua Tai invested in RMB 60,000 thousand and held 28.57% equity interests in Wan Tong Pawn.

In September 2015, pursuant to a shareholder agreement, the Company and Hua Tai agreed to redeem their investments of RMB 37,500 thousand and RMB 15,000 thousand respectively as capital redemption from Wan Tong Pawn. After the capital redemption, the total registered capital of Wan Tong Pawn reduced to RMB 157,500 thousand. The Company and Hua Tai held 71.43% and 28.57% equity interests in Wan Tong Pawn.

In 2016, the net loss attributable to the Company amounted to RMB 9,949 thousand (2015: RMB 10,841 thousand); the net loss attributable to Hua Tai amounted to RMB 3,978 thousand (2015: RMB 4,336 thousand).

(e) AEHK

As at 30 September 2013, AEHK was set up in Hong Kong. The registered capital of AEHK is HKD 2,400 thousand, and the Company held 100% equity interests of AEHK. In 2015, the Company finished capital injection to AEHK. As at 31 December 2016, AEHK is still in pre-operation stage.

(f) Material non-controlling interests

As at 31 December 2016 and 2015, the analysis of non-controlling interests is as follow:

	As at 31 December	
	2016	2015
Non-controlling interests attributable to		
- Ningxuanhang	355,224	414,702
- Xuan Guang	251,690	241,938
- Guangci	103,040	98,520
- Wan Tong Pawn	30,789	34,767
	<u>740,743</u>	<u>789,927</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

10 Subsidiaries (continued)

(f) Material non-controlling interests (continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is 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	
	2016	2015	2016	2015	2016	2015	2016	2015
Current								
Assets	78,190	111,543	162,145	127,145	27,629	9,999	81,555	99,416
Liabilities	(316,198)	(358,353)	(137,466)	(158,857)	(10,639)	(21,542)	(2,842)	(2,908)
Total current net (liabilities)/assets	(238,008)	(246,810)	24,679	(31,712)	16,990	(11,543)	78,713	96,508
Non-current								
Assets	4,504,293	4,357,212	910,613	1,001,217	214,439	232,820	29,046	25,177
Liabilities	(3,532,441)	(3,228,936)	(313,406)	(369,519)	—	—	—	—
Total non-current net assets	971,852	1,128,276	597,207	631,698	214,439	232,820	29,046	25,177
Net assets	733,844	881,466	621,886	599,986	231,429	221,277	107,759	121,685

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

10 Subsidiaries (continued)

(f) Material non-controlling interests (continued)

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

Summarised statement of comprehensive income

	Ningxuanhang		Xuan Guang		Guangci		Wan Tong Pawn	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	351,415	776,559	448,138	433,487	78,833	71,156	—	9,387
(Loss)/profit before income tax	(278,464)	(151,563)	250,315	220,647	56,304	47,516	(17,898)	(20,131)
Income tax income/(expense)	28,249	37,873	(62,582)	(55,175)	(14,080)	(11,882)	3,971	4,954
(Loss)/profit for the year	(250,215)	(113,690)	187,733	165,472	42,224	35,634	(13,927)	(15,177)
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive (loss)/income	(250,215)	(113,690)	187,733	165,472	42,224	35,634	(13,927)	(15,177)
Total comprehensive (loss)/income allocated to non-controlling interests	(122,606)	(55,708)	83,598	73,684	18,801	15,868	(3,978)	(4,336)
Dividends paid to non-controlling interests	—	—	73,846	70,891	14,281	7,780	—	—

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

10 Subsidiaries (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	
	2016	2015	2016	2015	2016	2015	2016	2015
Cash flows from operating activities								
Cash (used in)/ generated from operations	(301,934)	(787,262)	356,502	317,875	75,626	63,617	4,866	11,168
Interest paid	(133,736)	(173,465)	—	—	—	(946)	—	—
Income tax paid	—	—	(69,087)	(58,195)	(13,352)	(10,987)	(131)	(3,464)
Net cash (used in)/ generated from operating activities	(435,670)	(960,727)	287,415	259,680	62,274	51,684	4,735	7,704
Net cash used in investing activities	(92)	(789)	(14,301)	(13,284)	(4)	(564)	—	(3)
Net cash generated from/(used in) financing activities	401,849	1,001,710	(239,834)	(233,199)	(42,070)	(51,522)	—	(52,500)
Net (decrease)/increase in cash and cash equivalents	(33,913)	40,194	33,280	13,197	20,200	(402)	4,735	(44,799)
Cash and cash equivalents at beginning of the year	107,208	67,014	55,955	42,758	2,622	3,024	12,851	57,650
Cash and cash equivalents at end of the year	73,295	107,208	89,235	55,955	22,822	2,622	17,586	12,851

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

11 Investment in an associate

	Year ended 31 December	
	2016	2015
Beginning of the year	90,788	72,187
Share of an associate's results:		
– Profit before income tax	29,582	24,915
– Income tax expense	(7,670)	(6,314)
– Dividends declared	(8,109)	—
End of the year	104,591	90,788

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

Name	Particulars of issued capital held	Country of establishment	% of interest held
31 December 2016 and 2015			
Anhui Expressway Advertisement Co., Ltd. ("安徽高速傳媒有限公司", "AEAC")	Equity capital	The PRC	38%

Set out below is the summarised financial information of AEAC:

Summarised balance sheet

	AEAC As at 31 December	
	2016	2015
Current		
Assets	116,481	109,819
Liabilities	(102,640)	(97,399)
Total current net assets	13,841	12,420
Non-current		
Assets	261,398	226,495
Liabilities	—	—
Total non-current net assets	261,398	226,495
Net assets	275,239	238,915

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

11 Investment in an associate (continued)

Summarised statement of comprehensive income

	AEAC	
	Year ended 31 December	
	2016	2015
Revenue	146,700	138,725
Profit for the year	57,664	48,950
Total comprehensive income for the year	57,664	48,950
Dividends	21,340	—

Reconciliation of summarised financial information

	AEAC	
	Year ended 31 December	
	2016	2015
Beginning of the year	238,915	189,965
Profit for the year	57,664	48,950
Dividends distribution	(21,340)	—
End of the year	275,239	238,915
Equity interest in an associate (38%)	104,591	90,788

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

12 AFS financial assets

	Equity interests in unlisted companies			Total
	AXFG (a)	AXCM (a)	WTMC (b)	
Beginning of the year	129,682	76,444	15,000	221,126
Fair value gains on AFS financial assets recognised in other comprehensive income	7,318	6,556	—	13,874
End of the year	<u>137,000</u>	<u>83,000</u>	<u>15,000</u>	<u>235,000</u>

- (a) As at 31 December 2016, AFS financial assets represented 6.62% equity interests in Anhui Xin'an Financial Group Co., Ltd. (“安徽新安金融集團股份有限公司”, “AXFG”) with a fair value of RMB 137,000 thousand (31 December 2015: 6.62% and fair value of RMB 129,682 thousand) and 6.62% equity interests in Anhui Xin'an Capital Operation Management Co., Ltd. (“安徽新安資本運營管理股份有限公司”, “AXCM”) with a fair value of RMB 83,000 thousand (31 December 2015: 6.62% and fair value of RMB 76,444 thousand).
- (b) As at 31 December 2016, AFS financial assets represented 10% equity interests in Hefei Wan Tong Microcredit Co., Ltd. (“合肥市皖通小額貸款有限公司”, “WTMC”).

13 Trade and other receivables

	As at 31 December	
	2016	2015
Pawn loans to customers (a)	175,573	182,487
Financial products	130,000	85,000
Toll roads income receivable (b)	41,725	103,523
Interest receivable	7,813	8,552
Dividends receivable	—	18,212
Others	19,688	11,797
	<u>374,799</u>	<u>409,571</u>
Less: Provision for impairment of pawn loans (a)	(112,732)	(97,119)
Provision for others (c)	(1,994)	(1,617)
	<u>260,073</u>	<u>310,835</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

13 Trade and other receivables (continued)

(a) Pawn loans to customers

At 31 December 2016 and 2015, the analysis of pawn loans to customers is as follows:

	As at 31 December	
	2016	2015
Pawn loans to customers		
– Principal	175,573	182,487
– Interest	—	—
	<u>175,573</u>	<u>182,487</u>
Less: Impairment allowances		
– Individually assessed	(93,250)	(80,707)
– Collectively assessed	(19,482)	(16,412)
	<u>(112,732)</u>	<u>(97,119)</u>
Pawn loans to customers, net	<u><u>62,841</u></u>	<u><u>85,368</u></u>

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 21.60% to 26.40% for the year ended 31 December 2016 (2015: bore fixed interest rates ranging from 21.60% to 26.40%). The Group ceased interest accrual once pawn loans were over due.

As at 31 December 2016, the Group's pawn loans to certain third party customers with carrying amounts of RMB 20,143 thousand (31 December 2015: RMB 20,743 thousand) were secured by their trade receivables of RMB 83,230 thousand (31 December 2015: RMB 83,230 thousand), which were due from Anhui Expressway Construction Headquarter (“安徽省高等級公路建設指揮部”, “AECH”) and Expressway Properties Group (Fuyang) Co., Ltd. (“高速地產集團阜陽有限公司”), who are subsidiaries of ATHC.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

13 Trade and other receivables (continued)

(a) Pawn loans to customers (continued)

Reconciliation of provision account for loss on pawn loans to customers is as follows:

	As at 31 December	
	2016	2015
Beginning of the year	(97,119)	(71,043)
Impairment loss recognised (Note 27)	(15,613)	(26,076)
End of the year	(112,732)	(97,119)

(b) As at 31 December 2016, toll roads income receivables mainly represented receivable from AENO of RMB 39,713 thousand (31 December 2015: RMB 101,983 thousand) for uncollected toll roads income.

(c) As at 31 December 2016, other receivables of RMB 3,008 thousand (31 December 2015: RMB 2,758 thousand) were impaired. The amount of the provision was RMB 1,994 thousand (31 December 2015: RMB 1,617 thousand). The ageing of these receivables is as follows:

	As at 31 December	
	2016	2015
Up to 1 year	373	584
1 to 2 years	461	2,174
2 to 3 years	2,174	—
	3,008	2,758

Reconciliation of provision account for loss on other receivables is as follows:

	As at 31 December	
	2016	2015
Beginning of the year	(1,617)	—
Impairment loss recognised (Note 27)	(377)	(1,617)
End of the year	(1,994)	(1,617)

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

13 Trade and other receivables (continued)

(d) As at 31 December 2016 and 2015, the ageing analysis of the trade and other receivables is as follows:

	As at 31 December	
	2016	2015
Up to 1 year	193,359	240,215
1 to 2 years	19,818	41,738
2 to 3 years	39,651	108,552
Over 3 years	121,971	19,066
	<u>374,799</u>	<u>409,571</u>

As at 31 December 2016 and 2015, all trade and other receivables balances were denominated in RMB. Except for pawn loans to customers and other related receivables which are analysed in Note 13 (a) and (c), all trade and other receivables balances were fully performing.

As at 31 December 2016 and 2015, the fair values of the trade and other receivables of the Group, except for the prepayments which are not financial assets, approximated their carrying amounts.

14 Inventories

	As at 31 December	
	2016	2015
Materials for toll road maintenance	<u>5,276</u>	<u>5,287</u>

15 Cash and cash equivalents and restricted cash

	As at 31 December	
	2016	2015
Cash at bank and on hand	2,010,812	906,246
Less: restricted cash	(110,000)	(197,000)
Cash and cash equivalents	<u>1,900,812</u>	<u>709,246</u>

The weighted average effective interest rate per annum on cash at bank in 2016 was approximately 2.56% (2015: 1.97%).

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

15 Cash and cash equivalents and restricted cash (continued)

As at 31 December 2016, the restricted cash is bank deposit with original maturities over three months, including a bank deposit of RMB 100,000 thousand (31 December 2015: RMB 197,000 thousand) pledged as collateral for the Group's borrowings of HKD 123,898 thousand (equivalent to RMB 110,827 thousand) (31 December 2015: HKD 243,898 thousand, equivalent to RMB 204,338 thousand) (Note 20(c)).

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

	As at 31 December	
	2016	2015
RMB	2,008,378	900,523
HKD (RMB equivalents)	2,434	5,723
	2,010,812	906,246

16 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 2015	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	—	—	—	—	—
At 31 December 2015	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	—	—	—	—	—
At 31 December 2016	1,165,600	493,010	1,658,610	1,415,593	3,074,203

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.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

17 Other reserves

	Capital surplus	Statutory surplus reserve fund (Note 33(a))	Discretionary surplus reserve fund	Enterprise safety fund	Merger reserve (a)	Excess of the consideration over carrying amount of the non-controlling interests acquired (b)	Fair value change of AFS financial assets net of tax (Note 12)	Total
Balance at 1 January 2015	2,243	955,881	658	52,311	(186,362)	(710,116)	46,445	161,060
Usage of enterprise safety fund	—	—	—	(1,126)	—	—	—	(1,126)
Changes in fair value of AFS financial assets, net of tax	—	—	—	—	—	—	(41,851)	(41,851)
Balance at 31 December 2015	2,243	955,881	658	51,185	(186,362)	(710,116)	4,594	118,083
Usage of enterprise safety fund	—	—	—	(902)	—	—	—	(902)
Changes in fair value of AFS financial assets, net of tax	—	—	—	—	—	—	10,406	10,406
Balance at 31 December 2016	<u>2,243</u>	<u>955,881</u>	<u>658</u>	<u>50,283</u>	<u>(186,362)</u>	<u>(710,116)</u>	<u>15,000</u>	<u>127,587</u>

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 Directors' 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 2016
(All amounts in Renminbi thousand unless otherwise stated)

17 Other reserves (continued)

- (a) The merger reserve as at 31 December 2016 and 2015 represented the excess of consideration over the Company's share of paid-in capital of Guangci acquired under common control (Note 10(c)).

	As at 31 December 2016 and 2015
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	<u>(215,330)</u>
Merger reserve	<u><u>(186,362)</u></u>

- (b) The reserve of excess of the consideration over carrying amount of the non-controlling interests acquired represented RMB 699,147 thousand arising from acquisition of 49% equity interests of Gaojie Expressway in 2006 and RMB 10,969 thousand arising from acquisition of 4.47% equity interests of Guangci in 2012.

18 Deferred income

	As at 31 December	
	2016	2015
Government grants	<u>32,931</u>	<u>35,105</u>

Deferred income represents government grants relating to assets and is amortised over 25 years (Note 2.21).

Amortisation of RMB 2,174 thousand (2015: RMB 2,174 thousand) has been charged in "other gains - net" (Note 26).

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

19 Trade and other payables

	As at 31 December	
	2016	2015
Payables on acquisition of concession intangible assets	499,556	443,265
Deposits for construction projects	60,736	70,016
Current portion of long-term payables (Note 22)	31,078	31,078
Staff salaries and welfare	26,664	27,004
Other taxation payables	20,101	23,254
Toll road fees collected on behalf	14,345	5,983
Interest payable	5,504	9,227
Dividends payable	—	4,453
Others	13,398	18,258
	671,382	632,538

As at 31 December 2016, trade and other payables of RMB 232,833 thousand (31 December 2015: RMB 227,638 thousand) were aged over one year. These payables were mainly for construction projects and will be settled after project completion.

As at 31 December 2016 and 2015, all trade and other payables were denominated in RMB.

As at 31 December 2016 and 2015, the fair values of trade and other payables, except for staff salaries and welfare, approximated their fair values.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

20 Borrowings

	As at 31 December 2016		As at 31 December 2015	
	Interest rate per annum	Amount	Interest rate per annum	Amount
Long-term bank borrowings				
Denominated in RMB				
– guaranteed (a)	4.410%-4.900%	893,358	4.655%-5.150%	784,110
– unsecured (a)	4.41%	174,269	4.410%-5.895%	174,269
– pledged (b)	1.20%	600,000	—	—
Denominated in HKD				
– pledged (c) (RMB equivalents)	2.194%	110,827	1.758%-1.998%	207,057
		<u>1,778,454</u>		<u>1,165,436</u>
Short-term bank borrowings				
Denominated in RMB				
– unsecured	—	—	4.815%	250,000
Total borrowings		<u><u>1,778,454</u></u>		<u><u>1,415,436</u></u>
Less: current portion				
Denominated in RMB				
– guaranteed (a)	4.410%-4.900%	(14,088)	4.900%	(9,532)
– unsecured (a)	4.41%	(3,706)	4.815%-5.895%	(252,719)
Denominated in HKD				
– pledged (c) (RMB equivalents)	2.194%	(110,827)	1.758%	(100,536)
		<u>(128,621)</u>		<u>(362,787)</u>
Non-current borrowings		<u><u>1,649,833</u></u>		<u><u>1,052,649</u></u>

- (a) The bank borrowings of RMB 227,900 thousand were guaranteed by XCIC, a non-controlling interest of subsidiaries; RMB 665,458 thousand were guaranteed by the ATHC; and RMB 174,269 thousand were guaranteed by the Company as at 31 December 2016 (31 December 2015: RMB 203,700 thousand were guaranteed by XCIC, a non-controlling interest of subsidiaries; RMB 580,410 thousand were guaranteed by the ATHC; and RMB 176,988 thousand were guaranteed by the Company).
- (b) As at 31 December 2016, the bank borrowings of RMB 600,000 thousand was guaranteed by estimated future toll roads cash inflow from the completion of reform and expansion of Hening Expressway.
- (c) The bank borrowings of HKD 123,898 thousand (equivalent to RMB 110,827 thousand) were pledged by bank deposit of RMB 100,000 thousand as at 31 December 2016 (31 December 2015: HKD 243,898 thousand (equivalent to RMB 204,338 thousand) were pledged by bank deposit of RMB 197,000 thousand) (Note 15).

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

20 Borrowings (continued)

At 31 December 2016 and 2015, the Group's borrowings are repayable as follows:

	As at 31 December	
	2016	2015
Within 1 year	128,621	362,787
Between 1 and 2 years	32,457	121,596
Between 2 and 5 years	632,017	377,906
Over 5 years	985,359	553,147
	<u>1,778,454</u>	<u>1,415,436</u>

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

	As at 31 December	
	2016	2015
Expiring within one year	<u>6,226,890</u>	<u>7,435,670</u>

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

	As at 31 December	
	2016	2015
Within 1 year	<u>1,778,454</u>	<u>1,415,436</u>

As at 31 December 2016 and 2015, the fair values of current and non-current borrowings approximated their carrying amounts as the discounting impact is not significant.

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

Balance at 1 January 2016	6,896
Addition of provision	119,588
Utilisation of provision	(104,415)
Balance at 31 December 2016	<u>22,069</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

22 Long-term payables

	As at 31 December	
	2016	2015
Long-term payables to XCIC (Note 10(a) (b))		
Beginning of the year	330,993	340,647
Additions	2,977	2,748
– interest-free loans	2,977	2,748
– interest-bearing loans	—	—
Repayments	(32,952)	(32,952)
Amortisation - capitalised in concession intangible assets (Note 5)	28	481
Amortisation - charged to income statement (Note 29)	20,330	20,069
End of the year	321,376	330,993
Long-term payables to ATHC (Note 10(b))		
Beginning of the year	656,349	440,246
Additions	49,262	202,020
– interest-free loans	22,352	—
– interest-bearing loans	26,910	202,020
Repayments	(50,700)	—
Amortisation - capitalised in concession intangible assets (Note 5)	520	6,637
Amortisation - charged to income statement (Note 29)	15,108	7,446
End of the year	670,539	656,349
Long-term payables - total	991,915	987,342
Less: current portion of long-term payables (Note 19)	(31,078)	(31,078)
	960,837	956,264

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

22 Long-term payables (continued)

As at 31 December 2016, the interest rate of interest bearing long-term loans ranged from 4.41% to 6.15% (31 December 2015: 5.15% to 6.15%).

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

	Carrying Amounts As at 31 December		Fair Values As at 31 December	
	2016	2015	2016	2015
Long-term payables to ATHC	670,539	656,349	718,541	707,055
Long-term payables to XCIC	321,376	330,993	343,890	356,746
	991,915	987,342	1,062,431	1,063,801

The fair values of long-term payables are based on cash flows discounted using 4.90%, the annual five-year borrowing interest rate published by the People's Bank of China for long-term bank loans as at 31 December 2016 (31 December 2015: 4.90%).

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

	As at 31 December	
	2016	2015
Long-term payables to ATHC	1,052,667	978,957
Long-term payables to XCIC	480,248	501,200
	1,532,915	1,480,157

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

23 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 offsetting are as follows:

		As at 31 December	
		2016	2015
Deferred tax assets:			
– Deferred tax to be realised after more than 12 months		106,814	85,153
– Deferred tax to be realised within 12 months		13,225	8,608
		<u>120,039</u>	<u>93,761</u>
		As at 31 December	
		2016	2015
Deferred tax liabilities:			
– Deferred tax to be settled after more than 12 months		(190,289)	(181,718)
– Deferred tax to be settled within 12 months		(14,036)	(12,197)
		<u>(204,325)</u>	<u>(193,915)</u>

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

	Accounting for government grants	Provision	Accrued bonus	Accounting for interest bearing shareholder's loans	Tax loss carried forward	Total
Deferred income tax assets						
Balance at 1 January 2015	9,320	21,027	6,341	16,893	—	53,581
Deferred taxation (debited)/credited to income statement	(543)	5,381	—	2,761	32,581	40,180
Balance at 31 December 2015	8,777	26,408	6,341	19,654	32,581	93,761
Deferred taxation (debited)/credited to income statement	(543)	7,791	—	—	19,030	26,278
Balance at 31 December 2016	<u>8,234</u>	<u>34,199</u>	<u>6,341</u>	<u>19,654</u>	<u>51,611</u>	<u>120,039</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

23 Deferred tax assets and liabilities (continued)

Deferred income tax liabilities	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	Fair value change of available-for sale financial assets (Note 12)	Others	Total
Balance at 1 January 2015	(25,442)	(3,991)	(133,961)	(35,332)	(15,482)	(2,199)	(216,407)
Deferred taxation credited to income statement	2,163	345	6,879	2,395	—	403	12,185
Deferred taxation credited to other comprehensive income	—	—	—	—	13,951	—	13,951
Deferred taxation debited to equity (a)	—	—	(3,644)	—	—	—	(3,644)
Balance at 31 December 2015	(23,279)	(3,646)	(130,726)	(32,937)	(1,531)	(1,796)	(193,915)
Deferred taxation credited to income statement	2,163	345	8,860	2,395	—	339	14,102
Deferred taxation debited to other comprehensive income	—	—	—	—	(3,468)	—	(3,468)
Deferred taxation debited to equity (a)	—	—	(21,044)	—	—	—	(21,044)
Balance at 31 December 2016	<u>(21,116)</u>	<u>(3,301)</u>	<u>(142,910)</u>	<u>(30,542)</u>	<u>(4,999)</u>	<u>(1,457)</u>	<u>(204,325)</u>

- (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 ATHC (Note 22), which was treated as shareholder contribution and recorded as a credit item in the equity.

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. In 2016, the Group did not recognise deferred income tax assets of RMB 41,793 thousand (2015: RMB 10 thousand) in respect of loss amounting to RMB 167,172 thousand (2015: RMB 62 thousand) that can be carried forward against future taxable income. Carrying forward of these tax loss will expire, if unused, between 2018 and 2021.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

23 Deferred tax assets and liabilities (continued)

Offsetting of deferred tax assets and liabilities:

	As at 31 December	
	2016	2015
Deferred tax assets	(64,044)	(41,901)
Deferred tax liabilities	<u>64,044</u>	<u>41,901</u>

The net values of deferred assets and liabilities taking into consideration the offsetting of balances are set out as follows:

	As at 31 December	
	2016	2015
Deferred tax assets	55,995	51,860
Deferred tax liabilities	<u>(140,281)</u>	<u>(152,014)</u>

24 Retirement benefit obligations

The Group is required to pay RMB 230 every month to certain retired employees. As at 31 December 2016, the retired employees of the Group were 59 (31 December 2015: 59). Management assessed that there was no material impact to the consolidated financial statement from above retirement benefit obligations.

25 Revenue

	Year ended 31 December	
	2016	2015
Toll income from toll roads operation	2,423,267	2,330,197
Revenue from construction or upgrade work under Service Concessions	564,496	731,399
Rental income (Note 36(b))	48,646	52,337
– from toll gas stations (a)	22,951	25,890
– from toll road service sectors (b)	9,768	10,080
– from other investment properties	15,927	16,367
Service income from roads emergency assistance	10,589	11,206
Service income from management of toll roads (Note 36(b))	14,814	22,866
Interest income from pawn loans to customers	—	9,387
Others	<u>1,820</u>	<u>1,012</u>
	<u>3,063,632</u>	<u>3,158,404</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

25 Revenue (continued)

- (a) Pursuant to a lease agreement with Anhui Expressway Petrochemical Co., Ltd. (“安徽省高速石化有限公司”, “AEPC”), a subsidiary of the holding company, the Company’s gas stations were leased to AEPC with annual rental fee of RMB 25,890 thousand. The lease period will be terminated by 31 March 2018.
- (b) Pursuant to a lease agreement with Anhui Yida Toll Road Service Sector Management Co., Ltd. (“YTMC”, “安徽省驛達高速公路服務區經營管理有限公司”), a subsidiary of the holding company, the Company’s toll road service sectors were leased to YTMC with annual rental fee of RMB 8,280 thousand. The lease period was from 1 January 2014 to 31 December 2016. The lease period has been renewed to 31 December 2019 subsequently.

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.

26 Other gains - net

	Year ended 31 December	
	2016	2015
Dividend income	32,917	55,801
Interest income	25,434	14,435
Amortisation of government grants relating to assets (Note 18)	2,174	2,174
Losses from disposal of property, plant and equipment (Note 34)	(334)	(3,756)
Losses from disposal of investment properties (Note 34)	—	(339)
Others	579	56
	60,770	68,371

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

27 Expenses by nature

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

	Year ended 31 December	
	2016	2015
Depreciation and amortisation expenses (Notes 5,6,7,8,9)	701,656	631,070
Costs payable to vendors for construction or upgrade work under the Service Concessions (Note 2.6)	564,496	731,399
Employee benefit expenses (Note 28)	249,430	249,622
Repair expenses	119,588	101,616
Taxes related to revenue (a)	33,103	87,181
Auditor's remuneration		
– Annual audit services	2,480	2,480
Impairment for pawn loans to customers (Note 13)	15,613	26,076
Impairment for other receivables (Note 13)	377	1,617
Others	107,372	98,370
	1,794,115	1,929,431

(a) Taxes related to revenue

Before 1 May 2016, the Group was subject to Business Tax (“BT”) at the rate of 3% for toll roads income and of 5% for others respectively.

From 1 May 2016, the above BT was replaced by Value-added Tax (“VAT”) thoroughly. The tax rate under simple collection method for toll roads income is 3% or 5%. The tax rate under simple collection method for rental income is 5%. The tax rate for road-damaged compensation and pawn loan interest is 0 and 6%, respectively. The tax rate of all other income is 6%.

Revenue from construction or upgrade work under the Service Concessions is not subject to BT or VAT.

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

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

28 Employee benefit expenses

	Year ended 31 December	
	2016	2015
Salaries and wages	174,832	174,513
Supplementary pension insurance	5,940	3,326
Other welfares	68,658	71,783
	<u>249,430</u>	<u>249,622</u>

As at 31 December 2016, the number of employees of the Group was 2,168 (31 December 2015: 2,141).

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for 2016 include two executive directors and one chief executive (2015: one director and one chief executive), whose emoluments are reflected in Note 39. The emoluments to the remaining two (2015: three) individuals during the year are as follows:

	Year ended 31 December	
	2016	2015
Salaries and wages	723	1,392
Supplementary pension insurance	87	123
	<u>810</u>	<u>1,515</u>

Except for the emoluments of directors and chief executives listed in the Note 39, the remaining emoluments fell within the following bands:

	Year ended 31 December	
	2016	2015
Nil to HKD1,000,000 (equivalent to RMB 894,500)	<u>2</u>	<u>3</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

29 Finance costs

	Year ended 31 December	
	2016	2015
Interest expenses on:		
– bank borrowings	73,730	39,045
– amortisation of long-term payables (Note 22)	35,438	27,515
	<u>109,168</u>	<u>66,560</u>

30 Taxation

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

	Year ended 31 December	
	2016	2015
Current taxation - CIT (a)	374,412	342,865
Deferred taxation credited to the consolidated income statement (Note 23)	(40,380)	(52,365)
	<u>334,032</u>	<u>290,500</u>

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

The Company and its subsidiaries, associated companies determine and pay the PRC Corporate Income Tax ("CIT") in accordance with the CIT Law as approved by the National People's Congress on 16 March 2007. Under the CIT Law, the CIT rate applicable to the Company and its subsidiaries (except AEHK), associated companies is 25%. And the CIT rate applicable to AEHK is 16.5%.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

30 Taxation (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 2015 which was paid to foreign shareholders during 2016.

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

	Year ended 31 December	
	2016	2015
Profit before income tax	1,234,922	1,249,385
Tax calculated at domestic tax rates applicable to profits in the respective countries	308,731	312,351
Expenses not deductible for tax purpose	358	233
Income not subject to income tax	(20,845)	(22,094)
Tax adjustment made after tax filing by tax bureau	4,005	—
Utilisation of tax losses not recognised as deferred tax assets in the previous years	(10)	—
Tax losses not recognised as deferred tax assets during the year	41,793	10
Tax charges	<u>334,032</u>	<u>290,500</u>

31 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	
	2016	2015
Profit attributable to equity holders of the Company	925,075	929,377
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>0.5577</u>	<u>0.5603</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

32 Dividends

The dividends paid during the years ended 31 December 2016 and 2015 were RMB 381,480 thousand (RMB 0.23 per share) and RMB 381,480 thousand (RMB 0.23 per share) respectively. A final dividend in respect of 2016 of RMB 0.23 per share, amounting to a total dividend of RMB 381,480 thousand will be proposed at the Annual General Meeting in May 2017. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2016	2015
Proposed final dividend of RMB 0.23 (2015: RMB 0.23) per ordinary share	<u>381,480</u>	<u>381,480</u>

33 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' loss) to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of a company's share capital or registered capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' loss or to issue bonus shares/paid-in capital. However, such statutory surplus reserve fund must be maintained at a minimum of 25% of share capital/registered capital after such utilisation.

The balance of statutory surplus reserve has reached 50% of the Company's share capital. As a result, the Company did not appropriate statutory surplus reserve fund in 2016 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. As at 31 December 2016, the retained earnings in the Company's financial statements prepared in accordance with HKFRS amounted to RMB 5,083,002 thousand, which was lower than the retained earnings reflected in the Company's statutory financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

34 Notes to consolidated cash flow statement

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

	Year ended 31 December	
	2016	2015
Profit before income tax	1,234,922	1,249,385
Adjustments for:		
Settlement of revenue in form of concession intangible assets	(564,496)	(806,073)
Amortisation of concession intangible assets (Note 5)	566,322	508,312
Depreciation of property, plant and equipment (Note 7)	115,323	103,276
Depreciation of investment property (Note 8)	17,917	17,812
Amortisation of land use rights (Note 6)	957	957
Amortisation of intangible assets (Note 9)	1,137	713
Impairment for pawn loans to customers (Note 13)	15,613	26,076
Impairment for other receivables (Note 13)	377	1,617
Loss on disposal of property, plant and equipment (Note 26)	334	3,756
Loss on disposal of investment properties (Note 26)	—	339
Share of profit of an associate (Note 11)	(13,803)	(18,601)
Dividend income (Note 26)	(32,917)	(55,801)
Interest income (Note 26)	(25,434)	(12,504)
Interest expenses (Note 29)	109,168	66,560
Operating profit before working capital changes	1,425,420	1,085,824
Decrease/(increase) in inventories	11	(2,670)
Decrease/(increase) in trade and other receivables	60,821	(14,323)
Increase in trade and other payables	65,924	23,319
Increase/(decrease) in provision	15,173	(6,167)
Cash generated from operating activities	1,567,349	1,085,983

Non-cash transaction

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

35 Commitments

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

	As at 31 December	
	2016	2015
Contracted but not provided for		
– Concession intangible assets	2,806,213	398,386
– Property, plant and equipment	—	1,063
	2,806,213	399,449

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

36 Related party transactions

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

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

(a) Name of related party and relationship

Name	Relationship with the Group
ATHC	Parent company
XCIC	Non-controlling interest of Xuan Guang, Ningxuanhang and Guangci
AEAC	Associate
WTMC	Subsidiary of ATHC
YTMC	Subsidiary of ATHC
AEPC	Subsidiary of ATHC
AECH	Subsidiary of ATHC
AENO	Subsidiary of ATHC from 1 September 2016
Anlian Expressway Co., Ltd. ("安徽安聯高速公路有限公司", "ALEC")	Subsidiary of ATHC
Anhui Wuyan Expressway Co., Ltd. ("安徽省蕪雁高速公路有限公司", "AWEC")	Subsidiary of ATHC
Anhui Modern Transportation Facilities Co., Ltd. ("安徽省現代交通設施工程有限公司", "MTFC")	Subsidiary of ATHC
Anhui Expressway Finance Lease Co., Ltd. ("安徽高速融資租賃有限公司", "AWFC")	Subsidiary of ATHC
Anhui Expressway Experiment Research Centre Co., Ltd. ("安徽省高速公路試驗檢測研究中心有限公司", "AERC")	Subsidiary of ATHC
Hefei Bangning Property Management Co., Ltd. ("合肥市邦寧物業管理有限公司", "BNMC")	Subsidiary of ATHC
Anhui Transport Consulting & Design Institute Co., Ltd. ("安徽省交通規劃設計研究院股份有限公司", "ATCD")	Subsidiary of ATHC
Anhui Qixing Project Testing Co., Ltd. ("安徽省七星工程測試有限公司", "AQPT")	Subsidiary of ATHC
Anhui Fuzhou Expressway Co., Ltd. ("安徽省阜周高速公路有限公司", "AFEC")	Subsidiary of ATHC till 22 September 2016
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 ATHC till 27 May 2016
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 ATHC till 27 May 2016

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

36 Related party transactions (continued)

(b) Related party transactions

Save as disclosed elsewhere in these financial statements, during the years ended 31 December 2016 and 2015, the Group had the following significant transactions with related parties:

(i) Service income from management of toll roads

	Year ended 31 December	
	2016	2015
ATHC	12,436	19,197
ALEC	1,618	2,497
AFEC	650	1,003
AWEC	110	169
	<u>14,814</u>	<u>22,866</u>

(ii) Rental income

	Year ended 31 December	
	2016	2015
AEPC	23,403	26,357
YTMC	10,717	11,135
ATHC	4,010	2,930
AECH	2,223	2,536
MTFC	992	797
ALEC	621	584
AWFC	427	442
WTMC	216	223
BNMC	28	29
AEAC	—	486
	<u>42,637</u>	<u>45,519</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

36 Related party transactions (continued)

(b) Related party transactions (continued)

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

	Year ended 31 December	
	2016	2015
MTFC	26,345	29,427
AERC	4,527	2,643
ATCD	3,547	136
BNMC	2,912	3,185
AETPM	1,306	2,564
AQPT	580	—
	<u>39,217</u>	<u>37,955</u>

It mainly represented payable to above related parties for construction and testing services in connection with Ningxuanhang Expressway Anhui Section's construction, and property management service in connection with High-tech Park, which is owned by the Company.

(iv) Rental expenses

	Year ended 31 December	
	2016	2015
XCIC	500	250

(v) Toll roads income received on behalf of the Group

	Year ended 31 December	
	2016	2015
AENO	780,393	—

(vi) Service fee for the collection of toll roads income

	Year ended 31 December	
	2016	2015
AENO	3,516	—

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

36 Related party transactions (continued)

(b) Related party transactions (continued)

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

	Year ended 31 December	
	2016	2015
ATHC	22,678	22,575
XCIC	1,794	—
	<u>24,472</u>	<u>22,575</u>

(viii) Guarantee received

The long-term bank borrowings of RMB 227,900 thousand and RMB 665,458 thousand were guaranteed by XCIC and ATHC respectively (Note 20).

(ix) 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	
	2016	2015
Salaries and other short-term employee benefits	<u>2,251</u>	<u>2,202</u>

(c) Related party balances

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

	As at 31 December	
	2016	2015
AENO	39,713	—
YTMC	—	156
AEAC	—	150
	<u>39,713</u>	<u>306</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

36 Related party transactions (continued)

(c) Related party balances (continued)

(ii) Trade payables

	As at 31 December	
	2016	2015
MTFC	15,290	8,366
AERC	1,789	1,249
AEPC	960	960
AQPT	580	—
ATCD	21	63
AEAC	10	85
BNMC	4	30
AEPMC	—	2,840
	<u>18,654</u>	<u>13,593</u>

(iii) Other payables

	As at 31 December	
	2016	2015
AENO	14,615	—
YTMC	4,811	6,611
ATHC	741	832
MTFC	452	640
WTMC	100	100
AEPC	6	6
AEAC	2	2
ATPEC	—	100
AEPMC	—	39
AERC	—	3
	<u>20,727</u>	<u>8,333</u>

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

36 Related party transactions (continued)

(c) Related party balances (continued)

(iv) Dividends payable

	As at 31 December	
	2016	2015
XCIC	—	4,453

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

	As at 31 December	
	2016	2015
ATHC	670,539	656,349
XCIC	321,376	330,993
	<u>991,915</u>	<u>987,342</u>

As at 31 December 2016 and 2015, amounts due from and due to the related parties as aforementioned, except for long-term payables to XCIC and ATHC as disclosed in Note 22, mainly arose from the above transactions and payments made by the Group and related parties on behalf of each other. These amounts are unsecured, interest-free and are repayable within 1 year.

37 Events after the balance sheet date

- (a) Pursuant to a resolution of the Board of Meeting on 24 March 2017, a cash dividend of RMB 381,480 thousand was proposed for the year ended 31 December 2016. Please refer to Note 32 for details.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

38 Balance sheet and reserves movements of the Company

	As at 31 December	
	2016	2015
ASSETS		
Non-current assets		
Concession intangible assets	4,464,651	4,575,294
Land use rights	10,493	11,450
Property, plant and equipment	577,780	632,947
Investment properties	321,919	336,684
Intangible assets	2,072	1,370
Investments in subsidiaries	1,101,595	1,048,973
Loans to subsidiaries	1,597,761	1,455,763
Investment in an associate	18,999	18,999
AFS financial assets	235,000	221,126
	8,330,270	8,302,606
Current assets		
Inventories	4,837	4,957
Trade and other receivables	236,232	268,825
Restricted cash	110,000	197,000
Cash and cash equivalents	1,695,818	528,598
	2,046,887	999,380
Total assets	10,377,157	9,301,986
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Ordinary share capital	1,658,610	1,658,610
Share premium	1,415,593	1,415,593
Other reserves (note (a))	958,903	949,399
Retained earnings (note (a))	5,083,002	4,461,627
Total equity	9,116,108	8,485,229

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

38 Balance sheet and reserves movements of the Company (continued)

	As at 31 December	
	2016	2015
LIABILITIES		
Non-current liabilities		
Borrowings	600,000	103,802
Deferred income tax liabilities	26,849	22,849
Deferred income	32,931	35,105
	<u>659,780</u>	<u>161,756</u>
Current liabilities		
Trade and other payables	361,028	246,674
Current income tax liabilities	107,610	51,161
Provisions	21,804	6,630
Borrowings	110,827	350,536
	<u>601,269</u>	<u>655,001</u>
Total liabilities	<u>1,261,049</u>	<u>816,757</u>
Total equity and liabilities	<u>10,377,157</u>	<u>9,301,986</u>

The balance sheet of the Company was approved by the Board of Directors on 24 March 2017 and was signed on its behalf by:

Director (喬傳福)

Director (許振)

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

38 Balance sheet and reserves movements of the Company (continued)

(a) Reserves movements of the Company

	Retained earnings	Other reserves
Balance at 1 January 2015	3,894,732	992,376
Profit for the year	947,249	—
Dividends paid relating to 2014	(381,480)	—
Usage of enterprise safety fund	1,126	(1,126)
Changes in fair value of AFS financial assets, net of tax	—	(41,851)
Balance at 31 December 2015	<u>4,461,627</u>	<u>949,399</u>
Profit for the year	1,001,953	—
Dividends paid relating to 2015	(381,480)	—
Usage of enterprise safety fund	902	(902)
Changes in fair value of AFS financial assets, net of tax	—	10,406
Balance at 31 December 2016	<u>5,083,002</u>	<u>958,903</u>

39 Benefits and interests of directors

(a) Directors' and chief executives' emoluments

The remuneration of every director and chief executive is set out below:

For the year ended 31 December 2016:

Name	Fees	Salaries	Contribution to retirement benefit		Total
			scheme	Other benefits	
Executive directors					
Mr. Qiao Chuanfu (i)	—	—	—	—	—
Mr. Chen Dafeng	—	—	—	—	—
Mr. Xu Zhen* (i)	—	421	43	—	464
Mr. Xie Xinyu*	—	347	43	—	390
Mr. Li Junjie (i) (resigned)	—	—	—	—	—
Mr. Zhou Renqiang (i) (retired)	—	—	—	—	—
Non-executive directors					
Mr. Wang Xiufeng (ii)	—	—	—	—	—
Mr. Du Jian (ii)	—	—	—	—	—
Mr. Wu Xinhua (ii) (retired)	—	—	—	—	—
Mr. Ni Shilin (ii) (retired)	—	—	—	—	—
Independent directors					
Mr. Jiang Yifan	120	—	—	—	120
Mr. Yang Mianzhi	80	—	—	—	80
Mr. Jiang Jun (iii)	20	—	—	—	20
Mr. Hu Bin (iii) (resigned)	—	—	—	—	—

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

39 Benefits and interests of directors (continued)

(a) Directors' and chief executives' emoluments (continued)

Name	Fees	Salaries	Contribution to retirement benefit scheme	Other benefits	Total
Supervisors					
Mr. Liu Youcai (iv)	—	—	—	—	—
Mr. Yang Yicong	—	—	—	—	—
Mr. Jiang Yue (iv)	—	—	—	—	—
Ms. He Kun (iv) (retired)	—	—	—	—	—
Mr. Qian Dongsheng (iv)(retired)	—	—	—	—	—
Chief executives					
Mr. Li Huimin	—	254	43	—	297
Mr. Chen Jiping (v)	—	172	17	—	189
Mr. Meng Jie	—	—	—	—	—
Ms. Han Rong	—	359	43	—	402
Mr. Xu Yiming (v) (resigned)	—	280	29	—	309
	220	1,833	218	—	2,271

- (i) Mr. Qiao Chuanfu and Mr. Xu Zhen were appointed as executive directors on 20 May 2016. Mr. Li Junjie and Mr. Zhou Renqiang resigned from the position on 22 January 2016 and 20 May 2016.
- (ii) Mr. Wang Xiufeng and Mr. Du Jian were appointed as non-executive directors on 20 May 2016. Mr. Wu Xinhua and Mr. Ni Shilin resigned from the position on 20 May 2016.
- (iii) Mr. Jiang Jun was appointed as independent directors on 14 October 2016. Mr. Hu Bin resigned from the position on 14 October 2016.
- (iv) Mr. Liu Youcai and Mr. Jiangyue were appointed as supervisors on 20 May 2016. Ms. He Kun and Mr. Qian Dongsheng resigned from the position on 20 May 2016.
- (v) Mr. Chen Jiping was appointed as chief executive on 19 August 2016. Mr. Xu Yiming resigned from the position on 19 August 2016.
- * In 2016, Mr. Xu Zhen and Mr. Xie Xinyu also acted as the chief executive of the Company.

Notes to the consolidated financial statements

For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)

39 Benefits and interests of directors (continued)

(a) Directors' and chief executives' emoluments (continued)

For the year ended 31 December 2015:

Name	Fees	Salaries	Contribution to retirement benefit scheme	Other benefits	Total
Executive directors					
Mr. Zhou Renqiang	—	—	—	—	—
Mr. Li Junjie	—	—	—	—	—
Mr. Chen Dafeng	—	—	—	—	—
Mr. Xie Xinyu (i)	—	492	41	—	533
Non-executive directors					
Mr. Meng Jie (i)* (retired)	—	—	—	—	—
Mr. Wu Xinhua	—	—	—	—	—
Mr. Ni Shilin*	—	—	—	—	—
Independent directors					
Mr. Yang Mianzhi	80	—	—	—	80
Mr. Hu Bin	60	—	—	—	60
Mr. Jiang Yifan	120	—	—	—	120
Supervisors					
Mr. Qian Dongsheng	—	—	—	—	—
Mr. Yang Yicong	—	87	17	—	104
Mr. Wang Wenjie* (retired)	—	—	—	—	—
Ms. He Kun*	—	—	—	—	—
Chief executives					
Mr. Xu Zhen*	—	517	34	—	551
Mr. Xu Yiming	—	266	34	—	300
Mr. Li Huimin	—	17	4	—	21
Ms. Han Rong	—	391	41	—	432
	<u>260</u>	<u>1,770</u>	<u>171</u>	<u>—</u>	<u>2,201</u>

* Mr. Meng Jie and Mr. Wang Wenjie retired from the position on 22 May 2015. Mr. Ni Shilin and Ms. He Kun were appointed as director and supervisor effective from 22 May 2015. Mr Xu Zhen was appointed as chief executive effective from 27 March 2015.

(i) In 2015, Mr. Xie Xinyu and Mr. Meng Jie also acted as the chief executive of the Company.

Those directors and supervisors who did not receive any remuneration from the Group during 2016 also have positions in the Company's two largest shareholders (ATHC and China Merchants Huajian Highway Investment Co., Ltd.) who borne all of their remuneration and did not recharge any amount to the Group. Same for 2015.

Notes to the consolidated financial statements

*For the year ended 31 December 2016
(All amounts in Renminbi thousand unless otherwise stated)*

39 Benefits and interests of directors (continued)

(b) Directors' retirement benefits

There is no retirement benefits by a defined benefit pension plan operated by the Group.

(c) Directors' termination benefits

There is no directors' termination benefits operated by the Group.

(d) Consideration provided to third parties for making available directors' services

For the years ended 31 December 2016 and 2015, no consideration was provided to third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

For the years ended 31 December 2016 and 2015, there were no loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors.

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, director in charge of accounting work, and director in charge of accounting firm and stamped with corporate seal;
3. The original copy of auditor's report, sealed by PricewaterhouseCoopers Zhong Tian LLP, signed by the registered accountant; the financial statement prepared in accordance with the PRC Accounting Standards; the original copy of auditor's report signed by PricewaterhouseCoopers 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 Journal and China Securities News.
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

Section XII Documents Available for Inspection

II. Information Disclosure Index

Number	Items	Newspapers designated for publishing reports	Publishing date (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-001	Announcement Of Redemption Of Principal And Earnings Of Bank Financial Products	China Securities Journal, the Shanghai Securities News	5 January 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-002	Announcement Of Redemption Of Principal And Earnings Of Bank Financial Products	China Securities Journal, the Shanghai Securities News	8 January 2016	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 - Proposed Change Of Director And Member Of Strategic Development And Investment Committee		22 January 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - List of Directors and Their Role and Function		22 January 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - Work Rules and Procedures of the Audit Committee (Amended in January 2016)		22 January 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - Proposed Application For The Issuance Of Ultra Short-Term Financing Bills		22 January 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-003	The resolutions of the 12th meeting of the 7th Board	China Securities Journal, the Shanghai Securities News	23 January 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-004	Announcement Of the Directors resignation	China Securities Journal, the Shanghai Securities News	23 January 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-005	Announcement on the Proposed Application for the Issuance of Ultra Short-Term Financing Bills	China Securities Journal, the Shanghai Securities News	23 January 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-006	Announcement Of The stock price abnormal fluctuation	China Securities Journal, the Shanghai Securities News	30 January 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-007	Announcement Of Redemption Of Principal And Earnings Of Bank Financial Products	China Securities Journal, the Shanghai Securities News	2 February 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-008	Prompted announcement Of The stock price abnormal fluctuation recently	China Securities Journal, the Shanghai Securities News	3 February 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-009	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	3 February 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-010	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	4 February 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-011	Announcement Of Redemption Of Principal And Earnings Of Bank Financial Products	China Securities Journal, the Shanghai Securities News	24 February 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-012	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	1 March 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-013	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	3 March 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-014	Announcement Of Redemption Of Principal And Earnings Of Bank Financial Products	China Securities Journal, the Shanghai Securities News	10 March 2016	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 - Holding Date of the Board of Directors' Meeting	China Securities Journal, the Shanghai Securities News	11 March 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-015	The resolutions of the 13th meeting of the 7th Board	China Securities Journal, the Shanghai Securities News	12 March 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-016	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	23 March 2016	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 —2015 Annual Results Announcement		28 March 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement—Notice of the 2015 Annual General Meeting		28 March 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-017	The resolutions of the 14th meeting of the 7th Board	China Securities Journal, the Shanghai Securities News	28 March 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-018	Announcement of the resolutions of the 8th meeting of the 7th Supervisory Committee	China Securities Journal, the Shanghai Securities News	28 March 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-019	Announcement of the notice of 2015 Annual General Meeting	China Securities Journal, the Shanghai Securities News	28 March 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-020	Announcement on Amendments to Articles	China Securities Journal, the Shanghai Securities News	28 March 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-021	the Announcement of estimating daily Connected Transactions of 2016	China Securities Journal, the Shanghai Securities News	28 March 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-022	Announcement Of Redemption Of Principal And Earnings Of Bank Financial Products	China Securities Journal, the Shanghai Securities News	29 March 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-023	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	9 April 2016	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 - Holding Date of Meeting of Board of Directors		11 April 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - Revised Notice of the 2015 Annual General Meeting		15 April 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-024	Announcement on Resignation of Director	China Securities Journal, the Shanghai Securities News	16 April 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-025	Announcement on Resignation of Supervisor	China Securities Journal, the Shanghai Securities News	16 April 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-026	Announcement on Additional Proposals to be Considered at the 2015 Annual General Meeting	China Securities Journal, the Shanghai Securities News	16 April 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-027	Supplemental Announcement on Amendment to 2015 Annual General Meeting	China Securities Journal, the Shanghai Securities News	20 April 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-028	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	27 April 2016	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 - 2016 First Quarterly Report		28 April 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement—Continuing Connected Transactions		29 April 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk , Website of the SSE: www.sse.com.cn
2016-029	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	29 April 2016	Website of the SSE: 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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-030	Announcement Of Redemption Of Principal And Earnings Of Bank Financial Products	China Securities Journal, the Shanghai Securities News	5 May 2016	Website of the SSE: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - Voting Results At Annual General Meeting Held On 20 May 2016 And Change Of Directors And Members Of The Board Committees And Change Of Supervisors		20 May 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - Appointment Of Chairman Of The Board And Change Of Members Of The Board Committees And Appointment Of Chairman Of The Supervisory Committee		20 May 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - List of Directors and Their Role and Function		20 May 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-031	Announcement of the Resolutions of the 2015 Annual General Meeting	China Securities Journal, the Shanghai Securities News	21 May 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-032	The resolutions of the 17th meeting of the 7th Board	China Securities Journal, the Shanghai Securities News	21 May 2016	Website of the SSE: 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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-033	Announcement of the resolutions of the 11th meeting of the 7th Supervisory Committee	China Securities Journal, the Shanghai Securities News	21 May 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange Hong Kong Limited: www.hkex.com.hk
2016-034	Announcement Of Redemption Of Principal And Earnings Of Bank Financial Products	China Securities Journal, the Shanghai Securities News	25 May 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-035	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	27 May 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-036	Announcement Of Redemption Of Principal And Earnings Of Bank Financial Products	China Securities Journal, the Shanghai Securities News	31 May 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-037	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	2 June 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-038	Announcement Of Redemption of Principal And Earnings of Bank Financial Products	China Securities Journal, the Shanghai Securities News	9 June 2016	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 - Clarification Announcement		16 June 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-039	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	30 June 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-040	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	2 July 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-041	Announcement of Redemption of Principal And Earnings of Bank Financial Products	China Securities Journal, the Shanghai Securities News	9 July 2016	Website of the SSE: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-042	Announcement of Implementation of profit distribution of 2015	China Securities Journal, the Shanghai Securities News	12 July 2016	Website of the SSE: 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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-043	Announcement of Redemption of Principal And Earnings of Bank Financial Products	China Securities Journal, the Shanghai Securities News	13 July 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-044	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	28 July 2016	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 - Holding Date of Meeting of Board of Directors		3 August 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-045	Announcement of Redemption of Principal And Earnings of Bank Financial Products	China Securities Journal, the Shanghai Securities News	4 August 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-046	Announcement of Redemption of Principal And Earnings of Bank Financial Products	China Securities Journal, the Shanghai Securities News	6 August 2016	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 - Proposed Change of Director and Members of Board Committees and Proposal to Widen Hening Expressway Zhouzhuang to Longxi Overpass Section		21 August 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - Change of Deputy General Manager of the Company		21 August 2016	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 2016		21 August 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-047	The resolutions of the 18th meeting of the 7th Board	China Securities Journal, the Shanghai Securities News	22 August 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-048	Announcement on Change of Independent Director	China Securities Journal, the Shanghai Securities News	22 August 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-049	Announcement on Construction to Expand Hening Expressway from 4 to 8 Lanes	China Securities Journal, the Shanghai Securities News	22 August 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-050	Announcement on Change of Senior Management	China Securities Journal, the Shanghai Securities News	22 August 2016	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 - Notice of the 2016 First Extraordinary General Meeting		26 August 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-051	Notice to Convene the 2016 First Extraordinary General Meeting	China Securities Journal, the Shanghai Securities News	27 August 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-052	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	1 September 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-053	Announcement of Redemption of Principal and Earnings of Bank Financial Products	China Securities Journal, the Shanghai Securities News	6 September 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-054	Announcement on the Change of Important Information (including Name) of the Second Largest Shareholder of the Company	China Securities Journal, the Shanghai Securities News	6 September 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-055	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	7 September 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-056	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	8 September 2016	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 - Holding Date of Meeting of Board of Directors		11 October 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - Clarification Announcement		12 October 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-057	Announcement of Redemption of Principal and Earnings of Bank Financial Products	China Securities Journal, the Shanghai Securities News	12 October 2016	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 - Voting Results of The 2016 First Extraordinary General Meeting Held on 14 October 2016 and Change of Director and Members of the Board Committees		14 October 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - List of Directors and Their Roles and Functions		14 October 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-058	Announcement on the Voting Results of the 2016 First Extraordinary General Meeting	China Securities Journal, the Shanghai Securities News	15 October 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-059	Announcement on the Voting Results of the 19th meeting of the 7th Board	China Securities Journal, the Shanghai Securities News	15 October 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-060	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	15 October 2016	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 - 2016 Third Quarterly Report		28 October 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-061	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	4 November 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-062	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	9 November 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-063	Prompted announcement of the stock price abnormal fluctuation recently	China Securities Journal, the Shanghai Securities News	19 November 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-064	Announcement of Purchasing Bank Financial Products	China Securities Journal, the Shanghai Securities News	21 December 2016	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 - Continuing Connected Transactions: Network Services		30 December 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of the SSE: www.sse.com.cn ,
	H Share Announcement - Continuing Connected Transactions: Widening Work Agreements		30 December 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement - Continuing Connected Transactions: Entrusted Management Agreements		30 December 2016	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-065	The resolutions of the 21th meeting of the 7th Board	China Securities Journal, the Shanghai Securities News	31 December 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-066	Announcement of Newly Added Daily Connected Transaction of 2016	China Securities Journal, the Shanghai Securities News	31 December 2016	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 (Should the document be uploaded on both the websites of SSE and SEHK, the publishing date of the document on the website of SSE should prevail)	Website designated for disclosure of reports
2016-067	Connected Transactions Announcement of provision of entrusted management service to the highways	China Securities Journal, the Shanghai Securities News	31 December 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2016-068	Connected Transactions	China Securities Journal, the Shanghai Securities News	31 December 2016	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

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 2016, part of it was under construction.

Note: On 8 September 2013, the section of Xuancheng to Ningguo of Ningxuanhang Expressway Anhui Section was officially opened to traffic for trial operation. The length of toll road is 46 kilometres and the temporary granted concession period is 5 years starting from September 2013 and ending in September 2018. In December 2015, the section of Ningguo to Qianqiuguan of Ningxuanhang Expressway was officially opened to traffic. The length of toll road is 40 kilometres and the temporary granted concession period is 5 years starting from December 2015 to December 2020. The formal granted concession period will be determined according to future assessment and relevant provisions.

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

Ningxuanhang Expressway Tianchang Section is a 122km long dual carriage four-lane expressway with asphalt concrete road surface, which starts at the border between Anhui and Jiangsu at Jinshankou, passing through Xuancheng and Ningguo, terminates at the boarder between Anhui and Zhejiang at Qianqiuguan. This expressway forms an important part of the “Four Verticals and Eight Horizontals” of expressway network in Anhui Province, which is the tie communicating Anhui and Zhejiang and linking two big economic regions of Nanjing and Hangzhou. This expressway is planned to construct by three sections, the first is Xuancheng to Ningguo section with 46 km long, the second is Gaochun to Xuancheng section with 36 km long and the third is Ningguo to Qianqiuguan section with 40 km long.

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

Appendix:

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	10 tonnes < Gross weight of goods vehicle ≤ 40 tonnes	>40 tonnes
Basic toll rate	RMB0.09/tones for every km	RMB0.09/tones for every km and will be linearly reduced to RMB0.05/tones for every km	RMB0.05/tones

- 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 Tianchang Section of National Trunk 205

Gross weight of goods vehicle	≤10 tonnes	10 tonnes < Gross weight of goods vehicle ≤ 40 tonnes	>40tonnes
Basic toll rate	RMB1.5/ton vehicle	RMB1.5/ton vehicle and will be linearly reduced to RMB1.1/ton vehicle	RMB1.1/ton vehicle

- Notes
1. If the toll chargeable is less than RMB10, RMB10 shall be charged
 2. For expressways, less than RMB2.5 will be rounded down to the nearest RMB10, for RMB2.51-RMB7.5 will be rounded to the nearest RMB5, and for RMB7.51-RMB9.99 will be rounded up to the nearest RMB10

Extra tolls to be imposed on overloaded goods vehicles:

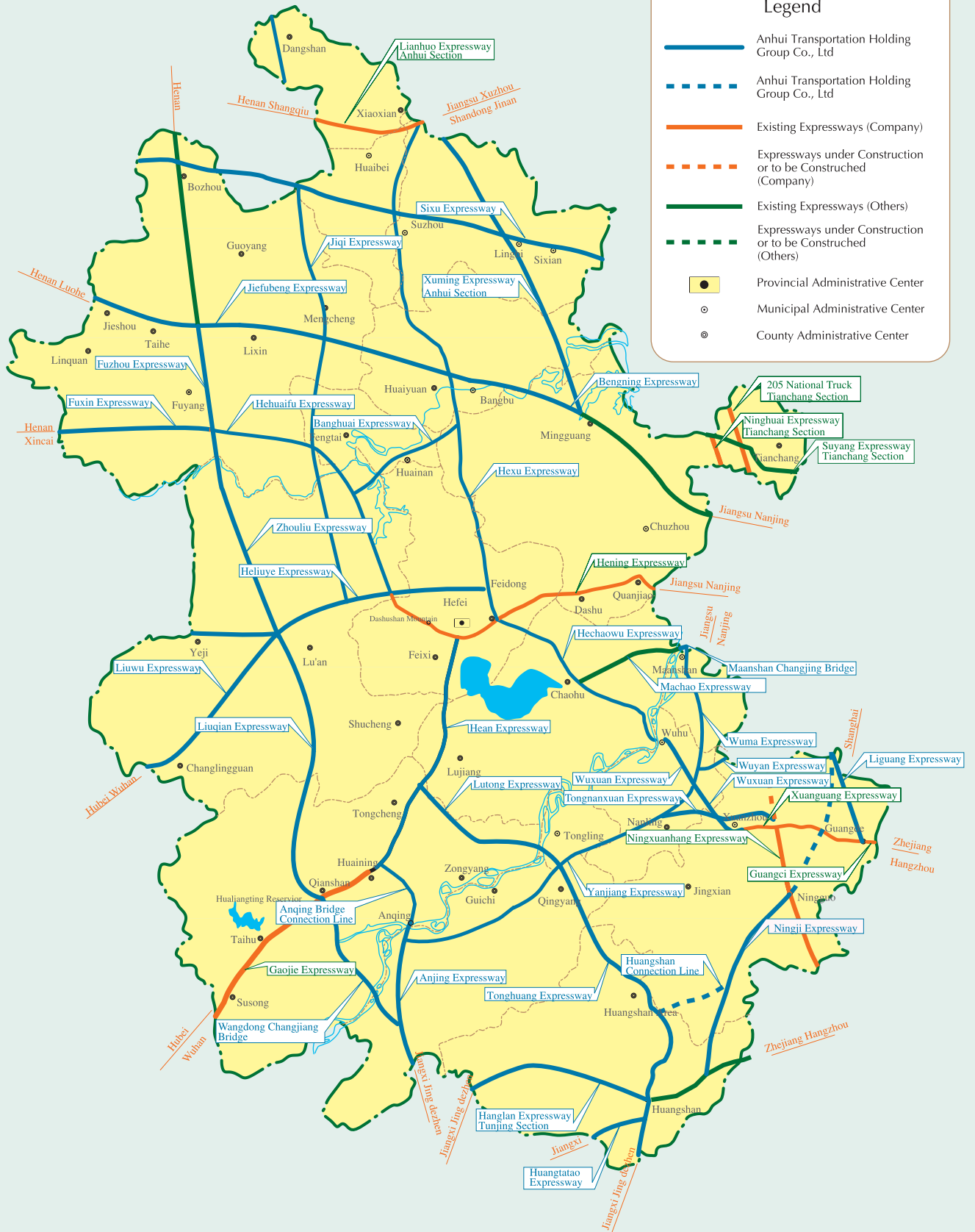
1. Overweight within 30% (including 30%), adjusted toll rate is RMB0.09/tonne per kilometer.
2. Overweight between 30% and 100% (including 100%), adjusted toll rate is between 3 times of RMB0.09/tonne per kilometer and increased linearly to 6 times of RMB0.09/tonne per kilometer.
3. Overweight more than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

The standards for overloaded goods vehicles and extra toll rates as stipulated for expressways will be applicable for New Tianchang Section of National Trunk 205.

National Trunk Highways



The Map of the Highway Network of Anhui Province





Anhui Expressway Company Limited