



Anhui Expressway Company Limited

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



2011

Annual
Report

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Section I Important Notice

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

All the directors attended the Board meetings.

The unaudited financial statements were prepared in accordance with the PRC and Hong Kong Accounting Standards and were reviewed by the Audit Committee of the Company.

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

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

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

Section II Corporate Profile

I General Information

Official Chinese name of the Company:	安徽皖通高速公路股份有限公司
English name of the Company:	Anhui Expressway Company Limited
Abbreviation (in Chinese):	皖通高速
(in English):	Anhui Expressway
Legal representative of the Company:	Zhou Renqiang
Secretary to the Board of the Company:	Xie Xinyu
Telephone:	0551-5338681
Representative of Securities Affairs:	Han Rong, Ding Yu
Telephone:	0551-5338697, 3738923, 3738989, 3738922
Fax:	0551-5338696
E-mail address:	wtgs@anhui-expressway.net
Contact address:	520 Wangjiang West Road, Hefei, Anhui, the PRC
Registered address of the Company:	520 Wangjiang West Road, Hefei, Anhui, the PRC
Office address of the Company:	520 Wangjiang West Road, Hefei, Anhui, the PRC
Postal code:	230088
Business address of the Company in Hong Kong:	5th Floor, Jardine House, 1 Connaught Place, Hong Kong
Website of the Company:	http://www.anhui-expressway.net
E-mail address of the Company:	wtgs@anhui-expressway.net
Newspapers designated for publishing report:	Domestic: Shanghai Securities Post and China Securities Post
Websites designated for disclosure of interim report:	http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.cn
Addresses designated for keeping interim report:	Shanghai Stock Exchange, 528 Pudong South Road, Shanghai Hong Kong Registrars Limited, 46th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong Company's head office at 520 Wangjiang West Road, Hefei, Anhui, the PRC

Section II Corporate Profile

Stock Exchange on which the Company's shares are listed:	A Shares: Shanghai Stock Exchange
Stock code:	600012
Short name:	Wantong Expressway
H Shares:	The Stock Exchange of Hong Kong Limited
Stock code:	0995
Short name:	Anhui Expressway
PRC Accountant:	PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co.,Ltd 11th Floor, PricewaterhouseCoopers Center, Hubin Road, Shanghai
Hong Kong Accountant:	PricewaterhouseCoopers Certified Public Accountants 22nd Floor, Prince's Building, Central, Hong Kong
PRC Legal Adviser:	Anhui Expressway Lawyer's Office 19th Floor, Wangcheng Mansion, 248 Changjiang West Road,Hefei, Anhui, the PRC
Hong Kong Legal Adviser:	Gallant Y.T.Ho & Co 5th Floor, Jardine House, 1 Connaught Place, Hong Kong
Domestic share registrar:	China Securities Central Clearing and Registration Corporation, Shanghai Branch, 36th Floor, China Insurance Mansion, 166 Lujiazui East Road, Shanghai
Overseas share registrar:	Hong Kong Registrars Limited, 46th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

Section II Corporate Profile

II Corporate Profile

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

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

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

The core business of the Company is the investment, construction, operation and management of toll roads. The Company owns total or partial equities of Hening Expressway (G40 Hushan Expressway Hening Section), New Tianchang Section of National Trunk 205, Gaojie Expressway (G50 Huyu Expressway Gaojie Section), Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section), Ninghuai Expressway Tianchang Section and Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section), which are toll highways in Anhui Province.

As of 31 December 2011, the Company held the total mileage of 426 km with a total assets of RMB10,106,001 thousand.

As of 31 December 2011, the structure of the Company, its subsidiaries and associated companies (the “Group”):

Abbreviations of companies in the Interim Report are as follows:

“The Company”	Means	Anhui Expressway Company Limited
“The Group”	Means	The Company, its subsidiaries and associated companies
“AEHC”	Means	Anhui Expressway Holding Group Company Limited (formerly known as Anhui Expressway Holding Corporation), the two companies are the same enterprise legal person
“SSE”	Means	Shanghai Stock Exchange
“SEHK”	Means	The Stock Exchange of Hong Kong Ltd.
“Xuanguang Company”	Means	Xuanguang Expressway Company Limited
Expressway Media	Means	Anhui Expressway Media Company Limited
“Xin’an Financial”	Means	Anhui Xin’an Financial Group Co., LTD

Section II Corporate Profile

“Xuancheng Highway Management”	Means	Xuancheng City Highway Construction and Management Company Limited
“Anlian Company”	Means	Anhui Anlian Expressway Company Limited
“Ningxuanhang Company”	Means	Anhui Ningxuanhang Expressway Investment Company Limited
“Xuancheng Transportation and Construction”	Means	Xuancheng City Transportation and Construction Investment Company Limited
“Yida Company”	Means	Anhui Provincial Yida Expressway Service Area Operating Management Company Limited
“Fuzhou Expressway”	Means	Anhui Provincial Fuzhou Expressway Company Limited
“Highway Engineering Supervision Company”	Means	Anhui Province First Class Highway Engineering Supervision Company Limited
“Bangning Property”	Means	Hefei City Bangning Property Management Company Limited
“Inspection and Scientific Research Center”	Means	Anhui Provincial Expressway Experiment Inspection and Scientific Research Center
“Xiandai Transportation”	Means	Anhui Provincial Xiandai Transportation Facilities Project Company Limited
“Expressway Petrochemical”	Means	Anhui Expressway petrochemical Co., LTD
“Guangci Company”	Means	Anhui Guangci Expressway limited liability company

Section III Accounting Data and Business Highlights

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

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

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

(1) Key financial indicators during the reporting period.

Indicators	Amount
Operating profit	
Net cash flows from operating activities	1,241,541
Total profit	1,245,849
Net profit attributable to shareholders of listed company	856,728
Net profit after extraordinary items attributable to shareholders of listed company	853,501
Net cash flows from operating activities	1,548,407

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

Key accounting data	2011	2010	Increase/decrease of the reporting period compared with that of last year (%)	2009
Operating income				
Net case flows from	2,216,355	2,121,215	4.49	1,771,562
Operating profit	1,241,541	1,137,933	9.10	959,205
Total profit	1,245,849	1,126,768	10.57	950,796
Net profit attributable to shareholders of listed company	856,728	782,917	9.43	673,449
Net profit after extraordinary item attributable to shareholders of listed company	853,501	786,551	8.51	679,737
operating activities	1,548,407	1,543,382	0.33	1,142,737

Section III Accounting Data and Business Highlights

	At the end of 2011	At the end of 2010	Increase/decrease of the reporting period compared with that of last year (%)	At the end of 2009
Total assets	1,0106,001	9,411,388	7.38	9,573,686
Total liabilities	3,545,427	3,385,036	4.74	4,042,744
Owner's equity attributable to shareholders of listed company	6,266,753	5,756,707	8.86	5,294,541
Shares outstanding	1,658,610	1,658,610	—	1,658,610

Key accounting data	2011	2010	Increase/decrease of the reporting period compared with that of last year (%)	2009
Basic earnings per share (RMB)	0.517	0.472	9.53	0.406
Diluted earnings per share (RMB)	0.517	0.472	9.53	0.406
With the newest equity calculation of the earnings per share (RMB)	0.517	0.472	9.53	0.406
Basic earnings per share after extraordinary items (RMB)	0.515	0.474	8.65	0.410
Returns on net assets An increase of (weighted average) (%)	14.39	13.60	An increase of 0.79 percent point	13.08
Returns on net assets after extraordinary items (weighted average) (%)	14.34	13.66	An increase of 0.68 percent point	13.20
Net case flows from operating activities per share (RMB)	0.9336	0.9305	0.33	0.6890

	At the end of 2011	At the end of 2010	Increase/decrease of the reporting period compared with that of last year (%)	At the end of 2009
Net asset per share attributable to shareholders of listed company (RMB)	3.78	3.47	8.93	3.19
Liability ratio (%)	35.08	35.97	A decrease of 0.89 percent point	42.23

Section III Accounting Data and Business Highlights

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

Extraordinary items	Amount of 2011	Note (if applicable)	Amount of 2010	Amount of 2009
Gains and losses from disposals of non-current assets	2,370	Gains from disposals of fixed assets	-14,260	-12,154
Government subsidies charged to the current gains/losses	2,173	Received the income amount of construction funds subsidies of Ninghuai Expressway (Tianchang Section) provided by Jiangsu Provincial Expressway Construction Headquarter (attached to the Transportation Department of Jiangsu Province) in 2007, and the 2011 deferred income amount of construction funds subsidies of Hening Expressway and Guojie Expressway provided by Anhui Provincial Expressway Construction Headquarter (attached to the Transportation Department of Anhui Province) in 2010	2,028	2,000
In addition to the above other non-operating revenue and expenditure	-235	The main reason is the pavement damage and other non-operating revenue and expenditure	5,812	1,745
Effects of the amount of minority shareholders' rights and interests	-4		1,182	20
Effect of income tax	-1,077		1,605	2,102
Total	3,227		-3,633	-6,287

Section III Accounting Data and Business Highlights

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

Summary of results

For the year ended 31 December 2011

Unit: RMB'000

	2011	2010	2009	2008	2007
Turnover	2,959,662	2,552,664	2,528,640	2,963,462	2,480,808
Operating profit before income taxation	1,236,887	1,135,030	946,516	969,642	1,115,823
Profit attributable to equity holders of the Company	849,199	789,154	667,434	670,700	543,243
Basic earnings per share attributable to equity holders of the Company (RMB)	0.5120	0.4758	0.4024	0.4044	0.3275

Summary of Assets

As at 31 December 2011

Unit: RMB'000

	2011	2010	2009	2008	2007
Total assets	10,232,435	9,545,560	9,714,830	8,739,408	7,555,858
Total liabilities	3,562,454	3,400,149	4,060,146	3,387,759	2,542,526
Total net assets (Capital and reserve attributable to equity holders of the Company)	6,375,705	5,874,814	5,417,382	5,131,428	4,792,450
Net assets per share (RMB)	3.8440	3.5420	3.2662	3.0938	2.8894

Section III Accounting Data and Business Highlights

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

Reconciliation between PRC and HKGAAP Accounts

	Consolidated net profit (attributable to shareholders of the Company)		Consolidated net assets (attributable to shareholders of the Company)	
	2011 RMB'000	2010 RMB'000	31 December 2011 RMB'000	31 December 2010 RMB'000
Amount presented in accordance with the CAS	856,728	782,917	6,266,753	5,756,707
Difference and amounts – Valuation and Depreciation/ amortization and deferred taxes	(7,529)	6,237	108,952	118,107
Reconciliation to HKAS	<u>849,199</u>	<u>789,154</u>	<u>6,375,705</u>	<u>5,874,814</u>

Reconciliation items

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

Section IV Change of Share Capital and Shareholders

I. CHANGE OF SHARE CAPITAL

(I) Change of shares

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

(II) Change of restricted shares

During the reporting period, there were no restricted shares.

(III) Issue of share and listing

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

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

In April 2011, Zhongchengxin Securities Appraisal Company Limited made follow-up rating on the Company’s “09 Wangtongzhai”, and maintained the credit rating of AAA of Company’s Corporate Bonds, the main credit rating of AA+ and the rating outlook of stable.

In December 2011, the Company paid annual interests of RMB 50 (tax included) per bond (face value RMB1000) according to contract.

Section IV Change of Share Capital and Shareholders

1. For three years as at the end of the reporting period, the Company did not issue new shares.
2. The change of total number of shares and share structure

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

3. Employees shares

The Company did not issue employees shares.

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

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

(V) Sufficiency of Public Float

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

Section IV Change of Share Capital and Shareholders

II. SHAREHOLDERS AND REAL CONTROLLER

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

As of 31 December 2011, the total number of shareholders, the ten largest shareholders and the ten largest shareholders of unrestricted circulating shares in accordance with the shareholders' register provided by the Hong Kong and domestic registrars of the Company were as follows:

The total number of shareholders The total number of shareholders of the Company was 63,756, of which 63,667 were state-owned shareholders and 89 were H shareholders.

The total number of shareholders as at the end of the month prior to the publication of the Annual Report The total number of shareholders of the Company was 63,169, of which 63,080 were state-owned shareholders and 89 were H shareholders.

The Ten largest shareholders of the Company

Name of shareholders	Nature of shareholders	Shareholding percentage	Total shareholding as at the end of the year	Change during the reporting period	Number of restricted shares	Number of shares pledged or locked-up
Anhui Expressway Holding Group Company Limited	State-owned shares	31.27%	518,581,000	0	0	Nil
HKSCC NOMINEES LIMITED (agent)	Overseas shareholders	29.55%	490,191,898	+242,000	0	Not known
China Merchants Huajian Highway Investment Co., Ltd.	State-owned legal person shares	20.92%	347,019,000	0	0	Nil
Templeton Investment Consultant Company Limited	Others	0.47%	7,733,171	+2,246,543	0	Not known
Kuang Shunqing	Others	0.25%	4,117,923	Newly added	0	Not known
China Everbright Securities Company Limited	Others	0.23%	3,799,919	Newly added	0	Not known
Agricultural Bank of China - Invesco Great Wall No. 2 Domestic Growth Securities Investment Fund	Others	0.18%	2,959,081	Newly added	0	Not known
Industrial and Commercial Bank of China Limited – Guotai Valuation Advantage Separated Stock Fund	Others	0.18%	2,958,633	Newly added	0	Not known
Zhang Fengtong	Others	0.13%	2,117,396	Newly added	0	Not known
Xinghe Securities Investment Fund	Others	0.11%	1,798,979	Newly added	0	Not known

Section IV Change of Share Capital and Shareholders

The ten largest shareholders of unrestricted circulating shares of the Company

Name of shareholders	Number of unrestricted circulating shares	Type of shares
Anhui Expressway Holding Group Company Limited	518,581,000	Renminbi-denominated ordinary shares
HKSCC NOMINEES LIMITED (agent)	490,191,898	Overseas listed foreign shares
China Merchants Huajian Highway Investment Co., Ltd.	347,019,000	Renminbi-denominated ordinary shares
Templeton Investment Consultant Company Limited	7,733,171	Renminbi-denominated ordinary shares
Kuang Shunqing	4,117,923	Renminbi-denominated ordinary shares
China Everbright Securities Company Limited	3,799,919	Renminbi-denominated ordinary shares
Agricultural Bank of China - Invesco Great Wall No. 2 Domestic Growth Securities Investment Fund	2,959,081	Renminbi-denominated ordinary shares
Industrial and Commercial Bank of China Limited – Guotai Valuation Advantage Separated Stock Fund	2,958,633	Renminbi-denominated ordinary shares
Zhang Fengtong	2,117,396	Renminbi-denominated ordinary shares
Xinghe Securities Investment Fund	1,798,979	Renminbi-denominated ordinary shares

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

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

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

Section IV Change of Share Capital and Shareholders

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

As at 31 December 2011, so far is known to, or can be ascertained after reasonable enquiry by the Directors, the persons who were, directly or indirectly, interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities of Futures Ordinance, was directly or indirectly, to be interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were set out as follows:

Names	At end of period (shares)	Increase/ Decrease during the reporting period	Type of shares	As a % of total share capital	Pledged or locked-up
Anhui Expressway Holding Group Company Limited	518,581,000(L)	—	State-owned shares	31.27%	No
China Merchants Huajian Highway Investment Co.,Ltd.	347,019,000(L)	—	State-owned legal person shares	20.92%	No

Name	As at the end of the period (shares)	Change during the reporting period	Type of shares	As a percentage of H shares	Pledged or locked-up
Commonwealth Bank of Australia	43,572,000 (L)	—	H shares	8.84%	Not known
Colonial First State Group Ltd	33,358,000 (L)	Not available	H shares	6.77%	Not known
Colonial Holding Company (No.2) Pty Limited	33,358,000 (L)	Not available	H shares	6.77%	Not known
Colonial Holding Company Pty Ltd.	33,358,000 (L)	Not available	H shares	6.77%	Not known
Colonial Ltd	33,358,000 (L)	Not available	H shares	6.77%	Not known
First State Investment Managers (Asia) Ltd	33,358,000 (L)	Not available	H shares	6.77%	Not known
First State Investments (Bermuda) Ltd	33,358,000 (L)	Not available	H shares	6.77%	Not known
The Colonial Mutual Life Assurance Society Ltd	33,358,000 (L)	Not available	H shares	6.77%	Not known

Section IV Change of Share Capital and Shareholders

Name	As at the end of the period (shares)	Change during the reporting period	Type of shares	As a percentage of H shares	Pledged or locked-up
First State (Hong Kong) LLC	32,166,000 (L)	Not available	H shares	6.52%	Not known
First State Investments (Hong Kong) Limited	30,712,000 (L)	Not available	H shares	6.23%	Not known
First State Investments (Singapore)	30,608,000 (L)	Not available	H shares	6.21%	Not known
First State Investments Holdings (Singapore) Limited	30,608,000 (L)	Not available	H shares	6.21%	Not known
Deutsche Bank Aktiengesellschaft	31,012,392 (L) 7,860,707 (S)	+1,278,345 +295,221	H shares	6.29% 1.59%	Not known
JPMorgan Chase & Co.	39,187,670 (L) 0 (S) 39,131,670 (lendable shares)	+9,769,685 Not available +12,491,685	H shares	7.95% 0.00% 7.94%	Not known
Templeton Investment Counsel, LLC	27,372,592 (L)	+27,372,592	H shares	5.55%	Not known

Save as disclosed herein, the Directors are not aware of any person who was, directly or indirectly, interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, was directly or indirectly, to be interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or any options in respect of such capital as at 31 December 2011.

Section IV Change of Share Capital and Shareholders

3. The controlling shareholder of the Company

Name	Anhui Expressway Holding Group Company Limited
Legal representative	Zhou Renqiang
Date of establishment	27 April 1993
Registered capital	RMB 5,003,448,700
Business scope	Planning, design, supervision, technical consultation and ancillary service of highway construction, Real Estate investment and motor vehicles fittings and storage.

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

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



Section IV Change of Share Capital and Shareholders

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

Name	:	China Merchants Huajian Highway Investments Company Limited Legal representative : Li Jianhong
Date of establishment	:	18 December 1993
Registered capital	:	RMB1,500,000,000
Business scope	:	The comprehensive development and contracting construction of roads, wharves, harbors and sea-lanes; development, research and production of new technologies, new products and new materials for transportation infrastructure facilities and sales of products; sales of building materials, mechanical and electrical equipment, automobiles (except cars) and fittings, hardware and daily necessities; economic information consultation and personnel training.

In June 2011, Huajian Transportation Economic Development Center, the second largest holder of A shares of the Company, went through reorganization and changed its name. It also completed the change of its enterprise legal person business license and certificate of enterprise code. The changes mainly involved the following:

Subject of change	Before	After
Name of enterprise	Huajian Transportation Economic Development Center	China Merchants Huajian Highway Investment Co., Ltd.
Type of enterprise	Enterprise owned by the whole people	One-person limited liability company (sole proprietor)
Legal representative	Fu Yining	Li Jianhong
Registered capital	Renminbi 500 million	Renminbi 1.5 billion

Section V Directors, Supervisors, Senior Management and Staff

I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Name	Sex	Age	Position	Term of office	Rewards drawn from the Company of the year (RMB ten thousand)
Zhou Renqiang	Male	57	Chairman	2011.08—2014.08	72.2
Tu Xiaobei	Male	58	Deputy Chairman	2011.08—2014.08	51.4
Li Junjie	Male	52	Director and General Manager	2011.08—2014.08	51.4
Li Jiezhi	Male	49	Director	2011.08—2014.08	19.9
Liu Xianfu	Male	48	Non-executive Director	2011.08—2014.08	5
Meng Jie	Male	35	Non-executive Director	2011.08—2014.08	5
Hu Bin	Male	41	Independent Director	2011.08—2014.08	3
Yang Mianzhi	Male	43	Independent Director	2011.08—2014.08	3
To Cheng Chi	Male	40	Independent Director	2011.08—2014.08	4.5
Wang Weisheng	Male	58	Chairman of Supervisory Committee	2011.08—2014.08	51.4
Yang Yicong	Male	56	Supervisor	2011.08—2014.08	43.4
Dong Zhi	Male	32	Supervisor	2011.08—2014.08	3.8
Xie Xinyu	Male	45	Deputy General Manager and Secretary to the Board	2011.08—2014.08	31
Wang Changyin	Male	49	Deputy General Manager	2011.08—2014.08	31
Liang Bing	Female	45	Finance Manager	since 2002.12	21
Li Yungui	Male	60	Director and General Manager	2008.08—2011.08	31.5
Leung Man Kit	Male	59	Independent Director	2008.08—2011.08	7.5
Guo Shan	Female	46	Independent Director	2008.08—2011.08	5
Li Mei	Female	48	Independent Director	2008.08—2011.08	5

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

Section V Directors, Supervisors, Senior Management and Staff

2. Positions held by Directors, Supervisors and Senior Management in shareholders in 2011.

Name	Name of shareholders	Position	Term of office	Whether draw their rewards and allowance (yes or no)
Zhou Renqiang	Anhui Expressway Holding Group Company Limited	Chairman Secretary of the Party Committee	Since November 2009 Since June 2008	No
Wang Weisheng	Anhui Expressway Holding Group Company Limited	Deputy Secretary of the Party Committee	Since August 2009	No
Li Yungui	Anhui Expressway Holding Group Company Limited	Deputy Chairman	Since May 2010	No
Tu Xiaobei	Anhui Expressway Holding Group Company Limited	Deputy Chairman	Since May 2010	No
Li Junjie	Anhui Expressway Holding Group Company Limited	Deputy General Manager	Since October 2009	No
Li Jiezhong	Anhui Expressway Holding Group Company Limited	Deputy General Manager	Since November 2010	No
Liu Xianfu	China Merchants Huajian Highway Investment Co., Ltd.	Chief Financial Officer	Since April 2007	Yes
Meng Jie	China Merchants Huajian Highway Investment Co., Ltd.	General Manager of First Department of Shares Management	Since October 2009	Yes
Dong Zhi	China Merchants Huajian Highway Investment Co., Ltd.	First Department of Shares Management	From April 2004 to February 2012	Yes
Wang Changyin	Anhui Expressway Holding Group Company Limited	Head of Corporate Planning Division	Since May 2010	No

Section V Directors, Supervisors, Senior Management and Staff

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

Name	Other units in which they hold post	Position	Term of office	Whether draw their rewards and allowance (yes or no)
Tu Xiaobei	Xuanguang Expressway Company Limited	Chairman	From July 1998 to August 2011	No
	Anhui Ningxuanhang Expressway Investment Company Limited	Chairman	Since April 2008	No
	Anhui Guangci Expressway Company Limited	Chairman	Since February 2005	No
	Anhui Provincial Highway Project Supervision Company Limited	Chairman	Since November 2005	No
Li Junjie	Anhui Expressway Media Company Limited	Chairman	From January 2010 to April 2011	No
Li Jiezhi	Anhui Anlian Expressway Company Limited	Chairman	Since April 2011	No
	Anhui Fortunately International Logistics Co., Ltd.	Chairman	Since October 2010	No
	Anhui Xinan Financial Group Co., Ltd. 安徽國元創投有限責任公司	Vice President Director	Since July 2011 Since June 2010	No No
Liu Xianfu	Guangxi Wuzhou Transportation Company Limited	Vice President	Since November 2007	Yes
	Hubei Chutian Expressway Company Limited	Vice President	Since June 2010	Yes
Meng Jie	Guangxi Wuzhou Transportation Company Limited	Director	Since May 2005	Yes
	North China Expressway Company Limited	Director	Since August 2008	Yes
	Zhongyuan Expressway Company Limited	Director	Since November 2009	Yes

Section V Directors, Supervisors, Senior Management and Staff

Name	Other units in which they hold post	Position	Term of office	Whether draw their rewards and allowance (yes or no)
Leung Man Kit	China Ting Group Holdings Company Limited	Independent Non-executive Director	Since November 2005	Yes
	NetEase, Inc.	Independent Non-executive Director	Since July 2002	Yes
	Junfield Department Store Group Limited	Independent Non-executive Director	Since December 2002	Yes
	Orange Sky Golden Harvest Entertainment (Holdings) Limited	Independent Non-executive Director	Since January 2008	Yes
Li Mei	Jiahe Life Insurance Company Limited	General Manager of Finance	Since February 2006	Yes
Guo Shan	Beijing S&P Law Firm	Partner and Deputy Director	Since June 1998	Yes
Yang Yicong	Xuanguang Expressway Company Limited	Chairman of Supervisory Committee	Since July 1998	No
	Anhui Expressway Media Company Limited	Chairman of Supervisory Committee	Since August 2008	No
	Anhui Guangci Expressway Company Limited	Chairman of Supervisory Committee	Since February 2005	No
	Anhui Ningxuanhang Expressway Investment Company Limited	Convener of Supervisory Committee	Since April 2008	No
	Anhui Civil Aviation Airport Group Co., Ltd.	Director	Since November 2005	No
	Anhui Anlian Expressway Company Limited	Chairman of Supervisory Committee	Since July 1998	No
Dong Zhi	Jilin Expressway Company Limited	Supervisor	Since February 2010	Yes
	Sichuan Expressway Company Limited	Supervisor	Since October 2009	Yes

Section V Directors, Supervisors, Senior Management and Staff

Name	Other units in which they hold post	Position	Term of office	Whether draw their rewards and allowance (yes or no)
Hu Bin	Institute of Finance and Banking, Chinese Academy of Social Sciences	Assistant to Head of Institute and Head of Laboratory	Since September 2003	Yes
	Tongling Jingda Special Magnet Wire Co., Ltd.	Independent Director	Since December 2006	Yes
	Wuxi Guoliang Trust Co., Ltd.	Independent Director	Since May 2011	Yes
	Shaanxi Baoguang Vacuum Electric Device Co., Ltd.	Independent Director	Since November 2011	Yes
Yang Mianzhi	College of Commerce, Anhui University	Vice Principal	Since March 2000	Yes
	Anhui Sun Create Electronics Co., Ltd.	Independent Director	Since March 2010	Yes
	Hefei Orient Energy Efficiency Technology Co., Ltd.	Independent Director	Since May 2011	Yes
To Cheng Chi	Bank of Communications, Hong Kong Branch	General Manager of Corporate Affairs	Since January 2005	Yes
Xie Xinyu	Anhui Ningxuanhang Expressway Investment Company Limited	Director	Since April 2008	No
	Anhui Xinan Financial Group Co., Ltd.	Director	Since July 2011	No
Wang Changyin	Anhui State Road Expressway Company Limited	Deputy Chairman	Since August 2011	No
	Xuanguang Expressway Company Limited	Director	Since March 2006	No
Liang Bing	Xuanguang Expressway Company Limited	Chief Financial Officer	From July 1998 to August 2011	No
	Anhui Ningxuanhang Expressway Investment Company Limited	Chief Financial Officer	Since April 2008	No
	Anhui Xinan Financial Group Co., Ltd.	Supervisor	Since July 2011	No

Section V Directors, Supervisors, Senior Management and Staff

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

Wang Shui Chairman Retirement

Li Huaijie Chairman of Supervisory Committee Retirement

Name	Positional	Leaving reason
Li Yungui	Director, General Manager	General
Leung Man Kit	Independent Director	General
Li Mei	Independent Director	General
Guo Shan	Independent Director	General

The 5th directors and supervisors were expired on 16 August 2011. The new directors and supervisors were elected at the extraordinary general meeting held on 12 August 2011. Mr. Zhou Renqiang, Mr. Tu Xiaobei, Mr. Li Junjie and Mr. Li Jiezhi were elected as Executive Directors of the Sixth Board; Mr. Liu Xianfu and Mr. Meng Jie were elected as Non-Executive Directors of the Sixth Board; Mr. Hu Bin and Mr. Yang Mianzhi and Mr. To Cheng Chi were elected as Independent Non-Executive Directors of the Sixth Board; Mr. Wang Weisheng and Mr. Dong Zhi were elected as Supervisors of the Sixth Supervisory Committee (Mr. Yang Yicong was elected as a member of the Sixth Supervisory Committee at a separate meeting held by the staff and workers of the Company). The term of the new directors and supervisors is for a period of three years commencing from 17 August 2011.

The First Meeting of the Sixth board was held on 17 August 2011, at which Mr. Zhou Renqiang was elected as the Chairman of the Company and Mr. Tu Xiaobei was elected as the Deputy Chairman of the Company; Mr. Li Junjie was appointed as the General Manager of the Company; Mr. Xie Xinyu and Mr. Wang Changyin were appointed as the Deputy General Manager of the Company; Mr. Xie Xinyu was appointed as Company Secretary of the Company; Mr. Zhou Renqiang and Mr. Xie Xinyu were appointed as authorized representative pursuant to Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

The First Meeting of the Sixth Supervisory Committee was held on 17 August 2011, at which Mr. Wang Weisheng was elected as the Chairman of the Supervisory Committee.

The Board of Directors of the Company pays high value for retired directors' performance during their terms and expresses great thanks for their diligent work.

Section V Directors, Supervisors, Senior Management and Staff

III. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

During the reporting period, the emolument proposal for the directors and supervisors of the sixth session was approved at the extraordinary general meeting held on 12 August 2011.

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

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

IV. SENIOR MANAGEMENT'S PERFORMANCE APPRAISAL AND INCENTIVE

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

V. OTHER INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Service contract of directors and supervisors

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

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

Section V Directors, Supervisors, Senior Management and Staff

- For the three years commencing from 17 August 2011, the annual director's fee for each domestic independent non-executive director will be RMB80,000.
- For the three years commencing from 17 August 2011, the annual director's fee for each overseas independent non-executive director will be RMB120,000.

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

- For the three years commencing from 17 August 2011, the chairman of the supervisory committee shall receive an annual remuneration of RMB504,000. In addition, the chairman of the supervisory committee shall be entitled to a bonus of RMB42,000 upon completion of one year of service.
- For the three years commencing from 17 August 2011, the worker supervisor shall receive an annual remuneration of RMB324,000. In addition, the worker supervisor shall be entitled to a bonus of RMB27,000 upon completion of one year of service.

For the three years commencing from 17 August 2011, other supervisors shall not be entitled to any supervisor's fee.

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

2. Directors' and supervisors' interests in contracts

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

3. Interests held by directors and supervisor in competitive business

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

Section V Directors, Supervisors, Senior Management and Staff

4. **Model code for securities transactions by directors and supervisors**

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

5. **Independence of Independent Directors**

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

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

7. **Interests to be disclosed**

As at 31 December 2011, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in any shares, or underlying shares or debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests which he was taken or deemed to have under such provisions of the Securities and Futures Ordinance or which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein or which were required to be disclosed herein pursuant to the Model Code for Securities Transactions by Directors of Listed Companies and the Takeovers Code.

Section V Directors, Supervisors, Senior Management and Staff

VI. BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

(1) Directors

Executive Directors

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

Mr. Tu Xiaobei, born in 1954, Senior Engineer. Mr. Tu graduated from Hefei Industrial University in 1984. Mr. Tu has held various positions such as the head of the infrastructure division of Anhui Department of Communications, director of Anhui Expressway Administration Bureau and Anhui Expressway Holding Group Limited. Mr. Tu was appointed as a director of the first Board and the General Manager of the Company, he was elected as the deputy Chairman of the Company by the second, third, fourth and fifth Board. Mr. Tu is now the member of the Party Committee and deputy chairman of Anhui Expressway Holding Group Company Limited, the chairman of Anhui Ningxuanhang Expressway Investment Company Limited, Anhui Guangci Expressway Company Limited and Anhui Provincial Highway Project Supervision Company Limited.

Mr. Li Junjie, born in 1960, holder of Postgraduate Diploma. He has held positions as deputy director of Organization Department and director of Propaganda Department of Anhui Communist Youth League, deputy director of Operation Division of Anhui Expressway Holding Corporation and secretary of Party General Branch of Bengbu Administration Office, general manager of Anhui Xiandai Transportation Economic Technology Development Centre, general manager of Anhui Expressway Real Estate Company Limited, director of the Human Resources Division, member of the Communist Party Committee and deputy general manager of Anhui Expressway Holding Corporation, the chairman of Anhui Expressway Media Company Limited, the deputy general manager and deputy managing director of the Company, etc. He was appointed the general manager of the Company on 17 August 2011. He is now a member of the Communist Party Committee and the deputy general manager of Anhui Expressway Holding Group Company Limited.

Section V Directors, Supervisors, Senior Management and Staff

Mr. Li Jiezhi, born in 1963, holder of Postgraduate Diploma and a senior auditor and registered accountant. He has held positions such as staff member, deputy staff member, principal staff member, deputy director and consultant of Anhui Provincial Audit Bureau. He was transferred to be head of the financial division of Anhui Expressway Holding Corporation in 2000. Currently, he is the deputy general manager of Anhui Expressway Holding Group Company Limited and concurrently the chairman of the board of directors of Anhui Anlian Expressway Company Limited and Anhui Fortunately International Logistics Co., Ltd. as well as the director of Anhui Xinan Financial Group Co., Ltd. and 安徽國元創投有限責任公司.

Non-Executive Directors

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

Mr. Meng Jie, born in 1977, holder of Master of Engineering, Master of Business Administration, senior engineer, Registered Consultation Engineer (Investment), graduated with the profession of bridges and tunnels from Hunan University in 2002. Since August 2002, he has held the positions as project manager, assistant to manager and deputy general manager of First Department of Shares Management of China Merchants Huajian Transportation Economic Development Center, as the supervisor of North China Expressway Company Limited and Guangxi Wuzhou Transportation Company Limited, and as director of Dongbei Expressway Company Limited. Mr. Meng now holds the post as general manager of the First Department of Shares Management of China Merchants Huajian Transportation Economic Development Center and serves concurrently as the director of North China Expressway Company Limited, Guangxi Wuzhou Transportation Company Limited and Henan Zhongyuan Expressway Company Limited.

Section V Directors, Supervisors, Senior Management and Staff

Independent Non-Executive Directors

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

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

Mr. To Cheng Chi, born in 1972, Master of International Business Administration and a permanent resident of the Hong Kong. He joined the Hong Kong Branch of the Bank of Communications and is now the general manager of the business management department of the bank.

2. *Supervisors*

Mr. Wang Weisheng, born in 1954, a senior political officer. He was graduated from Anhui Workers University majoring in Philosophy in 1979. Mr. Wang had been a monitor, first class monitor, deputy head and the head of the chief tribunal of the organisation division of the Provincial Committee of Anhui Province. He had also been a member of the Party Committee, deputy general manager and the Secretary of the Disciplinary Committee of Anhui Province Energy Group and was the director, the vice chairman of the board of directors and the chairman of the supervisory committee of Anhui Wenergy Company Limited. He is the deputy secretary of Party Committee and the secretary of the Disciplinary Committee of Anhui Expressway Holding Group Company Limited. He was appointed as the chairman of the supervisory committee of the Company on 26 March 2010.

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

Section V Directors, Supervisors, Senior Management and Staff

Mr. Dong Zhi, born in 1980 and is a Master in Economics. He graduated from Capital University of Economics and Business in 2005. Mr. Dong held posts in the Beijing Engineering Department of Road & Bridge International Co., Ltd. and was a supervisor of Dongbei Expressway Company Limited. He now works in the First Department of Shares Management of China Merchants Huajian Transportation Economic Development Center and is a supervisor of Jilin Expressway Company Limited and Sichuan Chengyu Expressway Company Limited.

3. *Other Senior Management*

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

Mr. Wang Changyin, born in 1963, deputy general manager, senior engineer and registered supervision engineer. He had held positions in the Transportation Bureau of the Zhongyang County, Anhui and Hetong Road Administration Office of Anhui Expressway Holding Corporation, and was the managing director of Anhui Gaojie Expressway Company Limited. Since October 2004, Mr. Wang has been the deputy general manager of the Company, and concurrently the deputy chairman of Anhui State Road Expressway Company Limited and director of Xuanguang Expressway Company Limited.

Ms. Liang Bing, born in 1967, holder of Postgraduate Diploma, manager of the Finance Department and senior accountant of the Company. Ms. Liang joined the Company in 1996 and has been manager of the Finance Department of the Company since December 2002. She is also the chief financial officer of Anhui Ningxuanhang Expressway Investment Company Limited and supervisor of Anhui Xinan Financial Group Co., Ltd.

Independent Non-Executive Directors

Mr. Li Yun Gui, born in 1952, director and general manager of the Company and senior economist. He graduated with a Bachelor's degree from Anhui Workers University in 1979 and subsequently obtained qualification of economic management studies from Central Party University. He was the deputy chief of the administrative office of Anhui Department of Communications and the secretary of the Communist Party Committee of Anhui Expressway Administration Bureau. He was elected as the chairman of the first and second Supervisory Committee, and he was a director of the third, fourth and fifth Board and appointed as the General Manager of the Company. Mr. Li currently is the deputy chairman of Anhui Expressway Holding Group Company Limited.

Section V Directors, Supervisors, Senior Management and Staff

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

Ms. Li Mei, born in 1964, a senior accountant, a non-practiced Registered Accountant and Registered Tax Officer. Ms. Li graduated from the Institute of Systems Engineering of the University of Tianjin in 1989 with a Master's degree. Ms. Li has worked for the Renmin University of China, Stone Group and Centergates Securities Company Limited. She is now the general manager of the Financial Department of Jiahe Life Insurance Company Limited.

Ms. Guo Shan, born in 1966, solicitor. Ms. Guo graduated from the Law Department of the branch of Peking University in 1988 with a Bachelor's degree in law. Ms. Guo has worked for the Legal Bureau of Beijing, Legal Department of the Intellectual Property of China, as well as Everbright Securities Company. Ms. Guo is currently a partner and the deputy manager of Beijing S&P Law Firm.

VII. STAFF

As of 31 December 2011, the Company had 1,634 staff and the retired employees were 27.

1. Profession composition

Profession type	Number
Management and professional staff	485
Toll collection and production staff	1,149

2. Education

Education type	Number
Postgraduate diploma	53
University diploma	218
College graduate	699
Secondary vocational diploma	246
Senior high school and below	418

Section V Directors, Supervisors, Senior Management and Staff

Staff Wages

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

Staff Insurance and Welfare Protecting

The Company takes care of staff, protects the staff’s legal interests and strictly complies with the State’s social insurance policies. According to the relevant State’s stipulation, the Company has arranged the old-age insurance, basic medical insurance, unemployment insurance, injury insurance and child-bearing insurance for the staff and paid the above insurance fee in full. The Company paid RMB18,820,000 of various social insurance fee. At the same time, the Company has arranged the complement medical insurance and accident injury insurance for the staff.

In 2011, the Company arranged RMB11,330 thousand of housing accumulation fund for staff.

In addition to the above social security plans, the Company established a multi-level social security system, which protects the benefits of staff and strengthens the cohesion, unity and competitiveness of the Company. In 2008, the Company had completed the establishment of enterprise annuity plan according to the actual situation of the Company and relevant requirements of the Enterprise Annuity Tentative Procedures. In 2011, the total enterprise annuity expenses was RMB3,910,000.

Staff Training

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

Section VI Corporate Governance Structure and Governance Report

I. Corporate Governance

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

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

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

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

Section VI Corporate Governance Structure and Governance Report

The establishment and improvement of internal control system of the Company

General proposal for establishment of internal control

In order to ensure the legal operation and management, the asset safety and the authenticity and completeness of financial reports and related information of the enterprise, to improve operational efficiency and effectiveness, and to promote realization of strategic development of the enterprise, the Company proposes to improve its internal control system to reduce operating risks starting from internal environmental and risks assessment together with internal environmental and risks control, information and communication as well as internal supervision in the light of the Company's actual development, and, through establishing, operating and generally enhancing its internal control systems, to form a long-term mechanism of internal control in four phases pursuant to the requirements of the relevant laws and regulations such as "Company Law", "Securities Law", "The Basic Standard for Enterprise Internal Control".

Work plan for establishment and improvement of the internal control system and its implementation

During the reporting period, the Company commenced different work in respect of internal control, such as interviewing people and due diligence, risk assessment, improvement of processes, design and implementation of effectiveness tests, system matching with the assistance of a consultancy firm by selective trials. It initially established a comprehensive internal control system, formulated and issued its Internal Control Manual. It also undertook a self-assessment of the implementation of the internal control system and continued to update the process and system during the correction and assessment process. The Company will gradually incorporate internal control in its operation and management, improve management standards and establish a longstanding and effective internal control system while effectively guaranteeing its continuous internal control compliance.

Setting up of departments for internal control, inspection and supervision

The Company's internal control, inspection and supervision departments are well established. The Audit Department under the Supervisory Committee and Audit Committee will be responsible for the establishment of the internal control system and execution of its work and will make proposals for improvement and supervise the improvement work.

Section VI Corporate Governance Structure and Governance Report

Self-assessment carried out for internal supervision and internal control	The Supervisory Committee and Audit Department will carry out supervisory examination of internal control on a regular basis and report any findings during such examinations on a timely basis. The self-assessment work has been formally rolled out. With the assistance of an intermediate firm, the Audit Department conducted two rounds of effectiveness examination of the headquarters and subordinate units. An internal control self-assessment report was released (please refer to the “Self-Evaluation Report of Internal Control of the Board of Directors”).
Arrangements of the Board on work relating to internal control	The Board of Directors attached great importance to internal control and arranged for the establishment of the internal control system and continued monitoring of its execution. A number of taskforces were established so as to implement the internal control system. The Company will continue its work on the establishment of the internal control system, continue to improve such system, supervise the correction measures in respect of internal control and actively promote the system in order to enhance staff’s awareness and gradually incorporate internal control into the daily operations. In addition, regular internal self-assessments will be conducted in a bid to gradually formulate a longstanding, effective system to provide a systematic protection and impetus for the development of the Company.
Establishment and operation of internal control system relating to financial reporting	Pursuant to the “Company Law”, “Accounting Law”, “Accounting Standards for Enterprises” and other laws and regulations, the Company has developed and implemented corporate systems such as “Accounting Methods” , “Financial and Budget Management System”and “Internal Risk Control Manual” . Based on the requirements of these systems, the Company has defined job duties and powers, standardized financial management procedures, and effectively ensured the authenticity and reliability of financial information.
Internal control deficiencies and the rectification	During the reporting period, the internal control system worked well, and no significant deficiencies in the design or implementation of internal control is found. With the gradual implementation of control policies in China and to meet the Company’s development needs, the Company will continue to update and improve its internal control system to ensure its continued healthy development.

Section VI Corporate Governance Structure and Governance Report

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

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

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

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

Establishment of Accountability System in relation to Serious Faults in Information Disclosure in Annual Reports

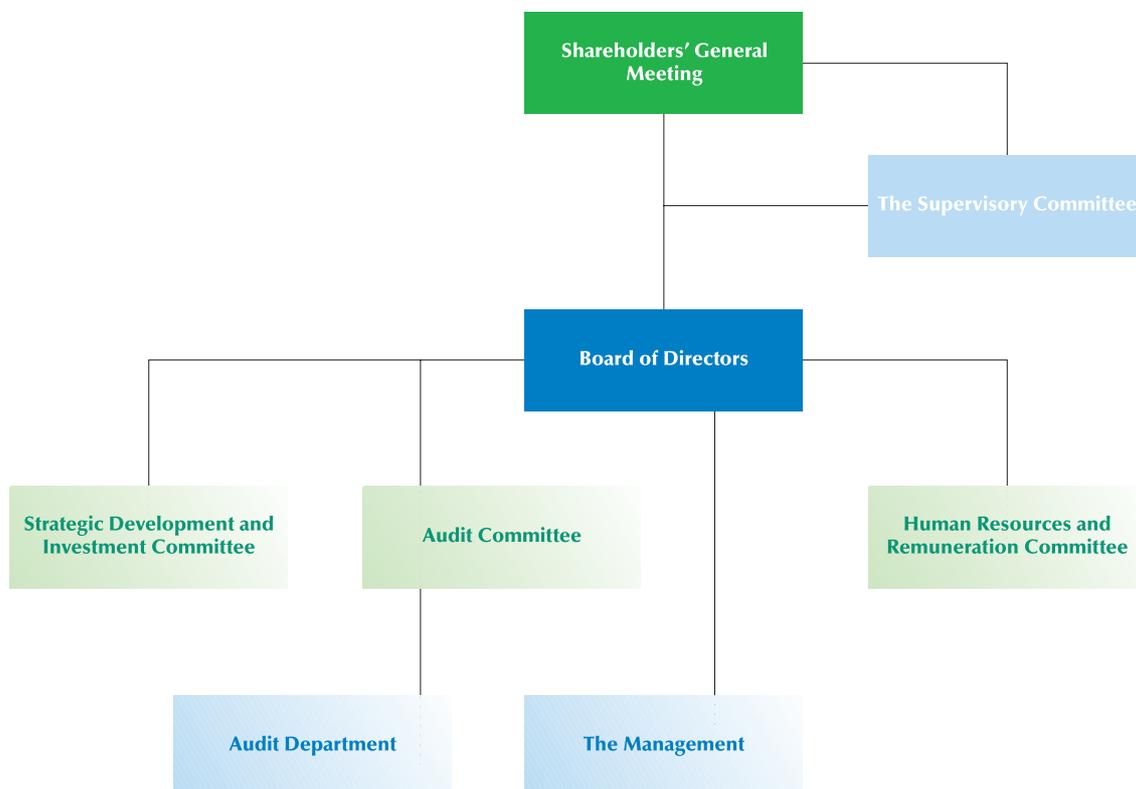
Working systems and procedures such as the “Annual Reporting System for Independent Directors” and “Annual Reporting System for Audit Committee” have been established. The Independent Directors and the Audit Committee have been engaged to review the annual reports and give independent and professional opinions, respectively, so as to ensure the quality and truth of the annual reports.

In accordance with the requirements of the CSRC, the Company has formulated the “Accountability System in relation to Serious Faults in Information Disclosure in Annual Reports”, which has made specific provisions regarding the accountability of disclosure in annual reports and related penalties and has been approved at the 15th meeting of the five session of the Board.

During the reporting period, there was no rectification of serious accounting fault, supplement of material information omitted and clarification of results forecast.

Section VI Corporate Governance Structure and Governance Report

II. Legal person governance structure of the Company



(1) Shareholders and Stakeholders' General Meeting

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

1. Substantial shareholders

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

Section VI Corporate Governance Structure and Governance Report

2. *Independence compared to controlling shareholders*

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

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

Section VI Corporate Governance Structure and Governance Report

3. *Shareholders' general meeting*

The Shareholders' General Meeting is the organ of supreme power of the Company and exercises its powers according to law to determine major events of the Company. One or more shareholders who individually or collectively hold(s) 10% or more of the shares in the Company with voting rights at a general meeting, shall have the right to request the Board to convene an extraordinary general meeting or meeting of any class of shareholders in accordance with the prescribed procedures and requirements. One or more shareholders who individually or collectively hold(s) 5% or more of the shares in the Company with voting rights at a general meeting, shall have the right to propose a resolution at an annual general meeting. Detailed procedures and arrangements in relation to the convening of, proposal and voting at a general meeting, are set out in the Articles of Association and the "Proceedings at General Meetings" of the Company.

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

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

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

Section VI Corporate Governance Structure and Governance Report

(2) Directors and the Board of Directors

1. *The Board of Directors*

(1) *Obligation and division of work*

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

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

(2) *Composition*

The present Board is the Company’s sixth session since incorporation. The Board of the Company consists of 9 directors, as of 31 December 2011.

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

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

Section VI Corporate Governance Structure and Governance Report

(3) *The Board Meeting*

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

- To consider annual, interim and quarterly financial report;
- To consider annual working report of the Board;
- To consider annual profit appropriation plan;
- To consider and pass the Company's internal control system and the Board of Directors' evaluation report and social responsibility report to the Company's internal control;
- To consider election of the sixth session of the Board of Directors and Supervisory Committee;
- To consider the remuneration proposals for the members of the sixth session of the Board of Directors and Supervisory Committee;
- To consider the election of the Chairman and Deputy Chairman, appointment of senior management such as the general manager and the appointment of the members of various special committees of the Company;
- To consider the proposal for the establishment of small loan companies, Xin'an Finance and a pawn shop;
- To consider the proposal for participation of open bidding of 55.47% of Guangci Company;
- To consider the proposal for the regulatory implementation of internal control;
- To consider the "Working Code for the Secretary to the Board of Directors";
- To consider the connected transactions in respect of the delegation of management of sections of roads and leasing of service regions;

The Board holds periodic meetings quarterly and extraordinary meetings if necessary. The notice of periodic Board meeting shall be sent to all Directors at least 10 days before the meeting, and the notice of extraordinary Board meeting shall be sent to all Directors at least 2 days before the meeting. One-thirds or more of Directors may jointly, and the general manager may, convene an extraordinary Board meeting. Supporting documents containing the details of relevant resolutions to be proposed at a Board meeting shall be sent to all Directors at least 3 days before the meeting. The Board held a total of 14 meetings in 2011. Please refer to the section headed "Usual Operation of the Board of Directors" in this annual report for details.

Section VI Corporate Governance Structure and Governance Report

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

The management is responsible for the provision of relevant materials and information necessary for the Board's consideration of various proposals and arranging for the senior management to report works at a Board meeting. The Board and the specialized committees under the Board shall have the right to seek the service of independent professional institutions according to the needs of the exercise of authority, performance of duties or businesses, and the reasonable expenses incurred thereon shall be borne by the Company. During the year, none of the Directors has requested to seek independent professional opinions for any matter.

2. Directors

(1) Appointment

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

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

Section VI Corporate Governance Structure and Governance Report

(2) Information support and professional development

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

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

Section VI Corporate Governance Structure and Governance Report

(3) Annual implementation

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

In 2011, the rate of attendance of the Board meeting was 100%.

Name	Position	Number of Meetings should be attended	Attendance in person	Number of meetings by means of communication	Number of meetings of commission attendance	Number of absence	Whether twice successive attendance in person
Zhou Renqiang	Chairman	14	5	9	0	0	No
Li Yungui	Director and General Manager	7	3	4	0	0	No
Tu Xiaobei	Deputy Chairman	14	5	9	0	0	No
Li Junjie	Managing Director	14	5	9	0	0	No
Liu Xianfu	Non-executive Director	14	5	9	0	0	No
Meng Jie	Non-executive Director	14	5	9	0	0	No
Leung Man Kit	Independent Director	7	3	4	0	0	No
Li Mei	Independent Director	7	3	4	0	0	No
Guo Shan	Independent Director	7	3	4	0	0	No
Li Jiezhi	Executive director	7	2	5	0	0	No
Hu Bin	Independent Director	7	2	5	0	0	No
Yang Mianzhi	Independent Director	7	2	5	0	0	No
To Cheng Chi	Independent Director	7	2	5	0	0	No

Notes: Each director were present at the 2011 in the period of the full board meetings

Number of Board meetings during the 2011	14
Of which: Number of on-site meetings	5
Number of meetings by means of communication	9
Number of meetings on the spot combination of communication	0

The Company has appointed a sufficient number of Independent Non-executive Directors. Hu Bin, Yang Mianzhi and To Cheng Chi had been appointed as Independent Directors by the six session of the Board, and as a result, the number of Independent Directors represents more than one-thirds of that of the Board members. Independent Directors also represent more than half of the members of the Audit Committee and the Remuneration Committee, and both committees are chaired by Independent Directors.

Section VI Corporate Governance Structure and Governance Report

When nominated, Independent Directors candidates had made statements of independence to the Board. Pursuant to Rule 3.13 of the Listing Rules of The Stock Exchange of Hong Kong Limited, the confirmations from all Independent Directors as to their independence have been received by the Board. The Company considers that all existing Independent Directors have complied with the relevant guideline as set out in such Rule, and are still independent.

Meeting attendance of Independent Directors

Name	Meetings held	Attendance in person	Attendance by proxy	Absence
Leung Man Kit	7	3	4	0
Li Mei	7	3	4	0
Guo Shan	7	3	4	0
Hu Bin	7	2	5	0
Yang Mianzhi	7	2	5	0
To Cheng Chi	7	2	5	0

Note: Each of the Independent Directors has attended all Board meetings during their term.

All Independent Directors of the Company are able to attend Board meetings and meetings of the specialized committees with a prudent, responsible, positive and serious attitude in accordance with the relevant laws, regulations and the “Annual Reporting System for Independent Directors” of the Company to give full play to their respective expertise and perform their duties independently as well as providing professional recommendations and making independent judgments on major issues discussed and to be decided upon. In 2011, Independent Directors considered and gave independent opinions on major matters such as internal control, connected transactions, appointment of senior management and remuneration of Directors and Supervisors, and met with external auditors to discuss the annual audit and review of half-year financial statements in accordance with the “Annual Reporting System for Independent Directors”, which had helped to uphold the interests of the Company and its shareholders as a whole.

During the reporting period, none of the Independent Directors has raised any objections to any matters relating to the Company, and neither of them has proposed to convene any Board meeting, general meeting or seek voting rights from public shareholders.

Section VI Corporate Governance Structure and Governance Report

(5) *Directors' remuneration*

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

(6) *Securities Transactions by Directors*

For securities transactions by Directors, the Company has adopted the code provisions on the trading of shares of the Company by Directors contained in the "Model Code for Securities Transactions by Directors of Listed Issuers" ("Model Code for Securities Transactions") as set out in the Appendix 10 of the "Listing Rules". After making specific enquiries of all directors, the Company confirms that all Directors fully complied with the "Model Code for Securities Transactions" in 2011.

(3) **Specific Committees of the Board**

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

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

The Strategic Committee was established in August 2002, the committee members of which include Mr Zhou Renqiang (Chairman), Mr. Li Junjie, Mr. Li Jiezhi, Mr. Liu Xianfu and Mr. Hu Bin.

* Independent Non-executive Director

Obligations

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

Main works in 2011

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

Section VI Corporate Governance Structure and Governance Report

Audit Committee

The Audit Committee was established in August 1999, currently comprising Mr. Yang Mianzhi* (chairman), Mr. Liu Xianfu and Mr. Hu Bin, all being non-executive directors and two of them being Independent Non-executive Directors. The chairman of the Audit Committee is an Independent Non-executive Director. One Independent Non-executive Director has the qualifications or appropriate accounting or financial management expertise as required by Rule 3.10(2) of the Hong Kong Listing Rules.

* Independent Non-executive Director

Duties

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

Main works in 2011

Audit Committee's Report

The Audit Committee held 4 meetings during 2011, and held 1 meeting before the date of this report in 2012. The topics of these meetings include the review on periodic reports, the full communication with external auditors in respect of annual results auditing and half-year financial report review. All members attended. The major tasks for the year are:

Review of Periodic Financial Reports

The Audit Committee is responsible for reviewing and examining the quality and procedure of the Company's financial reporting.

The specific tasks include:

During 2011, the Audit Committee reviewed the financial report for 2010, the financial reports for the first quarter, the half-year and the third quarter of 2011.

Before the auditing of annual results and the reviewing of half-year financial report, the Audit Committee made full communication with the responsible financial person of the Company and the certified public accountant in charge of annual audit, carefully reviewed the Company's audit work plan and the Company's financial statements, proposed audit opinions and recommendations and formed a written submission.

During auditing process, the members of Audit Committee maintained communication with accountants through telephone, email, etc., they conducted several discussions and communications with accountants so as to ensure consistent understandings of both parties on major matters and proper accounting thereof.

Section VI Corporate Governance Structure and Governance Report

After the accountant issued preliminary audit opinions, the Audit Committee and the independent directors held a meeting with the accountant to review the financial statements again, and confirmed the appropriateness of the accounting policies adopted and the reasonableness of accounting estimates in the financial statements and submitted to the Board for consideration.

Through prior adequate communication, full and prompt supervision, the certified public accountant completed annual audit work on time and submitted the 2011 audit report. Up to the announcement date of the annual report, the Audit Committee has reviewed the Company's 2011 financial report which had been audited by PricewaterhouseCoopers, and considered that the Group's 2011 financial report could give a full, true and reasonable picture of the Group's 2011 operating results and the financial position as of 31 December 2011, with a recommendation to the Board for approval.

Internal Control and Risk Management

In addition, the Audit Committee was also responsible for inspection and evaluation of the status of the Company's internal control and the implementation of the Company's internal control system, listening to the work report of the Company's audit department and provided professional advice on the improvement of the Company's internal control and risk management level.

During 2011, based on meeting the internal control compliance, the Company built a sound and effective long-term internal control mechanism in the headquarters of the Company, the affiliated departments and subsidiaries by way of four stages of work such as system construction, system operation, overall improvement and the formation of long-term mechanism. The Company made a comprehensive assessment of the Company's risk awareness and identified key risk areas in forms of risk questionnaire, processes and risk interviews. The Company established internal control process framework based on compliance requirements and clarified the scope of the Company's internal control construction and made a preliminary identification of the design flaws of the Company's internal control system.

By reviewing the Company's half-year and annual internal control summary reports and assisting the Board in making independent evaluation of the effectiveness of internal control, the Audit Committee considered that the Company's internal control system and its implementation were basically sound and effective and found no material shortcomings of the design and implementation of internal control, and the Audit Committee recommended the Board to approve the internal control self-evaluation report.

Work Assessment and Reappointment of Auditors

The Audit Committee considered that the Company's 2010 auditors – PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd. and PricewaterhouseCoopers Certified Public Accountants fulfilled their obligations, followed the principle of independence, objectivity and fairness, and duly accomplished various works assigned by the Company in the process of the audit for the Company. Accordingly, the Audit Committee recommended to re-appoint the above auditors as the Company's auditors for 2012 and submitted to the Board of Directors and Shareholders' General Meeting for considering and approving.

Section VI Corporate Governance Structure and Governance Report

Members of the Audit Committee: Yang Mianzhi, Liu Xianfu and Hu Bin
27 March 2012

The Human Resources and Remuneration Committee (the “Remuneration Committee”)

The Remuneration Committee was established in August 2002 and comprised mainly of Independent Directors, being Mr. Hu Bin (Chairman), Mr. Meng Jie and Mr. To Cheng Chi.

* Independent Non-executive Director

Duties

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

Main works in 2011

Remuneration Committee’s Report

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

- (1) The Committee has performed nomination procedures for proposed Directors to replace retiring Directors, and has verified the independence of Independent Directors.
- (2) The Committee has formulated and submitted the remuneration plan for the forthcoming session of Directors and Supervisors in light of the Company’s current position to the Board and general meeting for consideration.
- (3) The Committee has expressed independent opinions on the senior management, and is of unanimous opinion that the qualifications, nomination and engagement procedures for the senior management appointed at the 1st meeting of the sixth session of the Board valid.
- (4) The Committee has reviewed the remuneration data for the Directors, Supervisors and senior management disclosed in this annual report, and has considered such data true and accurate. In addition, the Committee has confirmed through audit that none of the Directors, Supervisors and senior management currently holds any share, share option or restricted shares granted in the Company. The Company has not implemented any equity incentive plan.
- (5) The Committee has examined and assessed the management’s operational performance for the year of 2011, and is of the view that the management has met the annual operational and management targets set by the Board at the beginning of the year.

Members of the Remuneration Committee: Hu Bin, Meng Jie, and To Cheng Chi
27 March 2012

Section VI Corporate Governance Structure and Governance Report

III. Control System

1. Supervisory Committee

The Company established the sixth session Supervisory Committee by way of election at the first extraordinary general meeting for 2011 held on 12 August 2011 and its term of office runs from 17 August 2011 to 16 August 2014. The Supervisory Committee consists of three supervisors, including two shareholder's representatives and one employee's representative. The size and composition of the Supervisory Committee has complied with the requirements of the legal rules and regulations.

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

The Secretary to the Board of the Company also assumes the duties of the secretary to the Supervisory Committee, and is responsible for its day-to-day affairs and facilitates communication between the Supervisory Committee and the Board as well as the management. In 2011, the Supervisory Committee convened six meetings with all supervisors present, supervised the performance of duties by the Company's financial personnel, Directors and senior management in compliance with the laws and regulations on behalf of the shareholders, attended all the Board meetings and Shareholders' General Meetings, and conscientiously performed its duties. The details of the relevant work are set out in the "Supervisory Committee's Report" in this annual report.

2. Internal Control

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

In 2011, the Board of Directors continuously reviewed the internal control system of the Company and prepared the Self-evaluation Report Regarding of Internal Control of the Company, to elaborate and explain the objectives of internal control, the composition and implementation of the internal control systems and the overall evaluation results. For details, please refer to the Self-evaluation Report Regarding of Internal Control of the Company.

3. Internal audit

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

Section VI Corporate Governance Structure and Governance Report

4. Auditors

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

The 2010 Annual General Meeting has approved to continue to appoint PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co. Ltd and PricewaterhouseCoopers Certified Public Accountants as the Company's 2011 PRC and Hong Kong auditors. In 2011, the audit fees were RMB2,150,000, apart from the said fees, the Company did not pay any other fees to the auditors nor affect their independence. As at 2011, they have provided services to the Company for 10 years and changed signed certified public accountant from 2006. The fees paid to the above accountants for 2010 were as follows:

Unit: RMB000

	2011	2010
	Audit fees	Audit fees
PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd	1,250	1,200
PricewaterhouseCoopers Certified Public Accountants	900	800

Section VI Corporate Governance Structure and Governance Report

IV. Information Disclosure and Investor Relations

Information Disclosure

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

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

In 2011, "Information Disclosure Management System" of the Company has been carried out with effect. During the reporting period, the Company published annual, interim and quarterly report and issued 4 periodic reports and 31 extraordinary announcements according to the listing rules of Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, which disclosed the Company's results and financial information, dividends payables, operations of the Board and Supervisory Committee, convening general meetings and connected transactions objectively and in detail. The relevant announcements were published in the China Securities Post and Shanghai Securities Post and on the website of Shanghai Stock Exchange, the Stock Exchange of Hong Kong Limited and the Company.

Number	Date	Items
1	4 January 2011	H Share announcement – continuing connected transaction
2	17 February 2011	H Share announcement – connected transaction (establishment of joint venture)
3	28 February 2011	H Share announcement – continuing connected transaction joint announcement (Tenancy Operation Agreement)
4	28 February 2011	H Share announcement – continuing connected transaction announcement (Supervision Agreement and Road Facility Agreement)
5	28 February 2011	Resolution announcement of the 22nd meeting the fifth Board
6	14 March 2011	Notice of 2010 annual general meeting
7	14 March 2011	Resolution announcement of the 23rd meeting of the fifth Board
8	14 March 2011	Resolution announcement of the 14th meeting of the fifth Board
9	14 March 2011	H Share announcement – 2010 annual results and notice of 2010 annual general meeting
10	14 April 2011	Follow-up raring results announcement of "09 Wangtong Bonds"
11	29 April 2011	Resolution announcement of the 25th meeting of the fifth Board
12	3 May 2011	Resolution announcement of 2010 annual general meeting
13	3 May 2011	H share announcement – poll results of the annual general meeting held on 29 April 2011

Section VI Corporate Governance Structure and Governance Report

Number	Date	Items
14	8 June 2011	Implementation announcement of 2010 profit appropriation
15	27 June 2011	Notice of the convention of the first extraordinary general meeting for 2011
16	27 June 2011	Resolution announcement of the 26th meeting of the fifth Board
17	27 June 2011	Resolution announcement of the 15th meeting of the fifth Board
18	27 June 2011	H share circular – biographies of candidates for the Directors of the sixth Board and Supervisors of the sixth Supervisory Committee and their proposed remunerations
19	5 July 2011	Announcement of the change of the second largest shareholder of the Company
20	11 July 2011	Announcement of the change of the Company's website and e-mail address for investors enquiries
21	11 July 2011	H share announcement – Establishment of a joint venture
22	15 August 2011	Resolution announcement of the first extraordinary general meeting
23	15 August 2011	H share announcement – poll results of the extraordinary general meeting held on 12 August 2011 and change of Directors
24	15 August 2011	Resolution announcement of the first meeting of the sixth Board
25	18 August 2011	Resolution announcement of the first meeting of the sixth Supervisory Committee
26	18 August 2011	H share announcement – change of authorized representative and members of Board Committees
27	29 August 2011	Resolution announcements of the second meeting of the sixth Board
28	29 August 2011	H share announcement – 2011 interim results announcement
29	29 August 2011	H share announcement – continuing connected transaction (Xiandai Transportation Road Repair Work Agreement and Management Agreement with BNPM)
30	10 October 2011	H share announcement – continuing connected transactions (Inspection Scientific Center Agreement)
31	9 December 2011	2011 interest payment announcement of “09 Wangtong Bonds”

Section VI Corporate Governance Structure and Governance Report

Investor Relations

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

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

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

Following methods were taken in investor relationship activities:

- To make public the telephone and E-mail and answer investor’s enquires;
- Daily receipt of investor’s and analyst’s visit;
- Participation in large investor promotional activities;
- To hold results representation, domestic and overseas road shows and one-on-one meetings;
- Investors and the public can enquiry the following information through the Company’s website: the corporate basic information, information for users (including highway map of Anhui Province, introduction of the highways of the Company, location of toll gates and toll rates), corporate governance regulation, information disclosure documents and monthly operation statistics. The Company will strengthen the management and construction of the contents of website to provide more fruitful and immediate enquires.

Section VI Corporate Governance Structure and Governance Report

Major investor relationship activities in 2011:

- The Company held 2010 Annual Results Press Conference in Hong Kong, visited multiple funds and held one-on-one meetings in March 2011;
- The Company joined the Macquarie Greater China Conference 2011 held in Hong Kong in May 2011;
- The Company held 2011 Interim Results Press Conference in Hong Kong, visited multiple funds and held one-on-one meetings in August 2011;
- The Company joined the Citi Greater China Investor Conference 2011 held in Macau in October 2011;
- The Company joined the Bank of America Merrill Lynch, Beijing, 2011 Investor Conference held in Beijing on November 2011.

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

In 2011, the Board recommended the payment of a cash dividend of RMB0.21 per share (inclusive of tax), representing 53.79% of the realized distributable profit for this year. The Company will still maintain a stable dividend payment policy in future years.

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

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

Section VII Profile of the General Meeting

During the reporting period, the Company held two General Meetings that were the 2011 Extraordinary General Meeting and 2010 Annual General Meeting, related items are as follows:

The 2010 Annual General Meeting

The 2010 Annual General Meeting of the Company was held on 29 April 2011, the following major events were approved:

Events approved by Ordinary Resolutions include:

- The report of the Board of Directors of the Company for 2010;
- The report of the Supervisory Committee of the Company for 2010;
- The audited financial statements of the Company for 2010;
- The profit appropriation proposal for 2010;
- The appointments of PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co. Ltd and PricewaterhouseCoopers Certified Public Accountants respectively as the PRC auditors and Hong Kong auditors of the Company for 2011 and authorization of the Board of Directors to fix their remunerations.

Events approved by Special Resolutions include:

- The proposal to authorize the Board of Directors to implement placement or issuance of new shares (H Shares).

The announcement on the resolutions passed at the general meeting was published in the Shanghai Securities Post, the China Securities Post and on the website of the Stock Exchange of Hong Kong Limited on 3 May 2011.

The 2011 Extraordinary General Meeting

The 2011 Extraordinary General Meeting was held on 12 August 2011 by the Company, the following ordinary resolutions were approved:

- (1) To elect Mr. Zhou Renqiang, Mr. Tu Xiaobei, Mr. Li Junjie, Mr. Li Jiezhi, Mr. Liu Xianfu, Mr. Meng Jie, Mr. Hu Bin, Mr. Yang Mianzhi and Mr. To Cheng Chi as members of the Sixth Board of Directors of the Company with a term of three years commencing from 17 August 2011;
- (2) To elect Mr. Wang Weisheng and Mr. Dong Zhi as members of the Sixth Supervisory Committee of the Company with a term of three years commencing from 17 August 2011;

(Mr. Yang Yicong was elected by the Employees' General Meeting of the Company as a member of the Sixth Supervisory Committee with a term of three years commencing from 17 August 2011.)
- (3) The proposal on the remuneration of members of the Sixth Board of Directors and Supervisory Committee of the Company and to authorize the Board of Directors to determine the service contract terms of the relevant Directors and Supervisors.

The resolution announcements of the 2009 Annual General Meeting were published in the Shanghai Securities Post, the China Securities Post and on the website of the Stock Exchange of Hong Kong Limited on 15 August 2011.

Section VIII Chairman's Statement



On behalf of the Board, I hereby report to our shareholders the annual results of the Group for the year of 2011.

Section VIII Chairman's Statement

Annual results reporting

In 2011, in accordance with the PRC Accounting Standards, the Group recorded an operating income of RMB2,216,355 thousand, an increase of 4.49% year on year; the net profit attributable to shareholders of the parent company was RMB856,728 thousand, an increase of 9.43% year on year; and earnings per share was RMB0.517, an increase of 9.53% year on year. In accordance with Hong Kong Accounting Standards, the profit attributable to equity holders of the Company was RMB849,199 thousand, an increase of 7.61% year on year; and basic earnings per share was RMB0.512, an increase of 7.61% year on year.

The Board has recommended the payment of a final cash dividend of RMB0.21 per share for 2011 in a total amount of RMB348,308 thousand.

Review for 2011

In 2011, the situation of the Chinese economy was complex and volatile with a slowdown in economic growth and a sustained pressure from inflation. During the year, the gross domestic product (GDP) of the PRC reached RMB47.16 trillion, an increase of 9.2% year on year; whereas Anhui Province achieved a domestic product of RMB1.51 trillion, an increase of 13.5% year on year, representing a slight decline in growth rate year on year. The consumer price index of the PRC saw an increase of 5.5% in the year.

In 2011, Anhui Province accomplished a total investment of RMB 29.82 billion in transportation infrastructure construction, an excess of 21.7% over that as set out in its annual plan, with a mileage of expressway reaching 3,009 km, a length in excess of 3,000 km. During the year, the volume of passenger, the turnover volume of passengers, the volume of goods and the turnover volume of goods reached 1.8 billion person, 115.2 billion person kilometers, 2.56 billion tons and 743.4 billion ton kilometers, representing an increase of 16.8%, 14.0%, 18.5% and 21.1% respectively over last year.

As at the end of 2011, the possession of civilian vehicle reached 2.894 million, representing an increase of 19% year on year, in which the possession of private vehicle reached 2.053 million, an increase of 23.5%. The possession of civilian car reached 1.16 million, representing an increase of 32.4%, in which the possession of private vehicle reached 0.963 million, an increase of 38.2%.

In 2011, the Company faced with a challenging business environment. A slowdown in both domestic and regional economic growths shaped an unfavorable prospect for the growth of our traffic volume and toll income; operating costs climbed up as commodity prices continued to increase; and the policy environment of the industry became more complicated due to the full implementation of the greenway policy and the special campaign to clean up toll ways. In spite of the challenges brought by domestic and regional economic situations and the pressures from, inter alia, financing, investment and operational management, the Company basically accomplished its toll revenue plan in line with its goals established at the beginning of the year by focusing on scientific development and through means of internal control and cultural management and with joint efforts from the Board, the management and all staff of the Company, and thus realized a remarkable improvement in its road comprehensive service level and a breakthrough in diversified development, which ensured a good beginning in the "Twelfth Five-year Plan" period.

Section VIII Chairman's Statement

Outlook in 2012

First of all, we have to mention that we are in face of a complex and challenging situation this year. Currently, the global economy is uncertain and uncertainties surrounding the global economy are increasing. Amidst the European debt crisis and a slowdown in the growth of emerging economies, the risk for a global economic downturn is increasing. Problems such as uneven, uncoordinated and unsustainable development in the Chinese economy, which are still salient, and the coexistence of economic growth and pressure from rising commodity prices will have an impact on the development of the Company, and as a main reflection of which, the slowdown in the growth of our toll revenue will continue. Furthermore, in respect of expressway construction, the Group will also face pressures from increasing investment costs and more difficulties in financing.

In spite of the challenging situation, we hold the view that the "Twelfth Five-year Plan" period will be "an important period of strategic opportunities" and "a golden period for development" for the transportation industry in Anhui Province. Generally, in 2012, there are plenty of favorable conditions and factors for the development of the transportation industry in Anhui Province: firstly, the Chinese macro-economy still maintains a relatively fast growth with a controllable inflation rate, and the fundamentals and upward trend for economic development in the long run remain unchanged; secondly, the implementation of various major regional economic strategies such as the "Strategy to Promote the Rise of the Central China", the "Development Plan for Hefei Economic Rim" and the "Demonstration Region for Industrial Transfer in Wanjiang City Group" will impose stricter requirements on the layout of expressway networks, transportation capabilities, efficiencies and service quality. Nevertheless, it will also reinforce and support the development of the transportation industry. In 2012, Anhui Province will firmly boost the construction of transportation infrastructure with a plan to accomplish an investment of RMB27 billion, and an aim to strive for an investment of RMB30 billion in transportation infrastructure construction, an additional mileage of expressways of more than 150 km, and a total mileage of expressways of 3,200 km.

In 2012, we will try to gain a correct knowledge of the new opportunities embodied in the new environment and new policies and a full understanding of the new characteristics of the current development stage of the Company, and stay alert to make an adequate estimation of various difficulties and problems, with a view to capture opportunities, enhance confidence and proceed our works in the following aspects:

Section VIII Chairman's Statement

Firstly, ranking it as a urgent task to tackle the difficulties in financing and facilitate the construction progress of our projects in light of the economic situation; secondly, ranking it as a key task to fully implement and reinforce our efforts in stopping leaks and increasing revenue in response to the changes in industrial policies; thirdly, marking it as a strategic direction to pursue diversified expansion while focusing on principal business; fourthly, taking it as our fundamental measure to enhance internal control and promote cultural management from a perspective of scientific development; and fifthly, holding it as our fundamental philosophy to reinforce cost control and improve profitability from the perspective of the fundamental interests of shareholders.

Appreciation

A journey of a thousand miles begins with a single step. Currently, the Company has come to a critical point for accelerating development and diversified expansion. We still have a long way to go with a promising prospect.

It is the diligence and dedication of our directors, the management and all staff of our Company that contribute to our achievements in the past and our development in the future. On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to all parties for their trust and support!

Chairman

Zhou Renqiang

Hefei, Anhui, the PRC
27 March 2011

Section IX Report of the Board

I. Usual Operation of the Board of Directors

(1) The Board Meetings and Resolutions

14t Board meetings of the Company were held in 2011, details are as follows:

Sessions of the Meeting	Convening date	Newspapers for information disclosure	Disclosure date
21th meeting of the 5th Board	2011.01.17		Free to disclose
22th meeting of the 5th Board	2011.02.25		2011.02.28
23th meeting of the 5th Board	2011.03.11		2011.03.14
24th meeting of the 5th Board	2011.03.30		Free to disclose
25th meeting of the 5th Board	2011.04.28		2011.04.29
26th meeting of the 5th Board	2011.06.24	The Shanghai Securities	2011.06.27
27th meeting of the 5th Board	2011.07.07	Post	Free to disclose
1th meeting of the 6th Board	2011.08.17		2011.08.18
2th meeting of the 6th Board	2011.08.26	The China Securities Post	2011.08.29
3th meeting of the 6th Board	2011.09.29		Free to disclose
4th meeting of the 6th Board	2011.10.28		Free to disclose
5th meeting of the 6th Board	2011.12.07		Free to disclose
6th meeting of the 6th Board	2011.12.28		Free to disclose
7th meeting of the 6th Board	2011.12.30		Free to disclose

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

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

1. Execution of 2010 profit appropriations of the Company

The 2010 profit appropriation plan was approved at the 2010 Annual General Meeting held on 29 April 2011: the payment of dividends of RMB2.1 (tax included) with the payout of RMB348,308 thousand for every 10 shares on the basis of 1,658,610,000 shares in the total share capital. The dividends referred to above have been implemented before 25 June 2010.

Section IX Report of the Board

2. Issuance of Corporate Bonds

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

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

In December 2011, the Company paid annual interests of RMB50 (tax included) per bond (face value RMB1000) according to contract.

3. Implementation report of Audit Committee under the Board

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

4. Implementation report of Remuneration Committee under the Board

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

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

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

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

It is the responsibility of the Board to establish sound and effectively implement internal control. In 2011, on the basis of continuously reviewing the Company’s internal control system, the Board made a self-evaluation of the internal control and did not identify any material defects and significant defects in the design or implementation of the internal control of the Company. The internal control of the Company is sound and its implementation is effective.

Section IX Report of the Board

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

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

8. The formulation and implementation of the cash dividend distribution policy

The Company has added the cash dividend distribution policy in the Articles of Association. The distribution proposal for 2011 will be subject to consideration and approval by the 2011 Annual General Meeting to be held on 25 May 2012 by the Company.

9. Profit Appropriation Plan of 2011

The 2011 profit appropriation plan: The Company’s net profit as shown on the 2010 financial statements prepared in accordance with the PRC Accounting Standards was RMB 829,013 thousand. The Company’s net profit as shown on the 2011 financial statements prepared in accordance with the Hong Kong Accounting Standards was RMB 822,757 thousand. The Company appropriated RMB 82,901 thousand of net profit to the statutory reserve fund. Consequently, the profit was RMB 746,112 thousand and RMB 739,856 thousand in accordance with the PRC Accounting Standards and the Hong Kong Accounting Standards respectively. Pursuant to relevant regulations of the State, the profit attributable to shareholders should be the lower of that calculated in accordance with the PRC Accounting Standards and the Hong Kong Accounting Standards. Accordingly, the 2011 profit was RMB 739,856 thousand. The Board of the Company recommended the payment of a final dividend of RMB 348,308 thousand on the basis of RMB2.1 for every 10 shares (tax included) based on the total share capital outstanding at the end of 2011 of 1,658,610,000 shares. In 2011 no transfers of share capital from capital reserves were involved.

10. Profit Appropriation for the Last Three Years

Unit: RMB’000

Appropriation year	10 per share dividend number (RMB) (tax included)	Dividends (tax included)	Net profit of the appropriation year	Rate (%)
2008	2.3	381,480.00	693,212.49 (Restated)	55.03
2009	2.0	331,722.00	673,449.34	49.26
2010	2.1	348,308.10	782,917.34	44.49

Section X Management Discussion and Analysis

I. Review on Operations of the Company in 2011

During the year, the Company mainly pursued developments in the following aspects:

Focus on the development of principal businesses and enhance financing sources to ensure stable progress in project constructions

In 2011, development of the Company's principal businesses was facing certain difficulties, particularly in project construction and maintenance management. The price indices stood at high levels throughout the year, the rising costs of materials and wages led to an increase in the costs of project construction and maintenance management. Tightened monetary policy led to a shortage of liquid funds in the market, more difficulties were encountered in obtaining financing facilities with increasing costs of finance.

Facing inflationary and financing pressures, the Company enhanced its efforts in seeking financing sources, strengthened the management of expenses and cost control, maintained proactive communication and coordination with financial institutions, explored and diversified financing channels, in order to ensure the timely sourcing and scheduled supply of sufficient funds to meet the requirements of construction funds which assured the stable progress in the construction of the Ningxuanhang Expressway and reconstruction of the Tianchang Section of the National Trunk 205.

Navigated by strategic transformation, new breakthrough was achieved in accelerated structural adjustment and diversified expansion

In 2011, implementation of toll road related policies, particularly the policy relating to the clearing of toll road projects jointly issued by five ministries and commissions, had prompted the Board of Directors and the management of the Company to pursue in-depth thinking on the development prospects of the Company and put forward the development strategy of appropriate expansion on the basis of principal businesses. By combining the inherent advantages and financial characteristics of the expressway industry, the Company invested in the equity interests in Hefei Wantong Small Loans Company and Anhui Xin'an Financial Group Co., Ltd. in February and July 2011 respectively. Both investee companies were mainly engaged in operating non-bank financial businesses such as pawnbroking, guarantee, small loans, etc. Currently, the Hefei Wantong Small Loans Company is still in the preparation stage, whereas the Anhui Xin'an Financial Group Co., Ltd. has already commenced operation officially in August 2011.

Aim at improving corporate governance, establish a sound internal control system and further regulate the operation of the Company

A comprehensive internal control system and a sound internal control mechanism are the effective means to restrict and regulate management acts for risk reduction.

Section X Management Discussion and Analysis

In 2011, the Company implemented a corporate internal control system across the board and specifically established a leading team for internal control establishment tasks. The team will be responsible to organize and coordinate the establishment, implementation and daily operation of the internal control system. The finance department and audit department of the Company will be responsible for timely communication with the leading team and all departments and member units to strengthen coordination and cooperation, supervision and inspection, as well as providing guidance to all member units for task implementation and for all departments of the Company to implement the organization and management work for building the departmental internal control mechanism, such that all staff will participate jointly to create a sound and effective internal control system. Meanwhile, the Company has appointed a professional institution for internal control formation to arrange for a comprehensive appraisal on the existing conditions of the Company by its professionals, to provide full-process planning and follow up work, and internal training for all corporate staff, in order to implement the establishment, improvement and implementation of internal controls at various levels and stages to ensure the practical effectiveness of internal control.

Currently, the Company has completed the compilation of the “Internal Control Handbook” which signifies a stage progress of internal control. On the basis of ensuring compliance with internal control, the Company will gradually apply the internal control system into the daily operation and management activities in order to enhance the scientific management level of the Company.

Promote the root development of corporate culture by means of cultural management and further release management effectiveness

In 2011, the Company actively promoted the development of cultural roots, implemented human-centered management, strived to pursue sustainable development of corporate culture building. Through the commencement of a series of promotional work, a strong sense of deeply rooted corporate culture has been created, which has facilitated the excellent management concepts in line with corporate realities to diffuse into operation and take roots in management. Moreover, through initiating the development of a system culture, the consultation recommendations from the professional institution on the modules of strategic management, mode of management and control, organizational structure, and process management, etc. will be gradually converted into implementation proposals in line with the practical development of the Company.

Through the deep root development process, the core principles of corporate culture have developed roots in the hearts of the entire staff, both the sense of mission and sense of responsibility of employees are strengthened, the initiative and awareness to undertake corporate responsibilities, serve and develop the general corporate are enhanced. During the deep root development process, the Company has emphasized a harmony working atmosphere, a warm and comfortable living environment, create a fair and open platform for personal growth, enhance the sense of belonging and honour, and a richer corporate ambiance for united cooperation and collaborated development.

Section X Management Discussion and Analysis

By leveraging on the opportunity of nationwide inspection to implement refined management and further enhance the integrated service level of roads

Throughout the year, the Company actively implemented the toll management system and the “green corridor” policy consistently, promoted smiling in services, and commenced leak-proof and collection increase activities on a large scale. The Company has established a unified toll anti-evasion system in accordance with the practical conditions of all road sections, and initiated targeted specific governance measures to catch the bogus “green corridor” vehicles and malicious “reversed vehicles for double claims”. Technical seminars and experience exchange activities were organized proactively to improve toll collection management measures, the green corridor goods inspection system was successfully utilized, the construction area for ETC special vehicle lanes expanded, the road capacity and the toll collection efficiency were effectively increased as a result.

Through gradual regulation of the maintenance management system, scientific formulation of maintenance proposals, organized maintenance construction work meticulously, timely commencement of reconstruction and expansion, the road sections administered by the Company were still in better conditions, the flow level, road capacity and road surface conditions have improved notably. Moreover, the Company continued to facilitate the establishment of an emergency protection system which improved the capacity and level for tackling peak period traffic flows, the road capacity for integrated service was strengthened remarkably.

By leveraging on the gradual building of the refined management concepts and the gradual implementation of various management measures, the road sections administered by the Company completed the nationwide inspection smoothly in 2011.

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

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

Section X Management Discussion and Analysis

During the reporting period, the Group achieved the operating income of RMB2,216,355 thousand (2010: RMB2,121,215 thousand), representing an increase of 4.49% over the corresponding period of the previous year; Total profit of RMB1,245,849 thousand (2010: RMB1,126,768 thousand), representing an increase of 10.57% over the corresponding period of the previous year; Net profit attributable to shareholders of the Company of RMB856,728 thousand (2010: RMB782,917 thousand), representing an increase of 9.43% over the corresponding period of the previous year; Basic earnings per share of RMB0.517 (2010: RMB0.472), representing an increase of 9.53% over the corresponding period of the previous year. The increase of net profit was mainly due to the increase of the operating income of the Group.

(I) Results summary

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

Projects	2011 (RMB ' 000)	Percentage of total revenue (%)	2010 (RMB ' 000)	Percentage of total revenue (%)
Hening Expressway	953,722	43.03	864,579	40.77
New Tianchang Section of National Trunk 205	50,362	2.27	60,121	2.83
Gaojie Expressway	520,424	23.48	538,837	25.40
Xuanguang Expressway	424,604	19.16	410,756	19.36
Lianhuo Expressway Anhui Section	192,709	8.70	181,306	8.55
Ninghuai Expressway Tianchang Section	74,534	3.36	65,616	3.09
Total	<u>2,216,355</u>	<u>100</u>	<u>2,121,215</u>	<u>100</u>

Section X Management Discussion and Analysis

(II) Operations of toll highways

Operation of various sections

Name of roads	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB ' 000)		
		2011	2010 change (%)		2011	2010 change (%)	
Hening Expressway	100%	21,179	19,721	7.39	924,602	836,052	10.59
New Tianchang Section of National Trunk 205	100%	5,540	6,561	-15.56	49,332	59,026	-16.42
Gaojie Expressway	100%	10,777	11,507	-6.34	508,104	525,736	-3.35
Xuanguang Expressway	55.47%	15,116	14,609	3.47	421,203	408,330	3.15
Lianhuo Expressway Anhui Section	100%	8,243	7,742	6.47	188,229	177,097	6.29
Ninghuai Expressway Tianchang Section	100%	17,750	15,722	12.90	72,252	63,163	14.39

Name of roads	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per vehicle (RMB)		
		2011	2010	2011	2010 Change (%)	
Hening Expressway	100%	65:35	62:38	18,904	17,094	10.59
New Tianchang Section of National Trunk 205	100%	37:63	36:64	4,505	5,391	-16.42
Gaojie Expressway	100%	47:53	43:57	12,655	13,094	-3.35
Xuanguang Expressway	55.47%	63:37	57:43	13,738	13,318	3.15
Lianhuo Expressway Anhui Section	100%	55:45	49:51	9,550	8,985	6.29
Ninghuai Expressway Tianchang Section	100%	74:26	77:23	14,139	12,361	14.39

Section X Management Discussion and Analysis

Principal business in terms of industries and products

Name of roads	Operating income (RMB ' 000)	Operating costs (RMB ' 000)	Operating profit rate (%)	Change in operating income (%)	Change in operating costs (%)	Change in Operating profit rate (%)
<i>In terms of industries</i>						
Expressway operations	2,181,838	703,632	67.75	4.52	-1.58	An increase of 2.00 percent point
<i>In terms of products</i>						
Hening Expressway	935,272	305,089	67.38	10.46	-4.93	An increase of 5.28 percent point
New Tianchang Section of National Trunk 205	49,332	23,197	52.98	-16.42	-16.10	A decrease of 0.18 percent point
Gaojie Expressway	513,150	139,518	72.81	-3.32	-1.16	A decrease of 0.60 percent point
Xuanguang Expressway	421,203	123,840	70.60	3.15	19.56	A decrease of 4.03 percent point
Lianhuo Expressway Anhui Section	189,329	81,275	57.07	6.25	-12.66	An increase of 9.29 percent point
Ninghuai Expressway Tianchang Section	73,552	30,713	58.24	14.10	7.38	An increase of 2.61 percent point
Total	2,181,838	703,632	67.75	4.52	-1.58	An increase of 2.00 percent point

Since 2011, the Group has reclassified the path loss compensation income and employee compensation in management office and other expenses. In addition, it has reclassified that of the previous year in accordance with the same caliber. The above reclassification does not affect the Group's net profit, earnings per share and stockholder equity in the current year and comparison period. Please see the notes 11 to financial statements for details.

During the reporting period, the toll income increased at a lower speed quarter by quarter, resulting from a drop in the volume of goods and passengers, which is due to the speed-drop in domestic needs and investment which was brought about by a lower GDP growth rate and the national tighten monetary policy and the increased intensity of the macro-control policy. The Group achieved the total toll income of RMB2,163,722 thousand, representing a 4.56% increase year-on-year.

Section X Management Discussion and Analysis

Hening Expressway

During the year, toll income amounted to RMB924,602 thousand, representing an increase of 10.59% over last year; Average daily traffic volumes reached 21,179, representing an increase of 7.39% over last year. The increase in toll income is principally due to the natural increase in traffic volume and the adjustment of expressway tolling rate since November 2010.

New Tianchang Section of National Trunk 205

During the year, toll income amounted to RMB49,332 thousand, representing a decrease of 16.42% over last year; Average daily traffic volumes reached 5540, representing a decrease of 15.56% over last year. The drop in the toll income and the traffic volume is due to the reconstruction project on this section.

Ninghuai Expressway Tianchang Section

During the year, toll income amounted to RMB72,252 thousand, representing an increase of 14.39% over last year; Average daily traffic volume reached 17,750, representing an increase of 12.90% over last year. The increase of toll income was affected by traffic diverging due to the reconstruction on National Trunk 205.

Gaojie Expressway

During the year, toll income amounted to RMB508,104 thousand, representing a decrease of 3.35% over last year; Average daily traffic volumes reached 10,777, representing a decrease of 6.34% over last year, which is mainly caused by the decline in the number of goods vehicles and the traffic diverging since the Liuwu Expressway was opened to traffic.

Xuanguang Expressway

During the year, toll income amounted to RMB421,203 thousand, representing an increase of 3.15% over last year; Average daily traffic volumes reached 15,116, representing an increase of 19.46% over last year. The increase of toll income was mainly due to the natural increase of traffic volumes.

Lianhuo Expressway Anhui Section

During the year, toll income amounted to RMB188,229 thousand, representing an increase of 6.29% over last year; Average daily traffic volumes reached 8,243, representing an increase of 6.47% over last year. day on average, The increase in toll income is due to the natural increase in traffic volume and the adjustment of expressway tolling rate since November 2010.

Section X Management Discussion and Analysis

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

Unit: RMB'000

Name	Interests held by the Group	Registered capital	Assets	Net profit (Loss)	Principal business
Xuanguang Company	55.47%	111,760	1,274,726	175,849	Construction, management and operation of Xuanguang Expressway
NingXuanhang Company	70%	100,000	1,208,214	0	Construction, design, supervision, toll collection, maintenance, management and technical consultation of highways and supporting service
Expressway Media	38%	50,000	151,373	21,105	Design, making, release and agency of domestic advertisements Information Investment
Xin'an Financial	16.67%	3,000,000	1,769,907	20,487	Financial Investment, equity investment, Management consulting

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

Note 2: Ningxuanhang Company will be engaged in construction and operation of Ningxuanhang Expressway (Anhui Section). As at 31 December 2011, Ningxuanhang Company was still in the process of setting up.

(IV) Principal customers and suppliers

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

Section X Management Discussion and Analysis

(V) Project Investment

1. Equity investment of the Company

	Unit: RMB'000
The Company's equity investment amount during the reporting period	300,000
Increase/decrease of the Company's equity investment amount during the reporting period	300,000
Equity investment amount of the corresponding period last year	0

Particulars of Investee Company

Name of investee company	Principal operating activities	Share of interest in investee company (%)
Xin'an Financial (新安金融)	Financial investment, equity investment, management consultancy.	16.67

Further details are set out in the section of "Major Events" in the annual report for current year.

2 Investments other than the use of proceeds

(1) Reconstruction of National Trunk 205

In order to further enhance service level and link up the built asphalt roads on both ends of Jiangsu at the same time, our company launched the "Black" reconstruction on Tianchang Section of National Trunk 205 in March, 2011. The budgeting according to working drawing was verified at RMB253 million and the work period is 16 months.

During the reporting period, this project completed the investment of RMB 181 million, totally RMB 181 million.

(2) Construction of Ningxuanhang Expressway Xuancheng-Ningguo Section

Ningxuanhang Expressway Xuancheng-Ningguo Section is a part of Ningxuanhang Expressway Anhui Section with a total mileage of 44km and investment of RMB2, 678 million, which began to be constructed in September 2009.

During the reporting period, RMB495 million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB1040 million.

(3) Construction engineering of NingXuanhang Expressway Ningguo to Qianqiu section

The project of NingXuanhang Expressway Ningguo to Qianqiu section is a part of that expressway anhui section, which is approximately 40 kilometers long and the total investment of RMB 2.928 billion. The project started work construction completely in March 2011.

during the Report period, it has completed RMB 0.154 billion investment. Reporting the final, the investment totaled 0.154 billion

Section X Management Discussion and Analysis

(4) Widening of four-lane to eight-lane of Hening Expressway

The widening of four-lane to eight-lane of Hening Expressway with the section of Dashushan to inter-connected interchange of Longxi commenced in August 2006. The widening works is to be completed within 3 years with a total length of 42.64 km. The total investment of the widening works is expected to be approximately RMB1964 million. The project was completed in September 2009.

During the reporting period, RMB5 million was invested in the widening works because of the project settlement, as at the end of the reporting period, the accumulated investment was RMB1978 million.

(5) The construction of Wantong Expressway Hi-tech Industrial Park

The total of the budgetary estimate for the construction of the main project and follow up projects of Wantong Expressway Hi-tech Industrial Park amounted to RMB362 million. The construction was completed at the end of 2011.

During the reporting period, RMB103 million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB354 million.

(6) Reconstruction of Gaojie Expressway

The reconstruction of Gaojie Expressway was commenced at the end of 2007 with the budgetary estimate of RMB970 million within two years. The total investment of the reconstruction works is expected to be approximately RMB830 million. The project was completed in June 2009.

During the reporting period, RMB1 million was invested in the reconstruction works because of the project settlement, as at the end of the reporting period, the accumulated investment was RMB825 million.

3. Use of proceeds

According to the approval document (Zheng Jian Xu Ke No. [2009] 1074) issued by China Securities Regulatory Commission ("CSRC"), the Company successfully issued Corporate Bonds of RMB2 billion on 17-22 December 2009 through the internet and other ways. The proceeds of RMB 1.5 billion after deducting expenses was used to replace commercial bank loans and adjust the Company's financial structure, the remaining was used to supplement current funds.

The fund raised has been all utilized in 2010, which is consistent with the use promised to the fund-raising brochure.

Section X Management Discussion and Analysis

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

(1) Analysis of Financial Condition

As at the end of the reporting period, the Group's total assets were RMB10,106,001 thousand, representing an increase of 7.38% from RMB9,411,388 thousand at the beginning of the year. Such increase was mainly due to the RMB300 million investment in Xin'an Financial and the project expenditures incurred by the construction of Ningxuanhang Expressway.

Current liabilities and Short-term debt paying ability

As at the end of the reporting period, the Group's current liabilities were RMB790,020 thousand, representing a decrease of 2.80% from RMB812,810 thousand at the beginning of the year. As of 31 December 2011, the Group's current liabilities mainly included short-term borrowings of RMB40,000 thousand, accounts payable of RMB433,016 thousand, tax payable of RMB155,113 thousand and other payables of RMB123,379 thousand (including toll income collected on behalf of the inter-network settlement center of RMB22,485 thousand, deposit from engineering projects of RMB33,863 thousand, land premiums of RMB42,148 thousand and others of RMB24,883 thousand). Among such amounts, except for short-term bank loans, other payables were interest-free. The current liabilities of the Group will be settled within 12 months from the balance sheet date as required under the relevant contracts. Due to the fact that the Group has sufficient operating cash inflows and considering that the bank loan facilities of RMB1,588,100 thousand remained unutilized as at 31 December 2011, the management considers that the Group has sufficient funds to repay its current liabilities when they become due.

Section X Management Discussion and Analysis

Non-current liabilities and Debt paying ability

As at the end of the reporting period, the Group's non-current liabilities were RMB2,755,407 thousand, mainly including five-year corporate bonds of RMB1,982,123 thousand and long-term amounts due to minority shareholders of RMB366,921 thousand. The size of the corporate bond issue was RMB2,000,000 thousand with duration of five years. The corporate bonds pay simple interests annually starting from 17 December 2009 and ending at 16 December 2014 with fixed annual interests of 5% payable annually. The bonds are not redeemable and the principal will be repaid in full upon maturity. The long-term amounts due to minority interests are interest-free and will be repaid according to the contracts entered in between the Group and the minority interests. The non-current liabilities of the Group are set out below by repayment terms (before discounting):

The Group	Less than 1 year	1 – 3 years	3 – 5 years	RMB'000 Over 5 years
31 December 2011				
Corporate bonds and related interests	100,000	100,000	2,100,000	—
Long-term amounts due to minority interests	—	32,952	120,232	392,232

Based on the above repayment terms, the operating cash flow forecasts and fund arrangements of the Company, the management believes that the Group has sufficient funds to repay its non-current liabilities when they become due.

Shareholders' equities

As at the end of the reporting period, the Group's shareholders' equities (excluding minority interests) were RMB6,266,753 thousand, representing an increase of RMB510,046 thousand over the RMB5,756,707 thousand at the beginning of the year. The Group had no material equity transactions during the year and such increase was mainly due to the accumulation of the Company's operating profits.

Section X Management Discussion and Analysis

(2) Analysis of Operating Results

Operating income

During 2011, the Group realized operating income of RMB2,216,355 thousand, representing an increase of 4.49% over that of 2010. Such increase was mainly due to the increase of toll income while the change of toll incomes of different highways was mainly due to the change in traffic volumes. For analysis of traffic volumes, please see “Business operating analysis”.

The percentage of operating incomes of each highway to the total operating income of the Group is set out below:

Percentage of each highway's toll income to the total operating income of the Group (%)

Road	Hening	New	Gaojie	Xuanguang	Lianhuo	Ninghuai	Total
	Expressway	Tianchang Section of National Trunk 205	Expressway	Expressway	Expressway Anhui Section	Expressway Tiancheng Section	
2011	43.03	2.27	23.48	19.16	8.70	3.36	100
2010	40.77	2.83	25.40	19.36	8.55	3.09	100

Operating costs

In 2011, the Group's operating costs amounted to RMB727,260 thousand, representing a decrease of 0.73% from that in 2010, which was mainly due to decrease in highway maintenance expenses.

(%) RMB'000

Project of Costs	Breakdown of operating costs by proportion			Total
	Depreciation and amortization	Highway maintenance expenses	Other operating costs	
2011	65.86	6.85	27.29	100
2010	78.70	11.28	10.02	100

Management expenses

In 2011, the Group's management expenses amounted to RMB65,484 thousand, representing an increase of 17.79% over the same period last year. Such increase was mainly attributable to the higher office expenses due to increase in headcount of the Group and the completion and commencement of production of Wantong Expressway Hi-tech Industrial Park.

Section X Management Discussion and Analysis

Finance costs

The finance costs of the Group were RMB114,883 thousand during the year, presenting a decrease of 14.06% from RMB133,677 thousand of 2010. Such decrease was mainly due to a significant decrease of bank loan interests as compared to last year.

Investment income

In 2011, the investment income of the Group was RMB8,020 thousand, mainly due to investment income from Expressway Media by using the equity method of accounting.

Non-operating expenses

In 2011, the Group's non-operating expenses were RMB1,464 thousand, mainly due to the loss from disposal of non-current assets.

Income tax

In 2011, the enterprise income tax rate applicable to the Company and its subsidiaries and associated companies was 25%.

Income tax of the Group for 2011 was RMB310,815 thousand, representing an increase of 17.26% over the same time last year. Such increase was mainly due to increase in profits.

Net profit

In 2011, the net profit of the Group was RMB935,033 thousand, of which RMB856,728 thousand was net profit attributable to shareholders of the parent company, representing an increase of 8.51% and 9.43% respectively over the last year. The increase in net profit was mainly due to the increase in operating income of the Group for 2011.

(3) Cash flow analysis

In 2011, the Group's net cash flow from operating activities was RMB1,548,407 thousand, representing an increase of 0.33% over 2010, mainly due to increase in toll income.

In 2011, the Group's net cash outflow from investing activities was RMB1,259,171 thousand, which was mainly used for investment in Xin'an Financial and the construction of Ningxuanhang Expressway and Wantong Expressway Hi-tech Industrial Park.

In 2011, the Group's net cash inflow from financing activities was RMB447,941 thousand, which was mainly due to distribution of 2010 shareholder dividends.

Section X Management Discussion and Analysis

In 2011, the Group's bank loans were RMB151,000 thousand. As at the end of the reporting period, the balance of bank loans was RMB347,900 thousand, of which RMB40,000 thousand was short-term loan balance with interest rates ranging between 6.31% and 6.56% of a term of less than 12 months, RMB307,900 thousand was long-term loan balance that was a floating rate loan borrowed from a bank for the construction of Ningxuanhang Expressway with a weighted average interest rate of 6.235% per annum. The interest was payable each month and the principal will be repaid between 2018 and 2025.

The Group enjoys good credit ratings. The total credits obtained in 2011 amounted to RMB1.628 billion and the unutilized facility was RMB1.588 billion.

(4) Capital expenditures analysis

In 2011, the Group's capital expenditures totaled RMB939 million, which were mainly used for the reconstruction of National Trunk 205 Tianchang Section and construction of Ningxuanhang Expressway and Wantong Expressway Hi-tech Industrial Park. The projects were financed by the Group's own funds and bank loans.

As at the end of the reporting period, the Group had the following committed capital expenditures:

RMB269,351 thousand for the construction project of Ningxuanhang Expressway, which had been contracted for but not yet required to be shown on the balance sheet.

(5) Capital structure analysis

By liquidity:

	31 December 2011 (%)	31 December 2010 (%)
Current liabilities	7.82	8.64
Non-current liabilities	27.27	27.33
Shareholders' equities attributable to the Company	62.01	61.17
Minority interests	2.90	2.86
	<u> </u>	<u> </u>

By interest rates:

	31 December 2011 (%)	31 December 2010 (%)
Fixed interest rate liabilities	23.06	24.37
Interest-free liabilities	12.03	11.60
Shareholders' equities attributable to the Company	62.01	61.17
Minority interest	2.90	2.86
	<u> </u>	<u> </u>

Section X Management Discussion and Analysis

The Group's short-term bank loans and bonds payables are all fixed rate liabilities and the interests of long-term bank loans will be adjusted annually according to the loan contracts based on the benchmark interest rate adjusted by the People's Bank of China. Fluctuations in interest rates will not have any material impact on the Group's operating results. The Group's interest-free liabilities are mainly general payables and long-term amounts due to minority interests of subsidiaries.

V. Technological Innovation during the Reporting Period

During the reporting period, the Company actively pursued the research and development and application of new technologies, new materials and new processes. Its "asphalt pavement preventive maintenance packaged technology research" and "key technological study on the widening of Hening Expressway" were awarded Second Class Prize of Scientific and Technological Advancement by China Highway and Transportation Society, demonstrating our continuous improvements in scientific research, services, construction, operations and management.

VI. Development Environment and Plans

(1) Development environment

Looking ahead to 2012, the difficulties and risks that are facing by the Company will remain.

The growth of the national and regional economies will slow down and both the adjustment to economic structure and mode of development requires "steady yet progressing" development of the economy. The operating results of the Company is highly dependent on the national and regional economic environment and any decrease in the demand for logistic service and passenger traffic will have negative impact on the traffic volume.

Inflation will prevail in the short term. This will increase the investment and construction costs and maintenance costs of the Company, and in the meantime this will lead to shortage of capital supply in the market due to governments' responsive measures and rising bank loan interests. The Company is now in its important course of faster and more diversified development. Against this backdrop, our capital expenditures of various projects and operating expenses might be subject to certain financing and cash flow pressure.

Any adjustments to and changes of toll road policy will have direct impact on the realization of our income and operating targets. Although the rationalization of toll roads by the government has no substantial impact on our operations, we might face more social pressure and pressure of public opinion in our development in the future. The expansion of the "Green Passage" policy not only cuts down our sources of toll income, but also increases our investments on related technologies and equipment, and staffing as well as difficulties in management.

The impact brought forth by traffic diversion is also gradually emerging. In recent years, the government has increased investments and efforts on construction of highways. With increasing number of new highways in use, the negative impact of traffic diversion is more prominent. For instance, Gaojie Expressway, which is within our jurisdiction, is being affected by the Liuwu Expressway and Ruiying Expressway (Ruijin – Ganzhou).

Section X Management Discussion and Analysis

The Wenzhou train collision incident in last July has been drawing great attention to quality and safety of the entire transportation industry. With higher requirements of safe, efficient and convenient transportation service by the public, the Company will have to bear more responsibilities for road safety management and operational management.

However, we also see a silver lining and opportunities amid these challenges.

First, China's macro economy continues to develop at a fast pace and inflation does not seem to worsen. Economic development and consumer prices remain at a controllable level and the fundamentals and long-term positive trend of economic development do not change. Despite the minor slowdown in regional economies, China's economy as a whole can continue its double-digit growth. Regional economic policies will be deepened and the transfer of the urban belts along the Yangtze River in Anhui and industries will give continuous impetus to regional economic development.

Second, one of the Central Government's objectives for 2012 is to ensure the completion of the projects under construction and subsequent phases of existing projects, and to ensure the provision of approved funds for projects under construction. Anhui has also expressly required that the problems associated with land supply and financing must be solved. The policy basically provides a favorable environment for us in terms of the accelerated development of our core businesses and our continuous construction of projects. At the Economic Working Group meeting held in December 2011, the Anhui provincial government asked for faster development of local legal person financial institutions and more regulated development of non-bank financial institutions such as small-loan companies, pawn shops, trust and guarantee entities so as to solve financing problems by various means. This will offer the Company great opportunities for our diversification into the finance sector and pursuit of new profit growth points.

Third, the proposed Industrial Transfer Demonstration Zone in Anhui Yangtze River City Belt will be further implemented. The continuous regional economic development leverages on the unique geographic location of the Anhui Yangtze River economic belt, more developed industrial infrastructure and cost advantages of lower costs of production, gradual improvement of the industrial transfer mechanism, further enhancement of the ability of coordination of industrial succession and self-innovation, and the increasingly stronger regional economic link. In addition, with the continuous and fast growth of car ownership, it is expected that the travel demand and traffic flow activeness will continue to rise.

Fourth, after the widening of Hening Expressway and reconstruction of Gaojie Expressway, the reconstruction of the National Trunk 205 Tianchang Section will also complete in 2012. By then, the road network under the jurisdiction of the Company will be significantly improved and the traffic flow capacity will be enhanced.

Section X Management Discussion and Analysis

(2) Work plans for 2012

Revenue target

Assuming no material changes in the operating environment, the Group has set its overall toll revenue target at RMB2.192 billion (2011 actual: RMB2.164 billion). Taking into account the factors such as higher labor costs, maintenance costs and finance costs, the Group estimates its expenses for 2012 are as follows: depreciation and amortization expenses of approximately RMB556 million, finance costs of approximately RMB153 million and administration expenses will be slightly higher than that of 2011.

Proposed measures

Enhancing toll management and ensuring the steady growth of toll income

The Group will further improve its toll management system and strength management of toll booths so as to ensure full payment of tolls. Regular collection and analyses of toll data and toll discussion will be conducted to specifically strengthen toll collection work. In respect of the application of electronic payment systems, adjustment of the green passage policy, changes of road network structure, the Group will strengthen operational training so as to significantly enhance the toll collection skills and efficiency of the frontline staff. The Group will also improve the audit system, means of audit and audit response system in a bid to further reduce the revenue leakages and non-payment rates.

Allocating more resources on maintenance work and enhancing traffic capacity

We recognize the importance of smooth traffic, safety, service standard and innovation and make them as our goals. We will make sure each maintenance work is done well to keep our expressways up to a satisfactory standard. Study and establishment of road and bridge management systems will be further enhanced so as to improve the technical and management standards of our maintenance of roads and bridges. Innovation of maintenance systems will be deepened in a view to further reduce maintenance costs and improve maintenance efficiency. The management and maintenance of the centralized electrical and mechanical systems will be strengthened and technical exchange and experience accumulation will be promoted to improve protection level and internal maintenance capabilities.

Further promoting the “Smiling Campaign” and establishing a longstanding and effective “smiling” service system

The experience drawn from the “Smiling Campaign” implemented in the past years will be consolidated and concluded to look for ways to refine and improve the campaign. A caring approach will be taken and actual results will be highlighted in order to make a long-term and effective campaign. More efforts will be put into reinforcing the establishment of relevant systems and to develop more an objective and easy-to-implement appraisal approach, tracking and feedback system. Focuses will be on education and training, business exchanges, thorough implementation of “smiling” service standards so as to achieve more standardized “smiling” service. The “smiling” culture will be further promoted and encouraged so as to let the staff take the culture on board and enhance their awareness and eventually make this culture part of their life.

Section X Management Discussion and Analysis

Seizing opportunities to move forward the construction of expressways

We will actively move forward the construction work of the Xuancheng-to-Ningguo Section of Ningxuanhang Expressway and the Ningguo-to-Qianqiuguan Section. On-site management and process control will be reinforced and in the meantime management will be refined and construction work standardized. We vigorously strive to achieve a higher standard of project construction and management.

Improving systems and mechanisms and enhancing the governance standard

The Company is committed to further improving its internal control system and reinforcing the execution of various systems. Through gradual implementation of reform measures and effective monitoring of execution results, we aim to ensure the compliance of requirements at the internal control execution level. On such basis, management processes will be refined and incorporated with the existing corporate culture establishment exercise and ISO certification in a bid to build a scientific, regulated, reasonable and applicable system that can also cater for risk control and management efficiency needs for a higher overall corporate governance level.

(3) Outlook

The Group will grasp the favorable development opportunity to continue expanding its core businesses, pursue refined management system and strive to enhance its overall expressway service standards. In the meantime, we will pursue our strategic investments in a prudent and timely manner for new profit growth points and greater profitability and development.

Director and General Manager

Li Junjie

Hefei, Anhui, the PRC

27 March 2012

Section XI Report of the Supervisory Committee

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

In 2011, all members of the Supervisory Committee have strictly complied with the requirements of the "Corporate Law", "Listing Rules", "the Articles of Association" of the Company and "the Standing Orders of the Supervisory Committee". Under the general principle of the faith, they performed their duties prudently and actively with an aim to protect the statutory interests of the shareholders and the Company.

In 2011, the Supervisory Committee held six meetings, the notice, convening and resolutions of which were in accordance with the statutory procedures and the Articles of Association of the Company. The major events of the Supervisory Committee considered and examined included:

- To consider and examine the 2010 working report of the Supervisory Committee;
- To consider and examine the 2010 annual profit appropriation proposal;
- To consider and examine the 2010 annual report, 2010 first quarterly report, 2010 interim report and 2010 third quarterly report.
- To consider the proposal on the nominated candidates of Supervisors representing shareholders for the Sixth Supervisory Committee;
- To consider and examine the adjustment of remuneration of internal supervisors of the Company.
- To consider the proposal on the election of chairman for the Sixth Supervisory Committee.

Section XI Report of the Supervisory Committee

In 2011, the Supervisors attended all the Board meetings, examined the subscription of written resolution of the Board and effectively supervised the management behaviors of Directors, the Management and the Senior Management and the decision-making situations of the Company.

The Supervisory Committee issued the following opinions related to relevant items in 2011 in accordance with relevant regulations:

1. Compliance with law in operations

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

2. Financial situation of the Company

The Supervisory Committee carefully examined the 2011 financial report, profit appropriation plan and other accounting documents, considered that the financial income and expenses account of the Company was clear, the accounting calculation and financial management conformed with relevant rules and did not find questions. The Group's domestic and overseas auditors have audited the Company's 2011 financial reports based on the PRC GAAP and HKFRS respectively, and have issued standard and unqualified opinions on the consolidated financial statements. Having made reviews, the Supervisory Committee considered that the audit reports were objective, true, and fairly reflected the financial situation, operation results and cash-flow of the Company.

3. Use of proceeds

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

Section XI Report of the Supervisory Committee

4. Connected transactions of the Company

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

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

The Supervisory Committee has conscientiously reviewed the “ self-evaluation report on the internal control of the Company ” issued by the Board and considers: From 1 January 2011 to the end of the reporting period, the internal control system of the Company was sound and its implementation was effective, and no material defects in the design or implementation of internal control were identified. The report gives an objective and fair view of the actual situation of the internal control of the Company and the committee has not objection to the report.

By Order of the Supervisory Committee

Wang Weisheng

Chairman

Hefei, Anhui, the PRC

27 March 2012

Section XII Major Events

I. Material litigation and Arbitration.

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

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

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

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

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

IV. Implementation of Share Incentive Scheme

The Company has not complemented the share incentive scheme

V. Assets Trading

During the reporting period, no material asset transaction was conducted by the Company.

On 21 February 2012, the Company entered into “Asset Transfer Agreements” with Anhui Expressway Group and Xuancheng Highway Management respectively for the acquisition of their respective shareholdings of 51% and 4.47% in Guangci Expressway at the consideration amounts of RMB215.33 million and RMB18.88 million respectively.

Further details of the transactions are set out in “Other Major Events” of this section.

VI. Significant Connected Transactions

1. Connected transactions in relation to daily operations

Unit: RMB'000

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Anhui Expressway Group	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	12,901	83.93	Transfer
Anlian Company	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,467	9.55	Transfer
Fuzhou Expressway	To provide management service of Expressway Networking Toll System	Made by negotiations through fair principles with reference to its costs	1,003	6.52	Transfer
Bangning Property	To receive project construction management service for New and High-tech Park	Made by negotiations through fair principles with reference to its costs	852	0.08	Transfer
Xiandai Transportation	To receive project construction management service for New and High-tech Park	Made by negotiations through fair principles with reference to its costs	18,408	1.79	Transfer
Bangning Property	To receive property management service	Made by negotiations through fair principles with reference to its costs	5,077	71.46	Transfer
Expressway Inspection Center	To receive construction inspection service	Made by negotiations through fair principles with reference to its costs	3,749	0.36	Transfer
Highway Project Supervision Company	To receive project construction supervisory service	Made by negotiations through fair principles with reference to its costs	7,365	0.71	Transfer
Expressway Media	To receive advertising service	Made by negotiations through fair principles with reference to its costs	617	41.33	Transfer

Section XII Major Events

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Yida Company	To lease the No. 1 research and development building in New and High-tech Park	To recognize on a straight-line basis over the lease period	7,200	34.16	Transfer
Yida Company	To lease administered service areas	To recognize on a straight-line basis over the lease period	183	0.87	Transfer
Xiandai Transportation	To lease the No. 1 research and development building in New and High-tech Park	To recognize on a straight-line basis over the lease period	241	1.14	Transfer
Expressway Petrochemical	To lease the No. 9 research and development building in New and High-tech Park	To recognize on a straight-line basis over the lease period	15	0	Transfer
Remuneration of key administrators	To pay for key administrators		2,641	1.63	Transfer
Total			61,719		

Section XII Major Events

2. Related debtor and creditor account

Unit: RMB'000

Related parties	The Company provides capital to related parties		Related parties provide capital to the Company	
	Amount incurred	Balance	Amount incurred	Balance
Xuancheng Highway Management	0	0	0	298,653
Xuancheng Transportation and Construction	0	0	60,000	68,268
Xiandai Transportation	0	0	241	1
Yida Company	0	0	7,383	3,756
Total	0	0	67,624	370,678

Reasons for related debtor and creditor account

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

3. Confirmation by the Independent Directors Regarding Connected Transactions

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

- (1) The transactions were carried out in the normal and usual course of business of the Company;
- (2) The transactions were carried out on normal commercial terms (as compared with transactions of similar nature carried out by the similar entities in the PRC) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
- (3) The transactions were carried out in accordance with the terms of agreement governing such transactions.

Section XII Major Events

VII. Material contracts and Their Implementation

1. Material custody, subcontracting and leasing items

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

2. Material guarantee

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

The Company provided a guarantee for the Company's subsidiaries

Amount of guarantee for the Company's subsidiaries during the reporting period	RMB 51 million
Total amount of guarantee for the Company's subsidiaries at the end of the reporting period (B)	RMB 181 million

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

Total guarantee	RMB 181 million
The percentage of total guarantee to the net assets of the Company	2.89%

Of which:

To provide for shareholders, real controller and its connected parties	0
To provide guarantee amount for guarantee agencies with asset-liability ratio more than 70% directly or indirectly	0
Guarantee amount more than 50% of net assets	0
Total guarantee amount of the above items	0

3. Financial entrustment

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

4. Other Material Contracts

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

VIII. Implementation of Undertakings

- (1) Pursuant to the Reorganization Agreement signed by the Company and Anhui Expressway Group on 12 October 1996, Anhui Expressway Group has undertaken that it will not participate in any businesses or activities, which will compete against the Company either directly or indirectly.
- (2) Particular undertakings made by the shareholders of non-circulating shares of the Company during the Share Segregation Reform and their implementation.

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

Section XII Major Events

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

Section XII Major Events

IX. Appointment and Dismissal

PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co. Ltd and PricewaterhouseCoopers Certified Public Accountants were approved to be appointed as the PRC auditors and Hong Kong auditors for 2011 respectively at the 2010 Annual General Meeting. Details are given in "Control System" of "Corporate Governance Structure and Governance Report"

X. Punishment by Regulatory Authorities

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

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

XII. Issue of Corporate Bonds

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

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

Section XII Major Events

XIII Pre-emptive Rights

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

XIV. Analysis on Other Major Events

American depositary receipt ('ADR') program

On 11 June 2009, the Company set up an American depositary receipt ('ADR') program with Bank of New York Mellon (as the depositary bank). The number of ADR registered by the Company under the ADR program is 50,000 thousand. Each ADR represents ten ordinary H shares traded on HKEx. The Company does not issue new shares because of its American Depositary Receipt program. American Depositary Receipt in American Depositary Receipt program is just traded in American OTC market and will not be listed on any stock exchange in the U.S.

Investment in establishing a small-scale credit company

After discussion in the 21th meeting of the 5th Board, the Company was planning to jointly establish a small-scale credit company with the Group, Anlian Company, Inspection and Scientific Research Center, Highway Engineering Supervision Company, Expressway Media and other units. The registered capital of the limited company is RMB 1.5 billion, including 45 million invested by the Group, accounting for 30% stake, and each 15 million by the Company and other six shareholders, each accounting for 10% stake. The Company has submitted the application materials for establishment to the Government's financial office and the materials is still in the approval process up to the date of being authorized to issue this report. All the funds will be injected into the capital verification account of the joint venture within ten working days since the issue of the document of approving the establishment by the financial office.

Investment in establishing Xin'an Financial Group Limited

After discussion in the 27th meeting of the 5th Board on 7 July 2011, the Company intended to jointly establish Xin'an Financial Group Limited by shared with nine units including (Anhui) Nanxiangwanshang logistics service industry company limited ("Nanxiangwanshang" for short), Wuhu construction investment company limited . The registered capital of the company is RMB 3.0 billion. Its business scope includes: financial investment, equity investment and management consulting. The largest shareholder Nanxiangwanshang invested RMB 1.6 billion; accounting for 53.33% stake, Our company invested RMB 500 million and is the second largest shareholder of the company.

According to the Promoters Agreement, our company has paid the funds of two phase RMB30, 000 thousand (it's 60% of Total subscriptions).

Section XII Major Events

Investment in the establishment of a pawnbroker company

After consideration and approval by the meeting of the Sixth Board of Directors held on 28 December 2011, the Company has planned to invest jointly with Hefei Huatai Group Co., Ltd. (“Huatai Group”) to establish the Hefei Wantong Pawnbroker Co., Ltd. (“Wantong Pawnbroker”). The Company will inject a capital contribution of RMB150 million, representing 71.43% of registered capital, and Huatai Group will inject a capital contribution of RMB60 million, representing 28.57% of the registered capital.

This investment has already received the consent approval from the Anhui State-owned Assets Supervision and Administration Commission. The required materials for the application to establish the Wantong Pawnbroker have been submitted to the Hefei Bureau of Commerce, and the preliminary assessment qualification for tender recommendation of new pawnbrokers in 2011 has been granted by the Bureau on 9 January 2012. This investment is currently under consideration for approval by the Anhui Bureau of Commerce and further approval by the Ministry of Commerce will be required.

Acquisition of 55.47% equity interest in Guangci Expressway

According to the public information available from the Anhui Provincial Equity Exchange, Anhui Expressway Group and Xuancheng Highway Management had put up their respective shareholdings of 51% and 4.47% in Guangci Expressway on the public list for transfer during the period from 11 November 2011 to 8 December 2011. The listed price was RMB234.21 million.

In order to further expand the size of assets of the Company, after consideration and approval by the fifth meeting of the Sixth Board of Directors held on 7 December 2011, it was agreed and decided to participate in this public bidding within the extent of investment authority of the Board of Directors and authorized the operation management to conduct all relevant actions. Upon the final confirmation by the Anhui Provincial Equity Exchange, our Company won the bidding for this asset successfully at the transaction price of RMB234.21 million. The Company had signed the “Asset Transfer Agreements” with Anhui Expressway Group and Xuancheng Highway Management respectively on 21 February 2012 for the acquisition of their respective shareholdings of 51% and 4.47% in Guangci Expressway at the consideration amounts of RMB215.33 million and RMB18.88 million respectively.

Section XIII Documents Available for Inspection

Including the following documents:

- I. The original copy of the Annual Report signed by the Chairman;
- II. The accountant's report, signed by the legal representative, accountant director in charge of accounting, and accounting director and stamped with corporate seal;
- III. The original copy of auditor's report, sealed by PricewaterhouseCoopers Zhongtian CPAs, signed by the public accountant; the financial statement prepared in accordance with the Chinese Accounting Standards and the original copy of auditor's report signed by PricewaterhouseCoopers CPAs and the financial statement prepared in accordance with the Hong Kong Accounting Standards;
- IV. The original copies of corporate documents and announcements published in the Shanghai Securities Post and China Securities Post.
- V. The Articles of Association.

Place of inspection:

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



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**To the shareholders of
ANHUI EXPRESSWAY COMPANY LIMITED**

(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Anhui Expressway Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 3 to 62, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

Independent Auditor's Report

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 March 2012

Consolidated balance sheet

As at 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

ASSETS	Note	As at 31 December	
		2011	2010
Non-current assets			
Concession intangible assets	6	8,155,025	7,812,462
Land use rights	7	11,330	12,389
Property, plant and equipment	8	790,225	819,270
Investment properties	9	196,775	28,970
Intangible assets	10	2,367	1,800
Investments in an associate	13	29,285	31,564
Available-for-sale financial assets	14	300,000	—
		9,485,007	8,706,455
Current assets			
Inventories	16	3,413	3,761
Trade and other receivables	15	146,213	78,837
Cash and cash equivalents	17	597,802	756,507
		747,428	839,105
Total assets		10,232,435	9,545,560
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary share capital	18	1,658,610	1,658,610
Share premium	18	1,415,593	1,415,593
Other reserves	19	316,074	235,174
Retained earnings			
– Proposed final dividend	35	348,308	348,308
– Others		2,637,120	2,217,129
		6,375,705	5,874,814
Non-controlling interests		294,276	270,597
Total equity		6,669,981	6,145,411

The notes on pages 11 to 62 are an integral part of these consolidated financial statements.

Consolidated balance sheet (Continued)

As at 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

LIABILITIES	Note	As at 31 December	
		2011	2010
Non-current liabilities			
Long-term payables	24	366,921	307,814
Borrowings	22	2,290,023	2,173,657
Deferred income tax liabilities	25	71,691	59,896
Deferred income	20	43,799	45,972
		<u>2,772,434</u>	<u>2,587,339</u>
Current liabilities			
Trade and other payables	21	627,190	590,342
Current income tax liabilities	32	116,004	73,519
Provision	23	6,826	28,949
Borrowings	22	40,000	120,000
		<u>790,020</u>	<u>812,810</u>
Total liabilities		<u>3,562,454</u>	<u>3,400,149</u>
Total equity and liabilities		<u>10,232,435</u>	<u>9,545,560</u>
Net current (liabilities)/assets		<u>(42,592)</u>	<u>26,295</u>
Total assets less current liabilities		<u>9,442,415</u>	<u>8,732,750</u>

The financial statements on pages 3 to 4 were approved by the Board of Directors on 27 March 2012 and were signed on its behalf.

Director

Director

The notes on pages 11 to 62 are an integral part of these consolidated financial statements.

Balance sheet

As at 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

ASSETS	Note	As at 31 December	
		2011	2010
Non-current assets			
Concession intangible assets	6	6,313,502	6,619,785
Land use rights	7	11,330	12,389
Property, plant and equipment	8	785,055	805,410
Investment property	9	196,775	28,970
Intangible assets	10	840	127
Investments in subsidiaries	11	225,014	161,202
Loans to subsidiaries	12	625,642	268,322
Investments in an associate	13	18,999	18,999
Deferred income tax assets	25	—	4,320
Available-for-sale financial assets	14	300,000	—
		8,477,157	7,919,524
Current assets			
Inventories	16	3,413	3,761
Trade and other receivables	15	155,156	64,701
Cash and cash equivalents	17	518,147	664,366
		676,716	732,828
Total assets		9,153,873	8,652,352
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary share capital	18	1,658,610	1,658,610
Share premium	18	1,415,593	1,415,593
Other reserves	19	950,059	869,159
Retained earnings			
– Proposed final dividend	35	348,308	348,308
– Others		2,236,593	1,843,045
Total equity		6,609,163	6,134,715

The notes on pages 11 to 62 are an integral part of these consolidated financial statements.

Balance sheet (Continued)

As at 31 December 2011
(All amounts in Renminbi thousand unless otherwise stated)

LIABILITIES	Note	As at 31 December	
		2011	2010
Non-current liabilities			
Borrowings	22	1,982,123	1,976,757
Deferred income tax liabilities	25	3,724	—
Deferred income	20	43,799	45,972
		<u>2,029,646</u>	<u>2,022,729</u>
Current liabilities			
Trade and other payables	21	407,211	405,599
Current income tax liabilities	32	101,292	60,625
Provisions	23	6,561	28,684
		<u>515,064</u>	<u>494,908</u>
Total liabilities		<u>2,544,710</u>	<u>2,517,637</u>
Total equity and liabilities		<u>9,153,873</u>	<u>8,652,352</u>
Net current assets		<u>161,652</u>	<u>237,920</u>
Total assets less current liabilities		<u>8,638,809</u>	<u>8,157,444</u>

The financial statements on pages 5 to 6 were approved by the Board of Directors on 27 March 2012, and were signed on its behalf.

Director

Director

The notes on pages 11 to 62 are an integral part of these consolidated financial statements.

Consolidated income statement

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

	Note	Year ended 31 December	
		2011	2010
Revenue	27	2,959,662	2,552,664
Cost of sales	29	(1,554,737)	(1,227,602)
Gross profit		1,404,925	1,325,062
Other gains/(losses) - net	28	17,321	(697)
Administrative expenses	29	(66,129)	(56,481)
Operating profit		1,356,117	1,267,884
Finance costs - net	31	(127,249)	(137,549)
Share of profit of an associate	13	8,019	4,695
Profit before income tax		1,236,887	1,135,030
Income tax expense	32	(308,575)	(265,791)
Profit for the year		928,312	869,239
Attributable to:			
Owners of the Company		849,199	789,154
Non-controlling interests		79,113	80,085
		928,312	869,239
Basic and diluted earnings per share (expressed in RMB per share)	34	0.5120	0.4758
Dividends	35	348,308	348,308

The notes on pages 11 to 62 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

	Year ended 31 December	
	2011	2010
Profit for the year	928,312	869,239
Other comprehensive income	—	—
Other comprehensive income for the year, net of tax	—	—
Total comprehensive income for the year	928,312	869,239
Total comprehensive income attributable to:		
Owners of the Company	849,199	789,154
Non-controlling interests	79,113	80,085
	928,312	869,239

The notes on pages 11 to 62 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

	Note	Attributable to owners of the Company				Non-controlling Interests	Total
		Ordinary share capital (Note 18)	Share premium (Note 18)	Other reserves (Note 19)	Retained earnings		
Balance at 1 January 2010		1,658,610	1,415,593	147,372	2,195,807	237,302	5,654,684
Comprehensive income							
Profit for the year		—	—	—	789,154	80,085	869,239
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	789,154	80,085	869,239
Profit appropriation	36	—	—	71,946	(71,946)	—	—
Others	19	—	—	15,856	(15,856)	—	—
Transactions with owners							
2009 final dividends		—	—	—	(331,722)	—	(331,722)
2009 dividends to non-controlling interest of a subsidiary		—	—	—	—	(51,411)	(51,411)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax	11(c), 24, 25	—	—	—	—	5,849	5,849
Disposal of a subsidiary	39	—	—	—	—	(1,228)	(1,228)
Balance at 31 December 2010		1,658,610	1,415,593	235,174	2,565,437	270,597	6,145,411
Comprehensive income							
Profit for the year		—	—	—	849,199	79,113	928,312
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	849,199	79,113	928,312
Profit appropriation	36	—	—	82,276	(82,276)	—	—
Others	19	—	—	(1,376)	1,376	—	—
Transactions with owners							
2010 final dividends	35	—	—	—	(348,308)	—	(348,308)
2010 dividends to non-controlling interest of a subsidiary		—	—	—	—	(71,012)	(71,012)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax	11(c), 24, 25	—	—	—	—	15,578	15,578
Balance at 31 December 2011		1,658,610	1,415,593	316,074	2,985,428	294,276	6,669,981

The notes on pages 11 to 62 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

	Note	Year ended 31 December	
		2011	2010
Cash flows from operating activities			
Cash generated from operations	37	1,174,887	1,231,553
Interest paid		(119,621)	(120,023)
Income tax paid		(259,488)	(241,471)
Net cash generated from operating activities		795,778	870,059
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(294,999)	(172,302)
Purchase of intangible assets	10	(1,193)	(900)
Purchase of available-for-sale financial assets	14	(300,000)	—
Payment of bidding deposit for acquisition of a subsidiary	15(b)	(50,000)	—
Proceeds from sales of available-for-sale financial assets		—	23,208
Proceeds from sales of property, plant and equipment		3,621	16,834
Net cash outflows from disposal of a subsidiary	39	—	(49)
Interest received	28	13,012	4,762
Dividend received from an associate	15(a)	3,990	—
Net cash used in investing activities		(625,569)	(128,447)
Cash flows from financing activities			
Proceeds from bank borrowings		151,000	366,900
Repayments of bank borrowings		(120,000)	(1,035,000)
Cash generating from a non-controlling interest's contribution to a subsidiary	11(c)	60,000	22,500
Dividends paid to the non-controlling interests		(71,012)	(51,411)
Dividends paid to the Company's shareholders	35	(348,308)	(331,722)
Net cash used in financing activities		(328,320)	(1,028,733)
Net decrease in cash and cash equivalents		(158,111)	(287,121)
Cash and cash equivalents at beginning of the year		756,507	1,042,968
Exchange (losses)/gains on cash and cash equivalents		(594)	660
Cash and cash equivalents at end of the year		597,802	756,507

The notes on pages 11 to 62 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

1 General information

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

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

As at 31 December 2011, the Group’s toll roads and concession period granted are shown as follows:

Toll road	Length kilometres	Concession periods granted
Hening Expressway	134	From 16 August 1996 to 15 August 2026
National Trunk 205 Tianchang Section	30	From 1 January 1997 to 31 December 2026
Xuanguang Expressway	67	From 1 January 1999 to 31 December 2028
Gaojie Expressway	110	From 1 October 1999 to 30 September 2029
Lianhuo Expressway Anhui Section	54	From 1 January 2003 to 30 June 2032
Xuanguang Expressway Nanhuan Section	17	From 1 September 2003 to 31 December 2028
Ninghuai Expressway Tianchang Section	14	From 18 December 2006 to 17 June 2032
Ningxuanhang Expressway Anhui Section	122	Under construction as at 31 December 2011

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 27 March 2012.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

2.1.1 Changes in accounting policy and disclosures

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

The following new standards and amendments to standards relevant to the Group are effective for the financial year beginning 1 January 2011.

- HKAS 24 (Revised), “Related Party Disclosures” is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:
 - The name of the government and the nature of their relationship;
 - The nature and amount of any individually significant transactions; and
 - The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party. Details see Note 40 for disclosures of transactions and the outstanding balances among related parties.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

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

- Annual improvements to HKFRS published in May 2010.

HKFRS 3 Amendment	Business combinations
HKFRS 7 Amendment	Financial instruments: Disclosures
HKAS 1 Amendment	Presentation of financial statements
HKAS 27 Amendment	Consolidated and separate financial statements
HKAS 34 Amendment	Interim financial reporting

- (b) New and amended standards, and interpretations effective for the financial year beginning 1 January 2011 but not currently relevant to the Group (although they may affect the accounting for future transactions and events):

- Amendment to HKAS 32, "Classification of rights issues"
- HK(IFRIC) - Int 19, "Extinguishing financial liabilities with equity instruments"
- Amendment to HKFRS 1, "Limited exemption from comparative HKFRS 7 disclosures for first-time adopters"
- Amendment to HK(IFRIC) - Int-14, "Prepayments of a minimum funding requirement"

- Annual improvements to HKFRS published in May 2010.

HKFRS 1 Amendment	First time Adoption of HKFRSs
HK(IFRIC) - Int 13	Customer loyalty programmes

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

- (c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted.
- HKFRS 9, “Financial instruments”
 - HKFRS 10, “Consolidated financial statements”
 - HKFRS 12, “Disclosures of interests in other entities”
 - HKFRS 13, “Fair value measurement”
 - HKFRS 7 (Amendment), “Disclosures – Transfers of financial assets”
 - HKFRS 7 (Amendment), “Financial instruments: Disclosures – Offsetting financial assets and financial liabilities”
 - HKAS 32 (Amendment), “Financial instruments: Presentation – Offsetting financial assets and financial liabilities”

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

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

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

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) *Business combinations (continued)*

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 acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through 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.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands 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 interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

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

2.2.2 Separate financial statements

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

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

Notes to the consolidated financial statements

*For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates 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/(loss) 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.

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands 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.

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated income statement within "other (losses)/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 recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands 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 2.24(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 2011
(All amounts in Renminbi thousands 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	30 years
Safety, communication and signalling equipment	10 years
Toll station and ancillary equipment	7 years
Motor vehicles	9 years
Other machinery and equipment	6-9 years

The assets' 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 (losses)/gains – net" in the consolidated income statement.

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.8 Investment properties

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

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 properties. 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 properties over its expected useful life, after taking into account an estimated residual value, as follows:

Investment properties	30 years
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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 (losses)/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 capitalized on the basis of the costs incurred to acquire the specific software. These costs are amortised over their estimated useful lives of five years.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.10 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual land ownership exists. The Group acquires the right to use certain land. The lands associated with Service Concessions are recorded as concession intangible assets as described in Note 2.6. For other lands, the premiums paid for such right are treated as prepayment for operating lease and recorded as land use rights and separately presented as non-current assets, which are amortised over the lease period using the straight-line method.

2.11 Impairment of non-financial assets

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

2.12 Financial assets

2.12.1 Classification

The Group only has financial assets in the following categories: loans and receivable and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated balance sheet (notes 2.14 and 2.15).

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.12 Financial assets (continued)

2.12.1 Classification (continued)

(b) Available-for-sale financial assets (continued)

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

2.12.2 Recognition and measurement

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

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

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

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

2.12.3 Offsetting financial instruments

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands 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.

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

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.12 Financial assets (continued)

2.12.4 Impairment of financial assets (continued)

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

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

2.13 Inventories

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

2.14 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Notes to the consolidated financial statements

*For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.15 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and Company's balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.16 Share capital

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

2.17 Trade and other payables

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

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

2.18 Borrowings

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

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

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

Notes to the consolidated financial statements

*For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.19 Borrowing costs

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

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

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

2.20 Current and deferred income tax

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

(a) Current income tax

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands 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, 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 is provided on temporary differences arising on 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.

(c) Offsetting

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

2.21 Government grants

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

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

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

Notes to the consolidated financial statements

*For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.22 Employee benefits

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

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

2.23 Provisions

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

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

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.24 Revenue recognition

(a) **Toll income from toll roads operation**

Toll income from toll roads operation is recognised on a receipt basis.

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

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

(c) **Interest income**

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

(d) **Dividend income**

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

(e) **Service income**

Service income is recognised when the service has been rendered.

(f) **Rental income**

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

2.25 Leases (as the lessee for operating leases)

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

Notes to the consolidated financial statements

*For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)*

2 Summary of significant accounting policies (continued)

2.26 Dividend distribution

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

2.27 Enterprise Safety Fund

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

3 Financial risk management

3.1 Financial risk factors

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

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

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

The Group's activities do not expose it to significant price risk because the Group's investments in available-for-sale financial asset is unquoted equity shares, which is not directly related to the changes in market price of securities. The Group is also not exposed to commodity price risk.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Credit risk

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

The table below shows the bank deposits balance of the Group as at 31 December 2011 and 2010:

Counterparties	31 December 2011	31 December 2010
Major financial institutes	<u>597,794</u>	<u>756,444</u>

The Group has policies to place its deposits only with major financial institutions. As at 31 December 2011 and 2010, most of cash were deposited with major financial institutions in Mainland China. The Group's management do not expect any losses from non-performance by these counterparties. Toll income from toll roads operations are settled in cash. See Note 15 for further disclosure.

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

	31 December 2011	31 December 2010
Loans to subsidiaries (Note 12)	<u>625,642</u>	<u>268,322</u>

The Company's management do not expect any losses from non-performance by the subsidiaries because the financial performance of the subsidiaries is healthy. Please refer to Note 12 for details.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Liquidity risk

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

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

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the 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	Over 3 and 5 years	Over 5 years
Group				
At 31 December 2011				
Bank borrowings, including interest (Note 22)	70,170	53,298	53,298	451,559
Corporate bonds, including interest (Note 22)	100,000	2,200,000	—	—
Trade and other payables, excluding other taxation payables, staff salaries and welfare (Note 21)	557,471	—	—	—
Long-term payables, including interest (Note 24)	<u>1,428</u>	<u>68,760</u>	<u>90,136</u>	<u>407,940</u>
At 31 December 2010				
Bank borrowings, including interest (Note 22)	135,325	23,556	23,556	274,204
Corporate bonds, including interest (Note 22)	100,000	200,000	2,100,000	—
Trade and other payables, excluding other taxation payables, staff salaries and welfare (Note 21)	527,547	—	—	—
Long-term payables (Note 24)	<u>—</u>	<u>32,952</u>	<u>76,592</u>	<u>375,872</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Liquidity risk (continued)

	Less than 1 year	Between 1 and 3 years	Over 3 and 5 years	Over 5 years
Company				
At 31 December 2011				
Corporate bonds, including interest (Note 22)	100,000	2,200,000	—	—
Trade and other payables, excluding other taxation payables, staff salaries and welfare (Note 21)	349,808	—	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2010				
Corporate bonds, including interest (Note 22)	100,000	200,000	2,100,000	—
Trade and other payables, excluding other taxation payables, staff salaries and welfare (Note 21)	351,926	—	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(c) Cash flow and fair value interest rate risk

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

The Group's interest-rate risk mainly arises from bank borrowings, corporate bonds and long-term payables. Bank borrowings issued at floating rates expose the Group to cash flow interest-rate risk. During 2011 and 2010, the Group's bank borrowings at floating rate were denominated in RMB.

The Group's bank borrowings to the extent of RMB 347,900 thousand (2010: RMB 316,900 thousand) were issued at floating rates. As at 31 December 2011, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB 1,430 thousand (2010: RMB 620 thousand) higher or lower.

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

The Group's long-term payables of RMB 15,000 thousand were at floating rate and expose the Group to cash flow interest-rate risk. As at 31 December 2011, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB 407 thousand (2010: nil) higher or lower. The Group's long-term payables of RMB 351,921 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 24.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.2 Capital risk management

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

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

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

The Group's strategy is to maintain a gearing ratio below 30% and an AAA credit rating. The gearing ratio of the Group at 31 December 2011 and 2010 were as follows:

	31 December 2011	31 December 2010
Total borrowings (Note 22)	2,330,023	2,293,657
Less: cash and cash equivalents (Note 17)	(597,802)	(756,507)
Net debts	1,732,221	1,537,150
Total equity	6,669,981	6,145,411
Total capital	8,402,202	7,682,561
Gearing ratio	20.62%	20.01%

The increase in gearing ratio during 2011 resulted primarily from the increase in bank borrowings for the construction of Ningxuanhang Expressway Anhui Section.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.3 Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2011 (31 December 2010: available-for-sale financial asset: nil).

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets and liabilities	—	—	300,000	300,000

As at 31 December 2011, the Group's available-for-sale financial asset represented a 16.67% equity interest in an unlisted company and its fair value is determined by technique of discounted cash flow analysis. The available-for-sale financial asset was categorised in level 3 instrument and was acquired in 2011 (Note 14).

The following table represents the changes in level 3 instruments for the year ended 31 December 2011.

	Available-for-sale financial assets
Opening balance	—
Addition	300,000
Closing balance	300,000

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

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.

There were no transfers of financial assets among level 1, level 2 and level 3 fair value hierarchy's classifications.

4 Critical accounting estimates and judgements

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

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

(a) Construction revenue recognition under Service Concessions

As described in Note 2.6, income and expenses associated with construction and upgrade work under the Service Concessions are recognised in accordance with HKAS 11 using the percentage of completion method.

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

4 Critical accounting estimates and judgements (continued)

(a) Construction revenue recognition under Service Concessions (continued)

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

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

(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 2011 of RMB 6,826 thousand had been provided at the present value of expenditures expected to be incurred by the Group to settle the obligations at the balance sheet date (Note 23).

The expenditures expected to be required to settle the obligations at the balance sheet date is determined based on the number of major maintenance and resurfacing to be undertaken throughout the allowed operating periods of each toll roads operated by the Group under the Service Concessions and the expected costs to be incurred for each event.

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

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

4 Critical accounting estimates and judgements (continued)

(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 amortization 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.

(e) Estimation of deferred income tax assets and income tax

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

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

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

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

Notes to the consolidated financial statements

*For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)*

5 Segment information

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

Management reviews the traffic volume statistics report during daily operation and it is also included in the performance report provided to the strategic steering committee. The traffic volume statistic report is not the financial information. Therefore, the Company did not prepare segment information for the years ended 31 December 2011 and 2010.

The Group is domiciled in Anhui Province, the PRC. The result of its revenue is from Anhui Province, the PRC. As at 31 December 2011 and 2010, total assets of the Group are located in the PRC.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

6 Concession intangible assets

Group

	31 December 2011	31 December 2010
Cost	11,443,042	10,699,735
Accumulated amortisation	(3,288,017)	(2,887,273)
Net book amount	<u>8,155,025</u>	<u>7,812,462</u>
	Year ended 31 December 2011	Year ended 31 December 2010
Opening net book amount	7,812,462	7,804,775
Additions	693,524	431,449
Transfer in from property, plant and equipment (Note 8)	49,783	—
Amortisation charges (Note 29)	(400,744)	(423,762)
Closing net book amount	<u>8,155,025</u>	<u>7,812,462</u>
	31 December 2011	31 December 2010
Cost	9,155,067	9,099,293
Accumulated amortisation	(2,841,565)	(2,479,508)
Net book amount	<u>6,313,502</u>	<u>6,619,785</u>
	Year ended 31 December 2011	Year ended 31 December 2010
Opening net book amount	6,619,785	6,984,662
Additions	55,774	20,105
Amortisation charges	(362,057)	(384,982)
Closing net book amount	<u>6,313,502</u>	<u>6,619,785</u>

Notes to the consolidated financial statements

*For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)*

6 Concession intangible assets (continued)

As at 31 December 2011 and 2010, the toll roads under the Service Concessions and their respective concession periods granted are disclosed in Note 1.

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

Borrowing costs with the amount of RMB 18,514 thousand, including amortisation of long-term payables to a non-controlling interest with the amount of RMB 2,528 thousand (Note 24), have been capitalised in 2011 at an average interest rate of 5.5934% (2010: RMB 2,330 thousand at an average interest rate of 6.7670%).

Amortisation expenses of RMB 400,744 thousand has been charged in "cost of sales" (2010: RMB 423,762 thousand).

As at 31 December 2011, certain land use right certificates for Ningxuanhang expressway Ningxuan section, Ninghuai expressway Tianchang section, Hening expressway and one toll station in Guangde with a total carrying amount of RMB 463,251 thousand have not yet been obtained.

Notes to the consolidated financial statements

For the year ended 31 December 2011
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7 Land use rights

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

Group and Company	31 December 2011	31 December 2010
Cost	17,790	17,790
Accumulated amortisation	(6,460)	(5,401)
Net book amount	11,330	12,389
	Year ended 31 December 2011	Year ended 31 December 2010
Opening net book amount	12,389	11,835
Additions	—	1,200
Amortisation charges (Note 29)	(1,059)	(646)
Closing net book amount	11,330	12,389

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 1,059 thousand has been charged in "cost of sales" (2010: RMB 646 thousand).

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

8 Property, plant and equipment

Group

	Buildings	Safety, Communication and signalling equipment	Toll station and ancillary equipment	Motor Vehicles	Other machinery and equipment	Construction In progress	Total
At 1 January 2010							
Cost	395,426	579,314	95,908	69,689	75,324	160,972	1,376,633
Accumulated depreciation	(86,002)	(389,416)	(55,346)	(38,990)	(58,251)	—	(628,005)
Net book value	<u>309,424</u>	<u>189,898</u>	<u>40,562</u>	<u>30,699</u>	<u>17,073</u>	<u>160,972</u>	<u>748,628</u>
Year ended 31 December 2010							
Opening net book amount	309,424	189,898	40,562	30,699	17,073	160,972	748,628
Additions	2,884	7,997	7,364	3,917	8,253	141,888	172,303
Disposals	(6,077)	(22,480)	(1,692)	(126)	(338)	—	(30,713)
Transfers	49,722	(6,738)	13,363	—	5,000	(61,347)	—
Transfer in from investment properties (Note 9)	7,197	—	—	—	—	—	7,197
Transfer out to investment properties (Note 9)	(3,743)	—	—	—	—	—	(3,743)
Depreciation (Note 29)	(13,813)	(32,327)	(11,158)	(6,634)	(10,470)	—	(74,402)
Closing net book amount	<u>345,594</u>	<u>136,350</u>	<u>48,439</u>	<u>27,856</u>	<u>19,518</u>	<u>241,513</u>	<u>819,270</u>
At 31 December 2010							
Cost	442,946	415,222	107,864	73,155	81,348	241,513	1,362,048
Accumulated depreciation	(97,352)	(278,872)	(59,425)	(45,299)	(61,830)	—	(542,778)
Net book value	<u>345,594</u>	<u>136,350</u>	<u>48,439</u>	<u>27,856</u>	<u>19,518</u>	<u>241,513</u>	<u>819,270</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

8 Property, plant and equipment (continued)

Group (continued)

	Buildings	Safety, Communication and signalling equipment	Toll station and ancillary equipment	Motor Vehicles	Other machinery and equipment	Construction In progress	Total
Year ended 31 December 2011							
Opening net book amount	345,594	136,350	48,439	27,856	19,518	241,513	819,270
Additions	11,843	116,208	195	4,148	4,645	157,960	294,999
Disposals	—	(217)	(325)	(534)	(166)	—	(1,242)
Transfers	275,962	3,106	7,492	—	41,796	(328,356)	—
Transfer out to concession intangible assets (Note 6)	—	—	—	—	—	(49,783)	(49,783)
Transfer in from investment properties (Note 9)	3,459	—	—	—	—	—	3,459
Transfer out to investment properties (Note 9)	(178,717)	—	—	—	—	—	(178,717)
Depreciation (Note 29)	(12,642)	(56,103)	(12,384)	(6,291)	(10,341)	—	(97,761)
Closing net book amount	<u>445,499</u>	<u>199,344</u>	<u>43,417</u>	<u>25,179</u>	<u>55,452</u>	<u>21,334</u>	<u>790,225</u>
At 31 December 2011							
Cost	510,844	534,104	114,377	76,304	125,790	21,334	1,382,753
Accumulated depreciation	(65,345)	(334,760)	(70,960)	(51,125)	(70,338)	—	(592,528)
Net book value	<u>445,499</u>	<u>199,344</u>	<u>43,417</u>	<u>25,179</u>	<u>55,452</u>	<u>21,334</u>	<u>790,225</u>

Depreciation expenses of RMB 89,969 thousand has been charged in “cost of sales” (2010: RMB 70,380 thousand); depreciation expenses of RMB 7,792 thousand has been charged in “administrative expenses” (2010: RMB 4,022 thousand).

Notes to the consolidated financial statements

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8 Property, plant and equipment (continued)

Company

	Buildings	Safety, Communication and signalling equipment	Toll station and ancillary equipment	Motor Vehicles	Other machinery and equipment	Construction In progress	Total
At 1 January 2010							
Cost	412,292	575,198	92,847	64,108	78,778	155,860	1,379,083
Accumulated depreciation	(89,413)	(386,153)	(52,671)	(35,754)	(60,372)	—	(624,363)
Net book value	<u>322,879</u>	<u>189,045</u>	<u>40,176</u>	<u>28,354</u>	<u>18,406</u>	<u>155,860</u>	<u>754,720</u>
At 31 December 2010							
Opening net book amount	322,879	189,045	40,176	28,354	18,406	155,860	754,720
Additions	2,383	7,461	7,254	3,154	7,772	120,909	148,933
Disposals	(6,077)	(19,317)	(1,498)	(126)	(338)	—	(27,356)
Transfers	49,722	(6,737)	2,446	—	5,000	(50,431)	—
Transfer in from investment properties (Note 9)	7,197	—	—	—	—	—	7,197
Transfer out to investment properties (Note 9)	(3,743)	—	—	—	—	—	(3,743)
Depreciation	(15,094)	(31,185)	(11,030)	(6,019)	(11,013)	—	(74,341)
Closing net book amount	<u>357,267</u>	<u>139,267</u>	<u>37,348</u>	<u>25,363</u>	<u>19,827</u>	<u>226,338</u>	<u>805,410</u>
At 31 December 2010							
Cost	459,312	418,433	94,835	66,809	84,354	226,338	1,350,081
Accumulated depreciation	(102,045)	(279,166)	(57,487)	(41,446)	(64,527)	—	(544,671)
Net book value	<u>357,267</u>	<u>139,267</u>	<u>37,348</u>	<u>25,363</u>	<u>19,827</u>	<u>226,338</u>	<u>805,410</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

8 Property, plant and equipment (continued)

Company

	Buildings	Safety, Communication and signalling equipment	Toll station and ancillary equipment	Motor Vehicles	Other machinery and equipment	Construction In progress	Total
Year ended 31 December 2011							
Opening net book amount	357,267	139,267	37,348	25,363	19,827	226,338	805,410
Additions	11,843	116,208	195	2,693	4,030	118,050	253,019
Disposals	—	(217)	(325)	(411)	(162)	—	(1,115)
Transfers	274,929	1,624	6,259	—	41,486	(324,298)	—
Transfer in from investment properties (Note 9)	3,459	—	—	—	—	—	3,459
Transfer out to investment properties (Note 9)	(178,717)	—	—	—	—	—	(178,717)
Depreciation	(13,757)	(55,391)	(11,281)	(5,725)	(10,847)	—	(97,001)
Closing net book amount	<u>455,024</u>	<u>201,491</u>	<u>32,196</u>	<u>21,920</u>	<u>54,334</u>	<u>20,090</u>	<u>785,055</u>
At 31 December 2011							
Cost	526,177	535,841	100,115	68,676	127,887	20,090	1,378,786
Accumulated depreciation	(71,153)	(334,350)	(67,919)	(46,756)	(73,553)	—	(593,731)
Net book value	<u>455,024</u>	<u>201,491</u>	<u>32,196</u>	<u>21,920</u>	<u>54,334</u>	<u>20,090</u>	<u>785,055</u>

Depreciation expenses of RMB 89,209 thousand has been charged in “cost of sales” (2010: RMB 70,319 thousand); depreciation expenses of RMB 7,792 thousand has been charged in “administrative expenses” (2010: RMB 4,022 thousand).

Notes to the consolidated financial statements

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(All amounts in Renminbi thousands unless otherwise stated)

9 Investment properties

Group and Company

	Buildings
At 1 January 2010	
Cost	40,202
Accumulated amortisation	(6,478)
	<hr/>
Net book amount	33,724
	<hr/> <hr/>
Year ended 31 December 2010	
Opening net book amount	33,724
Transferred in from property, plant and equipment (Note 8)	3,743
Transferred out to property, plant and equipment (Note 8)	(7,197)
Amortisation expenses (Note 29)	(1,300)
	<hr/>
Closing net book amount	28,970
	<hr/> <hr/>
At 31 December 2010	
Cost	35,826
Accumulated amortisation	(6,856)
	<hr/>
Net book amount	28,970
	<hr/> <hr/>
Year ended 31 December 2011	
Opening net book amount	28,970
Transferred in from property, plant and equipment (Note 8)	178,717
Transferred out to property, plant and equipment (Note 8)	(3,459)
Amortisation expenses (Note 29)	(7,453)
	<hr/>
Closing net book amount	196,775
	<hr/> <hr/>
At 31 December 2011	
Cost	255,734
Accumulated amortisation	(58,959)
	<hr/>
Net book amount	196,775
	<hr/> <hr/>

Amortisation expenses of RMB 7,453 thousand has been charged in “cost of sales” (2010: RMB 1,300 thousand).

The fair value for the investment properties as at 31 December 2011 was RMB 211,857 thousand. The fair value was based on an independent assessment made by Anhui Guoxin Assets Valuation Company Limited (“安徽國信資產評估有限責任公司”).

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

10 Intangible assets

Group

	Computer Software
At 1 January 2010	
Cost	5,977
Accumulated amortisation	(3,428)
	<hr/>
Net book amount	2,549
	<hr/> <hr/>
Year ended 31 December 2010	
Opening net book amount	2,549
Additions	900
Disposal of a subsidiary (Note 39)	(700)
Other disposals	(624)
Amortisation expenses (Note 29)	(325)
	<hr/>
Closing net book amount	1,800
	<hr/> <hr/>
At 31 December 2010	
Cost	3,377
Accumulated amortisation	(1,577)
	<hr/>
Net book amount	1,800
	<hr/> <hr/>
Year ended 31 December 2011	
Opening net book amount	1,800
Additions	1,193
Disposals	(10)
Amortisation expenses (Note 29)	(616)
	<hr/>
Closing net book amount	2,367
	<hr/> <hr/>
At 31 December 2011	
Cost	3,887
Accumulated amortisation	(1,520)
	<hr/>
Net book amount	2,367
	<hr/> <hr/>

Amortisation expenses of RMB 616 thousand has been charged in "administrative expenses" (2010: RMB 325 thousand).

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

10 Intangible assets (continued)

Company

Computer Software

At 1 January 2010

Cost	—
Accumulated amortisation	—
	<hr/>
Net book amount	—
	<hr/> <hr/>

Year ended 31 December 2010

Opening net book amount	—
Additions	160
Amortisation expenses (Note 29)	(33)
	<hr/>
Closing net book amount	127
	<hr/> <hr/>

At 31 December 2010

Cost	160
Accumulated amortisation	(33)
	<hr/>
Net book amount	127
	<hr/> <hr/>

Year ended 31 December 2011

Opening net book amount	127
Additions	1,074
Amortisation expenses (Note 29)	(361)
	<hr/>
Closing net book amount	840
	<hr/> <hr/>

At 31 December 2011

Cost	1,234
Accumulated amortisation	(394)
	<hr/>
Net book amount	840
	<hr/> <hr/>

Amortisation expenses of RMB 361 thousand has been charged in “administrative expenses” (2010: RMB 33 thousand).

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

11 Investments in subsidiaries - Company

	31 December 2011	31 December 2010
Investments, at cost:		
Unlisted shares	225,014	161,202

The following is a list of the subsidiaries at 31 December 2011:

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

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

	2011			Total
	Xuan Guang (Note a)	Ningxuanhang (Note c)	Total	
Balance at 1 January 2011	61,995	99,207	161,202	161,202
Changes in the year	—	63,812	63,812	63,812
Balance at 31 December 2011	61,995	163,019	225,014	225,014
	2010			
	Xuan Guang (Note a)	Kang Cheng (Note b)	Ningxuanhang (Note c)	Total
Balance at 1 January 2010	61,995	6,500	70,000	138,495
Changes in the year	—	(6,500)	29,207	22,707
Balance at 31 December 2010	61,995	—	99,207	161,202

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

11 Investments in subsidiaries - Company (continued)

(a) Investment in Xuan Guang

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

Pursuant to a capital injection contract between the Company and XHMC dated 11th August 2003, XHMC contributed Xuanguang Expressway (Nanhuan section) to Xuan Guang at an agreed price of RMB 398,800 thousand in the form of capital contribution of RMB 39,880 thousand and long-term loan of RMB 358,920 thousand. 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 XHMC, the Company acquired XHMC's interests in Xuan Guang (in the forms of paid-in-capital of RMB 25,335 thousand and shareholder's loan of RMB 228,015 thousand) at a total consideration of RMB 253,350 thousand. After the acquisition, the Company holds 55.47% interest in Xuan Guang. The profit distribution arrangement of Xuan Guang mentioned above remains unchanged.

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

According to the contracts, agreements and board resolution mentioned above, for the year ended 31 December 2011, the net profit portion of the distribution attributable to XHMC amounted to RMB 79,113 thousand (2010: RMB 80,206 thousand); no depreciation and amortisation portion of the distribution was attributable to XHMC in 2011 (2010: nil).

(b) Investment in Anhui Kang Cheng Pharmaceutical Co. Ltd. ("Kang Cheng")

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

11 Investments in subsidiaries - Company (continued)

(c) Investment in Ningxuanhang

Ningxuanhang is a co-operative joint venture established by the Company and Xuancheng Communication Construction Co., Ltd. ("XCCC") in April 2008. The official operating period will be granted after toll road construction is completed. The Company and XCCC's equity interest in Ningxuanhang were 70% and 30% respectively. As at 31 December 2011, the Company and XCCC invested in RMB 70,000 thousand and RMB 30,000 thousand in Ningxuanhang, in the form of paid-in-capital. The Company and XCCC also provided funding to Ningxuanhang in the form of long-term loans. Details of the undiscounted long-term loans in 2011 are as follows:

	The Company		XCCC		Total
	Interest free	Interest bearing	Interest free	Interest bearing	
Beginning of the year	87,500	—	37,500	—	125,000
Additions	133,000	269,500	45,000	15,000	462,500
Ending of the year	<u>220,500</u>	<u>269,500</u>	<u>82,500</u>	<u>15,000</u>	<u>587,500</u>

The interest rate of interest bearing long-term loans ranged from 6.80% to 7.755% in 2011.

According to the agreement with XCCC, annual distributions are to be made to the Company and XCCC based on the net profit in proportion of their respective equity interests. Annual repayment of the long-term loans to the Company and XCCC equals 35% of annual amortisation of the concession intangible assets and depreciation of property, plant and equipment (the "amortisation and depreciation") in proportion of their respective equity interests until all the bank borrowings are fully settled. Thereafter, annual repayment equals the total amortisation and depreciation amount in proportion of their respective equity interests.

The interest free loan of the Company is initially recognized 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. The difference between the cash paid of RMB 133,000 thousand and the fair value on initial recognition of RMB 69,188 thousand (Note 12), equalling to RMB 63,812 thousand, was recognized as an addition to the investment in Ningxuanhang in 2011 (2010: RMB 29,207 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 2011, Ningxuanhang was still in pre-operation stage.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

12 Loans to subsidiaries - Company

	Year ended 31 December 2011	Year ended 31 December 2010
Loans to Xuan Guang (Note 11(a))		
Beginning of the year	206,463	194,469
Amortisations	12,734	11,994
End of the year	<u>219,197</u>	<u>206,463</u>
Loans to Ningxuanhang (Note 11(c))		
Beginning of the year	61,859	24,710
Additions	338,688	34,301
– interest-free loans	69,188	34,301
– interest-bearing loans	269,500	—
Amortisations	5,898	2,848
End of the year	<u>406,445</u>	<u>61,859</u>
	<u><u>625,642</u></u>	<u><u>268,322</u></u>

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

	Carrying Amounts As at 31 December		Fair Value As at 31 December	
	2011	2010	2011	2010
Loans to Xuan Guang	219,197	206,463	209,817	202,462
Loans to Ningxuanhang	406,445	61,859	401,658	60,242
	<u>625,642</u>	<u>268,322</u>	<u>611,475</u>	<u>262,704</u>

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

As at 31 December 2011, the undiscounted amount of loans to Xuan Guang was RMB 286,932 thousand (2010: RMB 286,932 thousand) and to Ningxuanhang was RMB 490,000 thousand (2010: RMB 87,500 thousand).

The fair value of the loans are based on cash flows discounted using 7.05%, the annual interest rate published by the People's Bank of China for long-term bank loans as at 31 December 2011 (31 December 2010: 6.40%).

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

13 Investments in an associate

Group

	31 December 2011	31 December 2010
Beginning of the year	31,564	26,869
Share of an associate's result:		
– Profit before income tax	10,746	6,297
– Income tax expenses	(2,727)	(1,602)
Dividends declared (Note 15(a))	(10,298)	—
End of the year	29,285	31,564

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

Name	Particulars of issued shares held	Country of incorporation	Assets	Liabilities	Revenue	Net Profit	% of Interest held
2011							
Anhui Expressway Advertisement Co., Ltd.	Equitycapital	PRC	<u>57,522</u>	<u>28,237</u>	<u>34,835</u>	<u>8,019</u>	<u>38%</u>
2010							
Anhui Expressway Advertisement Co., Ltd.	Equitycapital	PRC	<u>54,995</u>	<u>23,431</u>	<u>23,195</u>	<u>4,695</u>	<u>38%</u>

Company

	31 December 2011	31 December 2010
Unlisted equity, at cost	18,999	18,999

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

14 Available-for-sale financial assets

**Group and Company
16.67% equity interest
in an unlisted company**

Opening balance	—
Additions	300,000
Closing balance	<u>300,000</u>

Available-for-sale financial assets represented 16.67% equity interest in Anhui Xin'an Financial Group Co., Ltd. (「安徽新安融集團股份有限公司」).

The fair value of the unlisted equity interest approximated its carrying amount because the unlisted company was established at the end of 2011.

15 Trade and other receivables

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
Prepayments	606	—	—	—
Interests receivable	—	—	5,363	—
Dividends receivable (a)	10,298	3,990	10,298	3,990
Others (b)	135,309	74,847	139,495	60,711
	146,213	78,837	155,156	64,701
Less: Provision for impairment	—	—	—	—
	146,213	78,837	155,156	64,701

(a) Dividends of RMB 10,298 thousand were declared by Anhui Expressway Advertisement Co., Ltd. ("AEAC") in 2011 (Note 13). Dividends of RMB 3,990 thousand as at 31 December 2010 were received by the Company in 2011.

(b) As at 31 December 2011, others mainly represented receivable from Anhui Expressway Network Operations Co., Ltd. (「安徽高速公路聯網運營有限公司」), the toll settlement centre of Anhui Province) of RMB 61,776 thousand (31 December 2010: RMB 66,877 thousand) for uncollected toll road income, and bidding deposit in Anhui Assets and Equity Exchange Co., Ltd. (「安徽省產權交易中心有限責任公司」) of RMB 50,000 thousand (31 December 2010: nil) for acquisition of an unlisted toll roads operation company, Xuancheng Guangci Expressway Co., Ltd. (「宣城市廣祠高速公路有限責任公司」), under the control of Anhui Expressway Holding Co., Ltd. ("AEHC").

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

15 Trade and other receivables (continued)

At 31 December 2011 and 2010, the ageing analysis of the trade and other receivables as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
Up to 1 year	138,492	72,891	147,938	58,755
1 to 2 years	6,937	588	6,718	588
2 to 3 years	60	5,358	—	5,358
Over 3 years	724	—	500	—
	<u>146,213</u>	<u>78,837</u>	<u>155,156</u>	<u>64,701</u>

As at 31 December 2011 and 2010, all trade and other receivables balances were denominated in RMB and were fully performing.

As at 31 December 2011 and 2010, the fair value of the trade and other receivables of the Group and the Company, except for the prepayments which are not financial assets, approximated their carrying amount.

16 Inventories

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
Materials for toll road maintenance	<u>3,413</u>	<u>3,761</u>	<u>3,413</u>	<u>3,761</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

17 Cash and cash equivalents

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
Cash at bank and on hand	<u>597,802</u>	<u>756,507</u>	<u>518,147</u>	<u>664,366</u>

The weighted average effective interest rate per annum on cash at bank was approximately 1.68% (2010: 1.17 %).

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

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
RMB	<u>586,374</u>	<u>742,920</u>	<u>506,719</u>	<u>650,779</u>
HKD (RMB equivalents)	<u>11,428</u>	<u>13,587</u>	<u>11,428</u>	<u>13,587</u>
	<u>597,802</u>	<u>756,507</u>	<u>518,147</u>	<u>664,366</u>

18 Ordinary share capital and share premium

	Number of A shares (thousand)	Number of H shares (thousand)	Ordinary share capital	Share Premium	Total
At 1 January 2010	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	—	—	—	—	—
At 31 December 2010	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	—	—	—	—	—
At 31 December 2011	<u>1,165,600</u>	<u>493,010</u>	<u>1,658,610</u>	<u>1,415,593</u>	<u>3,074,203</u>

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

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
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19 Other reserves

Group

	Capital Surplus	Statutory Surplus Reserve Fund (Note 36 (a))	Discretionary Surplus Reserve Fund	Enterprise Safety Fund	Excess of the consideration over carrying amount of the non- controlling interests acquired	Total
Balance at 1 January 2010	2,243	801,659	658	41,959	(699,147)	147,372
Profit appropriations	—	71,946	—	—	—	71,946
Appropriation to Enterprise Safety Fund	—	—	—	15,856	—	15,856
Balance at 31 December 2010	2,243	873,605	658	57,815	(699,147)	235,174
Profit appropriations	—	82,276	—	—	—	82,276
Appropriation to Enterprise Safety Fund	—	—	—	(1,376)	—	(1,376)
Balance at 31 December 2011	2,243	955,881	658	56,439	(699,147)	316,074

Notes to the consolidated financial statements

For the year ended 31 December 2011
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19 Other reserves (continued)

Company

	Statutory Surplus Reserve Fund (Note 36 (a))	Discretionary Surplus Reserve Fund	Enterprise Safety Fund	Total
Balance at 1 January 2010	744,502	658	36,197	781,357
Profit appropriations	71,946	—	—	71,946
Appropriation to Enterprise Safety Fund	—	—	15,856	15,856
Balance at 31 December 2010	816,448	658	52,053	869,159
Profit appropriations	82,276	—	—	82,276
Appropriation to Enterprise Safety Fund	—	—	(1,376)	(1,376)
Balance at 31 December 2011	<u>898,724</u>	<u>658</u>	<u>50,677</u>	<u>950,059</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 Director's proposal. The discretionary surplus reserve can be used to make up for the loss or increase the paid-in capital after approval.

For enterprise safety fund, please refer to Note 2.27.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

20 Deferred income

Group and Company

	31 December 2011	31 December 2010
Government grants	43,799	45,972

Deferred income represents government grants relating to assets and is amortised over 25 years (Note 2.21 and 28). Amortisation expense of RMB 2,173 thousand (2010: RMB 2,028 thousand) has been charged in "other gains" (Note 28).

21 Trade and other payables

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
Payables on acquisition of concession intangible assets	485,263	425,341	265,936	266,992
Payables on repair and maintenance projects	1,732	24,767	1,732	21,325
Deposit for construction projects	33,863	43,463	24,380	35,738
Toll road income received:	22,485	21,736	44,929	21,166
– on behalf of Xuan Guang, a subsidiary	—	—	22,704	—
– on behalf of other entities	22,485	21,736	22,225	21,166
Other taxation payables	39,109	33,813	33,849	31,810
Staff salaries and welfare	30,610	28,982	23,554	21,863
Interests payable	1,075	177	—	—
Others	13,053	12,063	12,831	6,705
	627,190	590,342	407,211	405,599

As at 31 December 2011, trade and other payables of RMB 166,490 thousand were aged over one year (2010: RMB 113,066 thousand). These payables were mainly for construction projects and will be settled after project is completed.

As at 31 December 2011 and 2010, all trade and other payables were denominated in RMB.

As at 31 December 2011 and 2010, the fair value of trade and other payables, except for staff salaries and welfare, approximated their fair value.

Notes to the consolidated financial statements

For the year ended 31 December 2011
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22 Borrowings

Group

	31 December 2011		31 December 2010	
	Interest rate per annum	Amount	Interest rate per annum	Amount
Non-current				
Corporate bonds denominated in RMB (a)	5.00%	1,982,123	5.00%	1,976,757
Long-term bank borrowings denominated in RMB – secured (b)	5.760%-7.755%	126,900	5.346%-5.940%	66,900
Long-term bank borrowings denominated in RMB – unsecured (b)	5.760%	181,000	5.346%-5.643%	130,000
		<u>2,290,023</u>		<u>2,173,657</u>
Current				
Short-term bank borrowings denominated in RMB – unsecured	4.779%-6.56%	40,000	4.78%-5.004%	120,000
Total borrowings		<u>2,330,023</u>		<u>2,293,657</u>

Company

	31 December 2011		31 December 2010	
	Interest rate per annum	Amount	Interest rate per annum	Amount
Non-current				
Corporate bonds denominated in RMB (a)	5.00%	1,982,123	5.00%	1,976,757

- (a) As approved by the China Securities Regulatory Commission on 28 August 2009, the Company issued corporate bonds of RMB 2,000,000 thousand for a term of 5 years, bearing interest at 5% per annum on 17 December 2009. Interest is payable annually and the principal is repayable in full upon maturity. The full amount of principal and interest of the bonds is unconditionally and irrevocably guaranteed by AEHC.
- (b) The bank borrowings of RMB 126,900 thousand were guaranteed by XCCC, the non-controlling interest of Ningxuanhang and RMB 181,000 thousand were guaranteed by the Company as at 31 December 2011 (31 December 2010: RMB 130,000 thousand guaranteed by the Company; RMB 66,900 thousand guaranteed by XCCC).

Notes to the consolidated financial statements

For the year ended 31 December 2011
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22 Borrowings (continued)

At 31 December 2011, the Group's and the Company's borrowings are repayable as follows:

Group

	Bank borrowings		Corporate bonds	
	2011	2010	2011	2010
Within 1 year	40,000	120,000	—	—
Between 1 and 2 years	—	—	—	—
Between 2 and 5 years	—	—	1,982,123	1,976,757
Over 5 years	307,900	196,900	—	—
	<u>347,900</u>	<u>316,900</u>	<u>1,982,123</u>	<u>1,976,757</u>

Company

	Bank borrowings		Corporate bonds	
	2011	2010	2011	2010
Within 1 year	—	—	—	—
Between 1 and 2 years	—	—	—	—
Between 2 and 5 years	—	—	1,982,123	1,976,757
	<u>—</u>	<u>—</u>	<u>1,982,123</u>	<u>1,976,757</u>

As at 31 December 2011, the fair value of corporate bonds was RMB 2,091,000 thousand according to price in bond market. The carrying amounts of other borrowings approximate their fair value, as the impact of discounting of carrying amounts to their fair value is not significant.

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

22 Borrowings (continued)

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

	31 December 2011	31 December 2010
Expiring within one year	<u>1,588,100</u>	<u>3,095,000</u>

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

	Group		Company	
	2011	2010	2011	2010
Within 1 year	<u>347,900</u>	<u>316,900</u>	<u>—</u>	<u>—</u>

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

	Group	Company
Balance at 1 January 2011	28,949	28,684
Utilization of Provision	<u>(22,123)</u>	<u>(22,123)</u>
Balance at 31 December 2011	<u>6,826</u>	<u>6,561</u>

Notes to the consolidated financial statements

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(All amounts in Renminbi thousands unless otherwise stated)

24 Long-term payables - Group

	31 December 2011	31 December 2010
Long-term payables to XHMC (Note 11(a))		
Beginning of the year	281,303	264,961
Amortisation (Note 31)	17,350	16,342
End of the year	298,653	281,303
Long-term payables to XCCC (Note 11(c))		
Beginning of the year	26,511	10,590
Additions	39,229	14,700
– interest-free loans	24,229	14,700
– interest-bearing loans	15,000	—
Amortisation (Note 6)	2,528	1,221
End of the year	68,268	26,511
	366,921	307,814

As at 31 December 2011, the undiscounted amount of long-term payables to XHMC was RMB 447,916 thousand (2010: RMB 447,916 thousand) and to XCCC was RMB 97,500 thousand (2010: RMB 37,500 thousand).

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

	Carrying Amounts		Fair Value	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
Long-term payables to XHMC	298,653	281,303	279,915	273,735
Long-term payables to XCCC	68,268	26,511	66,216	25,818
	366,921	307,814	346,131	299,553

The fair values of long-term payables are based on cash flows discounted using 7.05%, the annual interest rate published by the People's Bank of China for long-term bank loans as at 31 December 2011 (31 December 2010: 6.40%).

Notes to the consolidated financial statements

For the year ended 31 December 2011
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25 Deferred tax assets and liabilities (continued)

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

Deferred income tax assets	Accounting forgovernment grants	Provision	Accrued bonus	Others	Total
Balance at 1 January 2010	14,520	7,043	6,341	—	27,904
Deferred taxation charged to income statement	337	195	—	—	532
Balance at 31 December 2010	14,857	7,238	6,341	—	28,436
Deferred taxation charged to income statement	(700)	(5,531)	—	1,341	(4,890)
Balance at 31 December 2011	<u>14,157</u>	<u>1,707</u>	<u>6,341</u>	<u>1,341</u>	<u>23,546</u>

Deferred income tax liabilities	Valuation and amortisation of toll roads related land use rights	Accounting for interest free loan	Amortisation difference between accounting and tax regulations	Others	Total
Balance at 1 January 2010	(36,249)	(5,717)	(46,918)	—	(91,457)
Deferred taxation charged to income statement	2,163	345	4,085	—	5,075
Deferred taxation charged to equity (a)	—	—	(1,950)	—	(1,950)
Balance at 31 December 2010	(34,086)	(5,372)	(44,783)	—	(88,332)
Deferred taxation charged to income statement	2,156	345	5,352	(9,025)	(1,712)
Deferred taxation charged to equity (a)	—	—	(5,193)	—	(5,193)
Balance at 31 December 2011	<u>(31,930)</u>	<u>(5,027)</u>	<u>(44,624)</u>	<u>(9,025)</u>	<u>(95,237)</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 XCCC, which was treated as shareholder contribution and recorded as a credit item in the equity (Note 24).

Notes to the consolidated financial statements

For the year ended 31 December 2011
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25 Deferred tax assets and liabilities (continued)

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

Deferred income tax assets	Accounting for Government		Accrued bonus	Accounting for interest free loan	Total
	grants	Provision			
Balance at 1 January 2010	14,520	6,975	4,711	25,868	52,074
Deferred taxation charged to income statement	337	195	—	(5,751)	(5,219)
Balance at 31 December 2010	14,857	7,170	4,711	20,117	46,855
Deferred taxation charged to income statement	(700)	(5,530)	—	(4,658)	(10,888)
Balance at 31 December 2011	<u>14,157</u>	<u>1,640</u>	<u>4,711</u>	<u>15,459</u>	<u>35,967</u>

Deferred income tax liabilities	Valuation of assets and depreciation-toll roads	Valuation and amortisation of toll roads related land use rights	Others	Total
Balance at 1 January 2010	(36,249)	(5,717)	(1,466)	(43,432)
Deferred taxation charged to income statement	2,163	345	(1,611)	897
Balance at 31 December 2010	(34,086)	(5,372)	(3,077)	(42,535)
Deferred taxation charged to income statement	2,156	345	343	2,844
Balance at 31 December 2011	<u>(31,930)</u>	<u>(5,027)</u>	<u>(2,734)</u>	<u>(39,691)</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

26 Retirement benefit obligations - Group

The Group participates in the Anhui Provincial Retirement Scheme managed by Anhui Social Security Management Bureau (“the Bureau”). Pursuant to the relevant provisions, the Group is required to make a monthly contribution equivalent to the 20%-23% (2010: 20%-23%) of the basic monthly salary, subject to certain ceiling, in respect of its employees. The Bureau is responsible for pension payments to the retired employees of the Group and the Group has no further obligations.

In addition to the above pension plans, the employees of the Group also entered into a supplementary pension scheme on a voluntary basis. The Group is required to make an annual contribution to an independent fund management company equivalent to the basic monthly salary, subject to certain ceiling, in respect of its employees. The Group is also required to pay RMB 230 every month to those employees, who have retired or will retire before 31 December 2015. As at 31 December 2011, the retired employees of the Group were 36.

27 Revenue - Group

	Year ended 31 December	
	2011	2010
Toll income from toll roads operation	2,163,722	2,069,404
Revenue from construction or upgrade work under Service Concessions	743,307	431,449
Rental income (Note 40(b))	21,077	20,897
– from toll roads service sector (a)	7,200	7,000
– from other investment properties	13,877	13,897
Service income from roads emergency assistance	15,763	13,475
Service income from management of toll roads (Note 40(b))	15,371	17,299
Others	422	140
	2,959,662	2,552,664

- (a) Pursuant to a lease agreement with Anhui Yida Toll Road Service Sector Management Co., Ltd. (“YTMC”, 「安徽省驛達高速公路服務區經營管理有限公司」), the Company’s toll road service sectors were leased to YTMC with annual rental fee of RMB 7,200 thousand. The lease period was from 1 January 2011 to 31 December 2011 (Note 40(b)(ii)).

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

28 Other gains/(losses) - net - Group

	Year ended 31 December	
	2011	2010
Interest income (Note 37)	13,012	4,762
Gain/(loss) from disposal on property, plant and equipment (Note 37)	2,379	(13,879)
Amortisation of government grants relating to assets (Note 20)	2,173	2,028
Loss from disposal on intangible assets (Note 37)	(10)	(624)
Gain on disposal of available-for-sale financial assets (Note 37)	—	5,208
Gain on disposal of a subsidiary (Note 39)	—	498
Others	(233)	1,310
	<u>17,321</u>	<u>(697)</u>

29 Expenses by nature - Group

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

	Year ended 31 December	
	2011	2010
Costs payable to vendors for construction or upgrade work under the Service Concessions (Note 2.6)	743,307	431,499
Depreciation and amortisation expenses (Note 6,7,8,9,10)	507,633	500,435
Employee benefit expenses (Note 30)	161,759	130,911
Repair and maintenance expenses	112,005	130,555
Tax related to revenue (a)	75,207	71,774
Auditor's remuneration	2,150	2,000
Others	18,805	16,909
	<u>1,620,866</u>	<u>1,284,083</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
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29 Expenses by nature - Group (continued)

(a) Tax related to revenue

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

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

- (i) Urban Construction and Maintenance Tax - levied at 5%-7% of BT payable.
- (ii) Local Education Surcharge - levied at 3% of BT payable.

30 Employee benefit expenses - Group

	Year ended 31 December	
	2011	2010
Salaries and wages	114,337	94,633
Supplementary pension insurance	3,911	3,726
Other welfares	43,511	32,552
	<u>161,759</u>	<u>130,911</u>

As at 31 December 2011, the number of employees were 1,812 (31 December 2010: 1,852).

Notes to the consolidated financial statements

For the year ended 31 December 2011
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30 Employee benefit expenses - Group (continued)

(a) Directors' and senior management's emoluments

The remuneration of every Director of the Company for the year ended 31 December 2011 is set out below:

Name of Director	Fees	Salaries	Bonus	Other benefits	Contribution to pension scheme	Total
Executive Directors						
Mr. Zhou Renqiang	—	645	50	—	27	722
Mr. Tu Xiaobei	—	452	35	—	27	514
Mr. Li Junjie	—	452	35	—	27	514
Mr. Li Yungui*	—	263	35	—	17	315
Mr. Li Jiezhi	—	189	—	—	10	199
Non Executive Directors						
Mr. Liu Xianfu	50	—	—	—	—	50
Mr. Meng Jie	50	—	—	—	—	50
Independent Directors						
Mr. Leung Man Kit*	75	—	—	—	—	75
Ms. Li Mei*	50	—	—	—	—	50
Ms. Guo Shan*	50	—	—	—	—	50
Mr. To Cheng Chu	45	—	—	—	—	45
Mr. Yang Mianzhi	30	—	—	—	—	30
Mr. Hu Bin	30	—	—	—	—	30
	380	2,001	155	—	108	2,644

* Mr. Li Yungui, Mr. Leung Man Kit, Ms. Li Mei and Ms. Guo Shan retired from the position in August 2011. Thereafter Mr. Li Jiezhi, Mr. To Cheng Chu, Mr. Yang Mianzhi and Mr. Hu Bin were appointed as directors effective from 17 August 2011.

Notes to the consolidated financial statements

For the year ended 31 December 2011
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30 Employee benefit expenses - Group (continued)

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

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

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

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for 2011 include three directors (2010: four directors), whose emoluments are reflected in the analysis presented above, and two employees whose emoluments amounted to RMB 514 thousand and RMB 434 thousand respectively (2010: an employee whose emoluments amounted to RMB 455 thousand).

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

31 Finance costs - Group

	Year ended 31 December	
	2011	2010
Interest expense on:		
- bank borrowings	4,533	16,112
- corporate bonds	105,366	105,095
- interest paid	100,000	100,000
- amortisation of corporate bonds	5,366	5,095
- amortisation of long-term payables to XHMC (Note 24(a))	17,350	16,342
	<u>127,249</u>	<u>137,549</u>

32 Taxation - Group

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

	Year ended 31 December	
	2011	2010
Current taxation- CIT (a)	301,973	271,398
Deferred taxation charged/(credited) to consolidated income statement (Note 25)	6,602	(5,607)
	<u>308,575</u>	<u>265,791</u>

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

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

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
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32 Taxation - Group (continued)

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

According 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 January 1, 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. According to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation on 22 February 2008, where the Company declares dividend in 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.

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

	Year ended 31 December	
	2011	2010
Profit before income tax	1,236,887	1,135,030
CIT rate	25%	25%
Tax calculated at the CIT rate	309,222	283,758
Expenses not deductible for tax purpose	2,592	266
Income not subject to income tax	(2,005)	(9,807)
Tax adjustment made after tax filing by tax bureau (a)	(1,234)	(8,426)
Tax Charges	308,575	265,791

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
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33 Profit attributable to shareholders of the Company

The profit attributable to shareholders is dealt with in the financial statements of the Company to the extent of approximately RMB 822,757 thousand (2010: RMB 719,461 thousand).

34 Earnings per share

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

	Year ended 31 December	
	2011	2010
Profit attributable to equity holders of the Company	849,199	789,154
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>0.5120</u>	<u>0.4758</u>

35 Dividends

The dividends paid during the years ended 31 December 2011 and 2010 were RMB 348,308 thousand (RMB 0.21 per share) and 331,722 thousand (RMB 0.20 per share) respectively. A final dividend in respect of 2011 of RMB 0.21 per share, amounting to a total dividend of RMB 348,308 thousand will be proposed at the Annual General Meeting on 25 May 2012. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2011	2010
Proposed final dividend of RMB 0.2 (2010: RMB 0.21) per ordinary share	<u>348,308</u>	<u>348,308</u>

Notes to the consolidated financial statements

*For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)*

36 Appropriation

(a) Statutory Surplus Reserve Fund

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

(b) Dividends distribution

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
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37 Notes to consolidated cash flow statement

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

	Year ended 31 December	
	2011	2010
Profit before income tax	1,236,887	1,135,030
Adjustments for:		
Settlement of revenue in form of concession intangible assets	(693,524)	(431,449)
Amortisation of Concession intangible assets	400,744	423,762
Depreciation of property, plant and equipment	97,761	74,402
Depreciation of investment properties	7,453	1,300
Amortisation of land use rights	1,059	646
Amortisation of intangible assets	616	325
Gain on disposal of a subsidiary	—	(498)
(Gain)/Loss on disposal of property, plant and equipment	(2,379)	13,879
Loss on disposal of intangible assets	10	624
Share of profit of an associate	(8,019)	(4,695)
Gain on disposal of available-for-sale financial assets	—	(5,208)
Interest income	(13,012)	(4,762)
Interest expense	127,249	137,549
Operating profit before working capital changes	1,154,845	1,340,905
Decrease/(increase) in inventories	348	(1,366)
(Decrease)/increase in provision	(22,123)	780
Increase in trade and other receivables	(11,068)	(55,750)
Increase/(decrease) in trade and other payables	52,885	(53,016)
Cash generated from operating activities	1,174,887	1,231,553

Non-cash transaction

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
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38 Commitments - Group

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

	Year ended 31 December	
	2011	2010
Concession intangible assets		
- Approved but not contracted	—	6,315
- Contracted but not provided for	269,352	129,000
	<u>269,352</u>	<u>129,000</u>

39 Disposal of a subsidiary

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

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

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
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40 Related party transactions

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

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

(a) Name of related party and relationship

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

Notes to the consolidated financial statements

For the year ended 31 December 2011
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40 Related party transactions (continued)

(b) Related party transactions

Save as disclosed elsewhere in this report, during the years ended 31 December 2011 and 2010, the Group had the following significant transactions with related parties:

(i) Service income from management of toll roads

	Year ended 31 December	
	2011	2010
AEHC	12,901	6,871
ALEC	1,467	1,467
AFEC	1,003	1,003
AYEC	—	3,866
AHEC	—	2,292
AHLEC	—	1,800
	<u>15,371</u>	<u>17,299</u>

(ii) Rental income

	Year ended 31 December	
	2011	2010
YTMC (Note 27(a))	7,383	7,378
MTFC	241	360
AEPC	15	—
	<u>7,639</u>	<u>7,738</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
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40 Related party transactions (continued)

(b) Related party transactions (continued)

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

	Year ended 31 December	
	2011	2010
MTFC	18,408	260
AEPMC	7,365	—
BNMC	5,929	3,503
AERC	3,749	498
AEIC	—	1,584
	<u>35,451</u>	<u>5,845</u>

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

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

	Year ended 31 December	
	2011	2010
XCCC	<u>411</u>	<u>—</u>

(v) Paid and payable for advertisement service

	Year ended 31 December	
	2011	2010
AEAC	<u>700</u>	<u>—</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
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40 Related party transactions (continued)

(b) Related party transactions (continued)

(vi) Guarantee received

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

The long-term bank borrowing of RMB 126,900 thousand was guaranteed by XCCC (Note 22).

(vii) Key management compensation

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

	Year ended 31 December	
	2011	2010
Salaries and other short-term employee benefits	<u>2,641</u>	<u>2,385</u>

(viii) Transactions with the State-owned Enterprises

	Year ended 31 December	
	2011	2010
Borrowings from banks	90,000	176,900
Toll road repair and maintenance cost paid and payable	21,583	20,006
Toll road construction/upgrade cost paid and payable	<u>483,150</u>	<u>724,189</u>
	<u>594,733</u>	<u>921,095</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
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40 Related party transactions (continued)

(c) Related party balances

(i) Trade and other receivables

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
Ningxuanhang	—	—	5,363	—
AEAC	10,298	3,990	10,298	3,990
YTMC	3,756	—	3,756	—
MTFC	1	—	1	—
State-owned Enterprises	124,851	—	122,790	—
	<u>138,906</u>	<u>3,990</u>	<u>142,208</u>	<u>3,990</u>

(ii) Trade payables

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
MTFC	7,354	—	6,896	—
AEPMC	5,150	—	4,550	—
BNMC	816	—	816	—
AERC	590	—	468	—
State-owned Enterprises	119,479	84,581	119,479	83,085
	<u>133,389</u>	<u>84,581</u>	<u>132,209</u>	<u>83,085</u>

Notes to the consolidated financial statements

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40 Related party transactions (continued)

(c) Related party balances (continued)

(iii) Other payables

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
Xuan Guang	—	—	22,704	—
AEPMC	1,137	—	—	—
MTFC	526	—	167	—
YTMC	161	161	161	161
State-owned Enterprises	26,649	28,003	26,649	25,401
	<u>28,473</u>	<u>28,164</u>	<u>49,681</u>	<u>25,562</u>

(iv) Long-term payables

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
XHMC	298,653	281,303	—	—
XCCC	68,268	26,511	—	—
	<u>366,921</u>	<u>307,814</u>	<u>—</u>	<u>—</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
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40 Related party transactions (continued)

(c) Related party balances (continued)

(v) Loans to subsidiaries

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
Xuan Guang	—	—	219,197	206,463
Ningxuanhang	—	—	406,445	61,859
	<u>—</u>	<u>—</u>	<u>625,642</u>	<u>268,322</u>

As at 31 December 2011 and 2010, amounts due from and due to the related parties as aforementioned, except for long-term payables to XHMC and XCCC as disclosed in Note 24 and loans to subsidiaries as disclosed in Note 12, mainly arose from the above transactions and payments made by the Group/Company and related parties on behalf of each other. These amounts are unsecured, interest-free and are repayable within 1 year.

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

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
State-owned banks-bank deposits	215,897	227,573	150,720	169,065
State-owned banks-borrowings	<u>166,900</u>	<u>176,900</u>	<u>—</u>	<u>—</u>

Notes to the consolidated financial statements

For the year ended 31 December 2011
(All amounts in Renminbi thousands unless otherwise stated)

41 Events after the balance sheet date

- (a) Pursuant to a resolution of the Board of Meeting on 27 March 2012, a cash dividend of RMB 348,308 thousand was proposed. Please refer to Note 35 for details.
- (b) On 21 February 2012, the Company entered into an agreement with AEHC and XHMC to acquire AEHC's 51% equity interest and XHMC's 4.47% equity interest in Xuancheng Guangci Expressway Co., Ltd. ("Guangci", a subsidiary of AEHC) for a cash consideration of RMB 234,210 thousand. After the acquisition, Guangci will be a subsidiary of the Company.
- (c) The Company and Hefei Hua Tai Group Co., Ltd. ("合肥華泰集團股份有限公司", "Hua Tai") established Hefei Wan Tong Pawn Co., Ltd. ("合肥皖通典當有限公司", "Wan Tong Pawn", a subsidiary of the Company) in February 2012. The Company invested in RMB 150,000 thousand and holds 71.43% equity interest in Wan Tong Pawn. Hua Tai invested in RMB 60,000 thousand and holds 28.57% equity interest in Wan Tong Pawn.

42 Reclassification of comparative figures

The Company made some reclassifications on the comparative figures to conform to the current year presentation of detailed line items in the consolidated income statement prepared in accordance with the statutory requirements of Accounting Standards for Business Enterprises. Accordingly, certain comparative figures in this consolidated income statement have been reclassified accordingly as follows:

	Previously reported	Reclassified amount	Restated amount
Revenues	2,541,014	11,650	2,552,664
Cost of sales	(1,114,878)	(112,724)	(1,227,602)
Gross profit	1,426,136	(101,074)	1,325,062
Other gains/(losses) – net	4,047	(4,744)	(697)
Administrative expenses	(162,299)	105,818	(56,481)
Operating profit	1,267,884	—	1,267,884

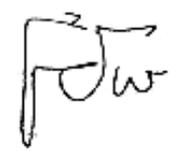
The reclassification of comparative figures did not have any impact on the net profit, basic and diluted earnings per share for the year ended 31 December 2010 and equity attributable to owners of the Company as at 31 December 2010.

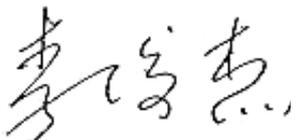
Confirmation Opinion to 2010 Annual Report by Directors and Senior Management

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

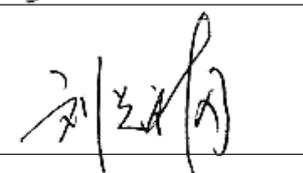
Directors' Signature:

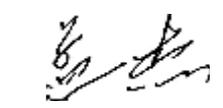
Zhou Renqiang: 

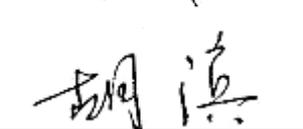
Tu Xiaobei: 

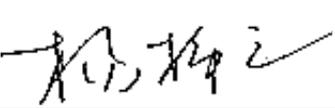
Li Junjie: 

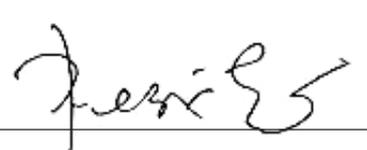
Li Jiezhong: 

Liu Xianfu: 

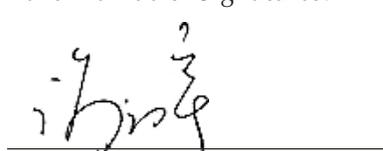
Meng Jie: 

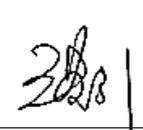
Hu Bin: 

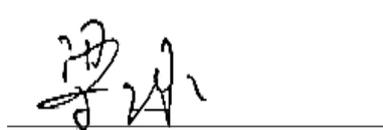
Yang Mianzhi: 

To Cheng Chi: 

Senior Management Members' Signatures:

Xie Xinyu: 

Wang Changyin: 

Liang Bing: 

27 March 2012

Appendix:

I. Profile of the highways

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

Hening Expressway (G40 Hushan Expressway Hening Section)

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

Appendix

The New Tianchang Section of National Trunk 205

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

Ninghuai Expressway Tianchang Section

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

Gaojie Expressway (G50 Huyu Expressway Gaojie Section)

The Gaohe to 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 south-eastern coastal region.

Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section)

The Xuanzhou to Guangde Expressway is an existing dual carriageway four-lane expressway located in the south-eastern part of Anhui Province with total mileage of 84km constructed in two phases. Xuanzhou-guangde section, which is about 67km long, was opened to traffic in September 1997. Xuanzhou south ring road is a 17km long expressway, which links Xuanguang Expressway near Shuangqiao, Xuanzhou, and was opened to traffic in July 2001 and merged into the Company in August 2003. This expressway starts from Xuanzhou in Anhui Province and ends near Jiepai, Guangde in Anhui Province and forms part of the National Trunk 318 extending from Shanghai to Nielamu in Tibet. National Trunk 318 is a key transport artery, linking the coastal regions with the inland and the western boarder of the PRC.

Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section)

Lianhuo Expressway Anhui Section is a 54km long dual carriage four-lane expressway, part of the “Two Verticals and Two Horizontals” National Trunk between Lianyungang and Huoerguosi in Anhui Province. Connecting with the highways located in Henan and Jiangsu Province and the expressways between Beijing and Fuzhou, it plays an important role in China’s politics, economy, military affairs and National Truck Networks.

Ningxuanhang Expressway Tianchang Section

Ningxuanhang Expressway Tianchang Section is a 122km long dual carriage four-lane expressway with asphalt concrete road surface, which starts at the border between Anhui and Jiangsu at Jinshankou, passing through Xuancheng and Ningguo, terminates at the boarder between Anhui and Zhejiang at Qianqiuguan. This expressway forms an important part of the “Four Verticals and Eight Horizontals” of expressway network in Anhui Province, which is the tie communicating Anhui and Zhejiang and linking two big economic regions of Nanjing and Hangzhou. This expressway is planned to construct by three sections, the first is Xuancheng to Ningguo section with total of 44km, the second is Gaochun to Xuancheng section with total of 33km and the third is Ningguo to Qianqiuguan section with total of 45km.

Appendix

II. Vehicles classification and toll Rates (effective from 0:00 a.m 10 November 2010)

Vehicles classification and toll rates for expressways (Ninghuai Expressway Tianchang Section excluded)

Unit: vehicle km

Vehicles type	Passenger vehicles	Toll rates
Type 1	7 seats or below (including 7 seats)	RMB 0.45
Type 2	Between 8 seats and 19 seats	RMB 0.80
Type 3	Between 20 seats and 39 seats	RMB 1.10
Type 4	40 seats or above (including 40 seats)	RMB 1.30

Vehicles Classification and Toll Rates of Ninghuai Expressway Tianchang Section (effective from 0:00 a.m 10 January 2012)

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

Toll rates of New Tianchang Section of National Trunk 205

Type of Vehicles	Toll Rates
Motor bicycles and tricycles	RMB3 per vehicle
Small tractors (including manual tractors) and other four-wheeled small and simple mechanical vehicles	RMB5 per vehicle
Passenger wagons below 20 seats	RMB10 per vehicle
Passenger wagons between 20 and 50 seats (including 50 seats)	RMB15 per vehicle
Passenger wagons over 50 seats	RMB25 per vehicle

III. Toll rates applicable to goods vehicles with reference to their weight

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

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

- Notes:
1. Vehicles, which weight less than 5 tonnes, shall be charged according to 5 tonnes scale
 2. If the toll chargeable is less than RMB20, RMB20 shall be charged
 3. The toll charges less than RMB2.5 will be rounded down, for RMB2.51-RMB7.5 will be rounded down to the nearest RMB5, and for RMB7.51-RMB9.99 will be rounded up to the nearest RMB10.

2. Toll rates applicable to goods vehicles with reference to their weight of New Tianchang Section of National Trunk 205

Gross weight of goods vehicle	≤10 tonnes	10 tonnes < Gross weight of goods vehicle ≤40 tonnes	>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. The toll charges will be rounded up. For expressways, less than RMB2.5 will be rounded down to the nearest RMB10, for RMB2.51-RMB7.5 will be rounded down to the nearest RMB5, and for RMB7.51-RMB9.99 will be rounded up to the nearest RMB10.

Appendix

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



Legend

- Existing Expressways (Anhui Expressway Group)
- - - - Expressways under Construction or to be Constructed (Anhui Expressway Group)
- Existing Expressways (Company)
- - - - Expressways under Construction or to be Constructed (Company)
- Existing Expressways (Others)
- - - - Expressways under Construction or to be Constructed (Others)
- Provincial Administrative Center
- Municipal Administrative Center
- County Administrative Center



Anhui Expressway Company Limited