



Anhui Expressway Company Limited

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

Stock Code: 0995

2021
ANNUAL REPORT

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Important Notice

1. **The Board of the Directors, the Supervisory Committee and the Directors, Supervisors and the Senior Management of the Company hereby warrant that the contents of the annual report are true, accurate and complete, and that there are no false accounts, misleading statements or significant omissions of information and jointly and severally accept the legal responsibility.**
2. **All the Directors of the Company attend the Board meeting.**
3. **PricewaterhouseCoopers Zhong Tian LLP (PRC Auditor) and PricewaterhouseCoopers (Hong Kong Auditor) have issued standard unqualified audit opinions on the consolidated financial statements of the Company.**
4. **Mr. Xiang Xiaolong, the Chairman, Mr. Tao Wensheng, responsible person for the accountant work and Mr. Huang Yu, manager of the Financial Department of the Company hereby confirm that the financial statements contained in this annual report are true, accurate and complete.**
5. **The profit appropriation plan or transfers of share capital from capital reserves plan for the period under review approved by the Board of Directors:**

The Company's net profit as shown on the 2021 financial statements prepared in accordance with the PRC accounting standards was RMB1,412,094 thousand. The Company's profit as shown on the 2021 financial statements prepared in accordance with the Hong Kong accounting standards was RMB1,409,981 thousand. As the statutory reserve fund has reached over 50% of the total capital, no appropriation is required this year. Consequently, the profit from year 2021 available for distribution to shareholders was RMB1,412,094 thousand and RMB1,409,981 thousand in accordance with the PRC accounting standards and the Hong Kong accounting standards respectively. Pursuant to the relevant PRC regulations, the lower of the two amounts shall be the basis of distribution. Therefore, the profit available for distribution to shareholders for the year 2021 was RMB1,409,981 thousand. The Company recommended the payment of a final dividend of RMB912,235.50 thousand on the basis of RMB5.50 for every 10 shares (tax included) based on the total issued share capital of 1,658,610,000 shares at the end of 2021. In 2021, no transfers of share capital from capital reserves were made.

6. The forward-looking risk statement

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



Important Notice

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

No

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

No

9. Whether more than half of the directors are unable to guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company?

No

10. Major Risk Notice

The major risks have been concretely described in the report, please refer to the part of “Discussion and Analysis on Future Development of the Company” in Section III “Management Discussion and Analysis” for the possible risk factors and the corresponding tackling measures as set out in the discussion and analysis in respect of the future development of the Company.

11. Other

Unless otherwise specified, the amount in this report is denominated in RMB.

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

Section I Definitions

1. DEFINITIONS

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

“the Company”	Anhui Expressway Company Limited
“the Group”	Collectively the Company, its subsidiaries and associated companies
“Articles of Association”	the articles of association of the Company
“ATHC” or “Anhui Transportation Holding Group”	Anhui Transportation Holding Group Company Limited (formerly known as Anhui Expressway Holding Group Company Limited and Anhui Expressway Holding Corporation)
“Board”	the board of Directors
“China Merchants Highway”	China Merchants Highway Network Technology Holding Company Limited (formerly known as China Merchants Hua Jian Highway Investment Company Limited)
“Company Law”	the Company Law of the People’s Republic of China
“Director(s)”	the director(s) of the Company
“reporting period” or “Reporting Period”	the year ended 31 December 2021
“SSE”	Shanghai Stock Exchange
“SEHK” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“SFO”	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

Section I Definitions

“Xuanguang Company”	Xuanguang Expressway Company Limited
“Expressway Media”	Anhui Expressway Media Company Limited
“Xin’an Financial”	Anhui Xin’an Financial Group Company Limited
“Xin’an Capital”	Anhui Xin’an Capital Operation Management Company Limited
“Xuancheng Transportation”	Xuancheng Transportation Investment Group Company Limited(formerly known as Xuancheng Transportation Investment Company Limited)
“Ningxuanhang Company”	Anhui Ningxuanhang Expressway Investment Company Limited
“Guangci Company”	Xuancheng City Guangci Expressway Limited Liability Company
“Wantong Pawn”	Hefei Wantong Pawn Company Limited
“Wantong Micro Credit”	Hefei Wantong MicroCredit Company Limited
“Huatai Group”	Hefei Huatai Group Corporation Limited
“HK Subsidiary”	Anhui Expressway (H.K.) Limited
“China Merchants Fund”	Anhui Transportation China Merchants Industrial Fund (Limited Partnership)
“China Merchants Fund Management Company”	Anhui Transportation China Merchants Investment Private Fund Management Company Limited
“Jinshi Merger and Acquisition Fund”	Anhui Transportation Jinshi Merger and Acquisition Fund (Limited Partnership)
“Jinshi Equity Investment Fund”	Anhui Transportation Jinshi Equity Fund (Limited Partnership)
“Jinshi Fund Management Company”	Anhui Transportation Jinshi Private Fund Management Co., Ltd.
“Information Industry Company”	Anhui Transportation Information Industry Company Limited
“Network Company”or “AENO”	Anhui Expressway Network Operations Company Limited
“United Card Company”	Anhui Transportation United Card Holding Company Limited



Section I Definitions

“Anqing Bridge Company”	Anhui Anqing Yangtze River Expressway Bridge Limited Liability Company
“CMU”	China Merchants Union (BVI) Limited
“Zhejiang Expressway”	Zhejiang Expressway Company Limited
“Jiangsu Expressway”	Jiangsu Expressway Company Limited
“Sichuan Expressway”	Sichuan Expressway Company Limited
“ATHC Construction”	Anhui Transportation Holding Construction Company Limited (formerly known as Anhui Expressway Construction Company Limited)
“Expressway Petrochemical”	Anhui Expressway Petrochemical Company Limited
“Huanyu Company”	Anhui Huanyu Highway Construction Development Company Limited
“AJCG”	Anhui Jinggong Construction General Co., Ltd.
“Anlian Company”	Anhui Anlian Expressway Company Limited
“Wangqian Company”	Anhui Wangqian Expressway Company Limited
“Wuyan Company”	Anhui Provincial Wuyan Expressway Limited
“Liguang Company”	Anhui Liguang Expressway Company Limited
“Yangji Company”	Anhui Yangji Expressway Company Limited
“Yida Company”	Anhui Province Yida Expressway Service Area Operating Management Company Limited
“Experiment Research Centre”	Anhui Expressway Experiment Research Centre Co., Ltd.
“Design Institute”	Anhui Transport Consulting and Design Institute Company Limited

Section II Corporate Profile and Main Financial Indicators

1. COMPANY INFORMATION

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

2. CONTACT PERSON AND CONTACT DETAILS

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

3. INTRODUCTION OF BASIC INFORMATION

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

Section II Corporate Profile and Main Financial Indicators

4. INFORMATION DISCLOSURE AND ADDRESSES FOR KEEPING REPORT

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

5. COMPANY STOCK INFORMATION

Stock Category	Stock Exchange	Stock Abbreviations	Stock Code	Stock Abbreviations before alteration
A Shares	Shanghai Stock Exchange	皖通高速	600012	—
H Shares	The Stock Exchange of Hong Kong Limited	ANHUIEXPRESSWAY	0995	—

6. OTHER RELATED INFORMATION

PRC Auditor (domestic)	Name	PricewaterhouseCoopers Zhong Tian LLP
	Office Address	11th Floor, PricewaterhouseCoopers Center, 202 Hubin Road, Shanghai
Hong Kong Auditor (overseas)	Signing Accountant Name	Diao Liping, Xu Qinqin
	Name	PricewaterhouseCoopers
	Office Address	22nd Floor, Prince's Building, Central, Hong Kong
PRC Legal Adviser	Signing Accountant Name	PricewaterhouseCoopers
	Name	Anhui Huishang Lawyer's Office
	Office Address	9th floor, Building C, Zhongqiao Center, 1999 Qianshan Road, Shushan District, Hefei city
Hong Kong Legal Adviser	Name	Gallant
	Office Address	5th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong
Domestic share registrar	Name	China Securities Central Clearing and Registration Corporation, Shanghai Branch
	Office Address	36th Floor, China Insurance Mansion, 166, Lujiazui East Road, Shanghai
Overseas share registrar	Name	Hong Kong Registrars Limited
	Office Address	Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

Section II Corporate Profile and Main Financial Indicators

7. MAIN ACCOUNTING DATA AND FINANCIAL INDICATORS IN RECENT YEARS

Main accounting data and main financial indicators prepared in accordance with accounting principles generally accepted in the PRC (“the PRC Accounting Standards”) over the past three years

(1) Main Accounting Data

Unit: yuan Currency: RMB

Main Accounting Data	2021	2020		Change of the current period over the same period of last year (%)	2019	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Revenue	3,920,958,228.02	2,933,817,467.59	2,632,532,207.42	33.65	3,330,407,974.01	2,946,420,820.29
Net profit attributable to shareholders of the Company	1,514,167,905.95	869,255,860.02	918,480,418.11	74.19	1,107,039,411.74	1,097,546,191.64
Net profit after extraordinary items attributable to shareholders of the Company	1,362,706,570.12	837,680,756.25	838,242,166.90	62.68	1,084,713,753.41	1,084,806,943.04
Net cash flows from operating activities	2,097,060,846.01	1,706,324,014.32	1,703,936,939.19	22.90	1,826,276,414.41	1,822,702,104.07

	As at the end of 2021	As at the end of 2020		Change of the current period over the same period of last year (%)	As at the end of 2019	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Net assets attributable to shareholders of the Company	11,389,109,507.83	11,503,512,073.17	11,276,709,422.09	-0.99	11,018,892,588.04	10,737,909,003.94
Total assets	19,920,862,968.50	20,762,733,435.38	16,240,743,095.33	-4.05	20,346,011,916.80	15,920,011,667.90

Section II Corporate Profile and Main Financial Indicators

(2) Main Financial Indicators

Unit: yuan Currency: RMB

Financial indicators	2021	2020		Change of the current period over the same period of last year (%)	2019	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Basic earnings per share (RMB/share)	0.9129	0.5241	0.5538	74.19	0.6675	0.6617
Diluted earnings per share (RMB/share)	0.9129	0.5241	0.5538	74.19	0.6675	0.6617
Basic earnings per share after extraordinary items (RMB/share)	0.8216	0.5050	0.5053	62.70	0.6540	0.6540
Returns on net assets (weighted average) (%)	12.58	7.74	8.37	An increase of 4.84 percentage point	10.39	10.58
Returns on net assets after extraordinary items (weighted average) (%)	11.32	7.46	7.63	An increase of 3.86 percentage point	10.17	10.45

Explanation of the company's main accounting data and financial indicators for the first three years at the end of the reporting period

On 24 December 2021, the Company acquired 100% equity of Anqing Bridge Company and related shareholders' loan in a business combination under the same control. The data disclosed in 2019, 2020 and 2021 have been adjusted retrospectively.

Summary of published results and of assets and liabilities prepared in accordance with accounting principles generally accepted in Hong Kong ("the Hong Kong Accounting Standards" or "HKFRS") over the past five years

Summary of Results

For the year ended 31 December

Unit: '000 Currency: RMB

	2021	2020	2019	2018	2017
Revenue	4,029,476	2,714,269	4,640,431	3,875,803	4,308,759
Profit before income tax	2,116,190	1,245,972	1,550,142	1,537,528	1,529,639
Profit attributable to owners of the Company	1,511,965	916,104	1,089,855	1,115,361	1,083,235
Basic earnings per share (yuan)	0.9116	0.5523	0.6571	0.6725	0.6531

Section II Corporate Profile and Main Financial Indicators

Summary of assets and liabilities

As at 31 December

Unit: '000 Currency: RMB

	2021	2020	2019	2018	2017
Total assets	19,965,469	16,286,343	15,970,259	14,829,956	14,234,303
Total liabilities	7,985,646	4,334,693	4,360,855	4,200,849	4,147,710
Total net assets (deducting minority shareholders' interests)	11,424,654	11,314,457	10,778,299	10,118,674	9,436,203
Net assets per share (deducting minority shareholders' interests) (yuan)	6.8881	6.8217	6.4984	6.1007	5.6892

Note: the amounts for 2017-2020 in the summary of results and summary of assets and liabilities were extracted from the Company's published audited financial statements.

8. MAJOR DIFFERENCE BETWEEN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

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

☐ Applicable ☒ Not applicable

Section II Corporate Profile and Main Financial Indicators

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

Unit: '000 currency: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Amount of current period	Amount of Previous period	Amount at the end of period	Amount at the beginning of the period
PRC Accounting Standards	1,514,168	869,256	11,389,110	11,503,512
Items and amount adjusted according to Hong Kong Accounting Standards:				
Valuation, depreciation/amortization and related deferred taxes	-2,203	-1,707	35,544	37,747
Hong Kong Accounting Standards	1,511,965	867,549	11,424,654	11,541,259

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

In order to issue and list H shares in Hong Kong, the toll roads, fixed assets and related land use rights were valued by a PRC certified public valuer and an international certified public valuer on 30 April and 15 August 1996 respectively and the results were included in the relevant prescribed statements and the financial statements prepared in accordance with HKFRS. As per the said valuation, the fair value valued by the international certified public valuer is higher than the PRC certified public valuer's result by RMB319,000,000. Such differences have impacts on the business performance (i.e. the depreciation and amortization figures of the highway franchise, fixed assets, and land use rights) and the related deferred tax effect of the Group and the Company, which have resulted in the above adjustments.

9. MAIN FINANCIAL STATISTICS OF 2021 ON A QUARTERLY BASIS (IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

Unit: yuan Currency: RMB

	the first quarter (Jan.-Mar.)	the second quarter (Apr.-Jun.)	the third quarter (Jul.-Sep.)	the fourth quarter (Oct.-Dec.)
Revenue	964,647,328.62	950,216,485.47	1,015,965,570.99	990,128,842.94
Net profit attributable to shareholders of the Company	381,881,827.84	383,461,444.64	421,406,729.65	327,417,903.83
Net profit after extraordinary items attributable to shareholders of the Company	346,969,162.69	344,872,361.67	376,854,023.16	294,011,022.60
Net cash flows from operating activities	526,107,178.32	456,221,033.55	689,990,580.32	424,742,053.82

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

On 24 December 2021, the Company acquired 100% equity and related shareholder's loan of Anqing Bridge Company, by means of business merger under the same control. Therefore, the disclosed data in the first three quarters of 2021 were retroactively adjusted.

Section II Corporate Profile and Main Financial Indicators

10. EXTRAORDINARY ITEMS OF PROFIT/LOSS DEDUCTED AND AMOUNTS INVOLVED (IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

Unit: yuan Currency: RMB

Extraordinary items	Amount of 2021	Note (if applicable)	Amount of 2020	Amount of 2019
Gains and losses from disposals of non-current assets	-5,565,361.84		-3,138,025.88	-210,413.99
Government subsidies charged to the current gains/losses,(excluding those closely related to the Company's normal operations, subsidized continuously in accordance with the applicable standards and in compliance with the government policies or regulations)	7,258,769.76	Being the income amount of construction funds subsidies of Ninghuai Expressway (Tianchang Section) provided by Jiangsu Provincial Expressway Construction Head quarter (attached to the Transportation Department of Jiangsu Province) in 2007, and the income amount of construction funds subsidies of Hening Expressway and Gaojie Expressway provided by Anhui Provincial Expressway Construction Headquarter (attached to the Transportation Department of Anhui Province) received in 2010 amortised in the reporting period, and governmental subsidies related to the cancellation of provincial boundary toll stations and financial subsidies of water supply, electricity supply, heating and property management	6,013,651.92	2,633,445.68
Current net profit and loss of subsidiaries arising from business combination under the same control from the beginning of the period to the merger date	116,644,437.26		-65,577,971.54	13,035,593.99
In addition to effective hedging business related to the normal business of the Company, investment returns from trading financial assets,derivative financial assets,profit or loss from changes in the fair value of the trading financial liabilities, derivative financial liabilities,and the disposal of trading financial assets, derivative financial assets, trading financial liabilities,derivative financial liabilities and other debt investments	42,723,724.58	The main reason is that the Company recognized the fair value change income of fund partnership and obtained the income of floating interest rate structural deposit	105,427,349.75	11,891,005.50
Reversal of impairment reserves of receivables and contract assets subject to independent impairment test	12,035,023.84		3,069,042.70	0.00
Other non-operating income and expenditure other than above	-316,248.09		-5,240,102.37	4,344,035.91
Subtract: Effect of income tax	16,362,691.97		9,379,596.16	8,034,380.48
Effects of minority shareholders' interests(After tax)	4,956,317.71		-400,755.35	1,333,628.28
Total	151,461,335.83		31,575,103.77	22,325,658.33

Note: On 24 December 2021, the Company acquired 100% equity of Anqing Bridge Company and related shareholders' loans in a business combination under the same control. The data disclosed in 2019, 2020 and 2021 have been adjusted retrospectively.

Section II Corporate Profile and Main Financial Indicators

11. ITEMS IN FAIR-VALUE MEASUREMENT

Unit: yuan Currency: RMB

Items	Amount at the beginning of the period	Amount at the end of the period	Change	Amount affecting profit
Trading financial assets – structured deposits	1,104,490,547.95	0.00	-1,104,490,547.95	31,045,530.59
Other equity instrument investments	118,326,018.74	115,138,026.96	-3,187,991.78	0.00
Other non-current financial assets	259,326,039.66	304,212,566.98	44,886,527.32	11,678,193.99
Total	1,482,142,606.35	419,350,593.94	-1,062,792,012.41	42,723,724.58

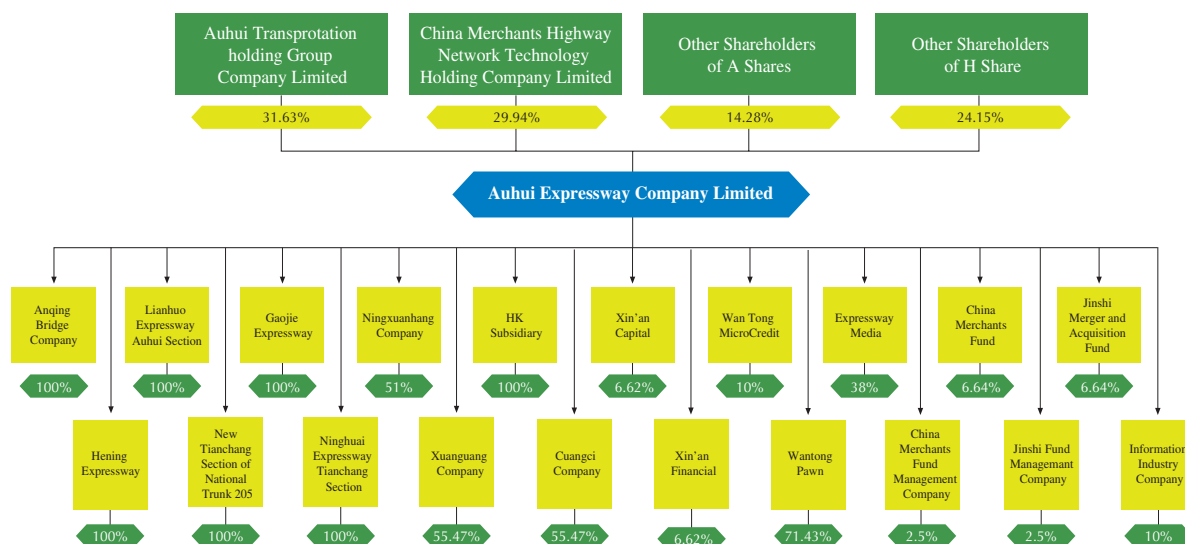
12. OTHER

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"). At present, the registered capital of the Company is RMB1,658,610,000.

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

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

As of 31 December 2021, the structure of the Company, its subsidiaries and associated companies (the "Group") is as follows:



Section III Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, faced with the new situation of normalized epidemic prevention and control, the Company strictly implemented various work decisions and arrangements, worked hard and bravely, resumed the growth of toll income, made a substantial breakthrough in the acquisition and expansion of main business, successfully achieved the established annual goals and took a solid step towards high-quality development.

1. Multidimensional force, remarkable operation and management efficiency

In terms of toll management, the effect of overload control at the entrance is remarkable, and the effects of plugging loopholes, combating toll evasion and online audit are obvious; In terms of electromechanical management, the operation and maintenance is high-quality and efficient, and the digitisation level of operation is continuously improved; In terms of maintenance management, preventive maintenance actions were comprehensively promoted, and the concept of green maintenance was further implemented. It successfully passed the monitoring of the technical status of the national highway network in 2021 and won high praise; In terms of safety management, the accident prone sections have been fully rectified and improved, the safety management system and emergency plan system have been continuously improved, the safety responsibilities have been further clarified, and the safety coefficient of the road network has been effectively improved; In terms of road condition improvement, earnestly implement the company's deployment requirements, formulate plans, clarify various reference standards, actively carry out special actions to improve the environmental quality of the road area, and effectively improve the road appearance. Through multi-dimensional efforts and multiple measures, the Company has basically established a road network operation service system covering toll collection, information, rescue, maintenance and other sectors, gradually creating a service pattern of "all-weather, all road areas and all elements", comprehensively upgrading travel services, and making the smiling service process more standardized and clear.

2. Deepen governance and effectively improve the level of corporate governance

During the reporting period, the Company completed the adjustment and appointment of some Directors, Supervisors and senior managers, and the personnel composition and professional division of Directors, Supervisors and senior managers became more reasonable. Actively respond to the requirements of the regulatory authorities, carry out special self-examination on corporate governance, sort out all levels and links of corporate governance in combination with the self-examination list, ensure effective control of all major aspects of corporate governance, and eliminate violations affecting the level of corporate governance.

Attach great importance to internal audit and internal control, focus on promoting the development of the Company, improving management, improving efficiency and strengthening internal control to prevent risks, and constantly deepen the implementation, supervision and inspection of internal control system. Regularly collect information and analyze business conditions, and constantly adjust risk control measures according to internal and external change trends. During the reporting period, in view of the risk accumulation of quasi-financial business, in order to further optimize the company's industrial structure and strengthen risk control, the Company resolved to liquidate and dissolve Wantong Pawn, which is controlled by the Company.



Section III Management Discussion and Analysis

3. Take an active role and achieve a breakthrough in the acquisition and expansion of the main business

During the reporting period, the Company coordinated the demands of all parties, overcame difficult problems and successfully completed the acquisition project of Anqing Bridge Company. The acquisition increases the mileage of the Company's operating highways to 609 kilometers, which is conducive to extending the average toll collection period of the Company's road assets and forming a road network effect. It has important strategic significance for improving the Company's overall competitiveness and profitability and enhancing the Company's sustainable development ability.

During the reporting period, the PPP project for reconstruction and expansion of Xuanguang Expressway was successfully implemented. Through innovative investment forms, this reconstruction and expansion has achieved a zero breakthrough in the Company's participation in PPP projects, which is of great practical significance for improving the Company's sustainable operation capacity and planning in advance to enhance the traffic capacity of main road sections.

4. Never forget the original intention and strive to improve the return level of shareholders

During the reporting period, the Company listened to the opinions of investors through multiple channels, responded to and implemented the relevant requirements of regulatory authorities for improving the return level of shareholders, created a medium and long-term value investment atmosphere, realized shareholders' sharing of the Company's development income, and effectively safeguarded the rights and interests of shareholders of the Company, especially small and medium-sized investors. The Company has formulated the shareholder return plan of Anhui Expressway Co., Ltd. (2021–2023) in combination with the current dividends situation in the market and its own actual situation. According to the plan, the profit distributed in cash by the Company in the next three years shall not be less than 60% of the net profit attributable to the owners of the parent Company in the consolidated statements realized in that year. The plan effectively improved the cash dividend level and effectively improved the market image of the Company.

5. Analysis of the prevailing development trend

2022 is an important year for building a modern socialist country in an all-round way and marching on a new journey towards the second centennial goal. It is also an important year for the comprehensive implementation of the major strategy of the integrated development of the Yangtze River delta, construction of the Yangtze River economic belt and the construction of a transportation power.

On one hand, we should make full use of the good opportunities and favorable conditions for the Company's development. First, we will deepen the implementation of major strategies such as the integration of the Yangtze River delta, the Yangtze River economic belt, and the construction of a transportation power, and accelerate the construction of a beautiful, modernized Anhui Province in the new stage, there are still huge space and potential for the development of the main business of expressways. Second, the trend of deep integration of new generation information technology and transportation is becoming increasingly obvious, and new technologies such as artificial intelligence, big data, 5G and block chain are deeply integrated with the transportation industry, providing new opportunities and new space for the Company to realize industrial transformation and upgrading. Third, in the last year of the three-year action of state-owned enterprise reform, various policies and schemes were continuously implemented, which provided operational guidelines for the Company to further optimize its management mode and enhance its development vitality.

Section III Management Discussion and Analysis

On the other hand, we should be clearly aware of the problems and challenges faced by the Company. From the external environment, normalization of COVID-19's prevention and control is still continuing. Geographical conflicts make the contradictions and confrontation between the major economies more prominent, and the domestic economic operation still faces greater pressure. The continuous increase of policy relief and online audit has posed greater challenges to the Company to control business risks and achieve high-quality development. Internally, the Company's main road products have entered a mature stage, with slow traffic growth and slow growth of its main business. Although some sections of the Company have extended the charging period through reconstruction and expansion, some core sections are still facing the approaching expiry of toll collection periods, and sustainable development is facing major challenges. The Company's asset scale is not large and its asset structure is relatively single, which limits the Company's performance growth potential and capital operation space. The internal potential tapping, transformation and upgrading of its main business are facing tests.

II. INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD

From the perspective of historical development stage, with the maturity and perfection of the road network, the highway in the PRC has entered the stable development period. By the end of 2021, the national highway mileage has reached 168,000 kilometers.

Currently, the expressway industry has progressed beyond the stage of extensive construction and has gradually moved to a stage of quality enhancing and network improving. The expressway construction will focus on intensification of parallel sections, connection of regional expressways, popularization of smart and intelligence traffic and industrialization of traffic information in the future. From a policy perspective, the Regulation on the Administration of Toll Roads has not been formally introduced, the industry policy still remains uncertain. In terms of distribution, the difference in regional economies and the structure of passengers and cargo sources result in the difference in vehicle flowrate and toll revenues among different listed highway companies. In terms of degree of development, the principal businesses of listed expressway companies are generally in the mature stage with stable performance growth. In terms of the road network structure, road networks of the Eastern provinces are more modernized, while there are still spaces for increasing routes and construction investment in the Central and Western provinces. In terms of the progress of diversification, all listed expressway companies are facing the issue of shortening of the toll period year by year, while there is significant difference in the reform progress and direction for transition of diversification of the state-owned enterprises in different provinces.

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

Unit: '0,000 Currency: RMB

Stock code	Paper titles	Total assets	Net assets	Asset-liability ratio (%)	Revenue	Year-on-year growth of revenue (%)	Net profit	Year-on-year Growth of net profit (%)	Return on net assets (%)	Price earning ratio
600012.SH	Anhui Expressway	1763312.75	1254334.83	28.86	258131.34	47.97	108882.79	170.66	9.35	7.26
000429.SZ	GPED A	1902485.52	1104554.07	41.94	397383.22	60.49	139425.00	165.51	16.80	9.02
000548.SZ	Hunan Investment	272351.55	182186.83	33.11	27190.56	-7.95	3794.61	-47.02	2.10	28.25
000755.SZ	Shanxi Road Bridge	1495869.69	403383.07	73.03	122329.16	94.44	33710.94	277.66	12.97	24.44
000828.SZ	Dongguan Development	1573067.26	1088380.20	30.81	110985.21	29.06	78776.02	18.53	9.76	9.80
000885.SZ	City Development Environment	2034575.30	619460.60	69.55	358375.23	119.52	75658.41	155.50	14.99	6.57
000900.SZ	Modern Investment	4616411.57	1195142.81	74.11	1306349.62	21.96	59683.80	34.38	5.41	7.78
001965.SZ	China Merchants Highway	9670527.72	6249854.12	35.37	599456.11	36.79	402219.69	214.33	7.15	8.95
600020.SH	Zhongyuan Expressway	4642223.98	1251959.74	73.03	417667.38	18.89	77063.90	501.33	6.33	6.51
600033.SH	Fujian Expressway	1671979.04	1263502.23	24.43	222788.43	46.83	71337.12	171.77	7.08	8.41
600035.SH	Chutian Expressway	1580460.22	780055.06	50.64	237368.21	49.22	62675.94	131.42	9.47	7.05
600106.SH	Chongqing Road Bridge	723676.18	459175.64	36.55	12324.74	-22.74	22914.94	13.87	5.44	14.60
600269.SH	Ganyue Expressway	3470496.28	1780683.77	48.69	414555.44	24.37	60301.82	647.46	3.78	6.70
600350.SH	Shandong Expressway	10190605.36	3768387.92	63.02	1000572.25	32.04	206466.92	53.22	6.49	8.55
600368.SH	Wuzhou Traffic	982591.29	515235.50	47.56	139568.88	6.39	58605.05	22.68	11.70	4.85
600377.SH	Ninghu Expressway	6751058.83	3493677.36	48.25	765940.08	43.02	378830.56	95.92	13.02	9.43
600548.SH	Shenzhen Expressway	5793221.90	2718009.79	53.08	662613.18	93.93	192769.58	212.71	8.21	7.67
601107.SH	Sichuan Expressway	4137761.36	1728229.60	58.23	631171.30	90.08	93536.16	220.60	5.89	6.85
601188.SH	Longjiang Traffic	521410.21	483590.81	7.25	42697.62	20.05	17301.27	24.74	3.79	16.57
601518.SH	Jilin Expressway	675073.44	432866.99	35.88	80882.63	92.66	26411.02	10537.04	6.79	10.27
Arithmetic mean		3223457.97	1538633.55	46.67	390417.53	44.85	108518.28	681.12	8.33	10.48
Media		1832899.13	1149848.44	47.91	308253.29	39.91	73497.76	160.50	7.11	8.48

Note: Source from Wind, and the information were as at 30 September 2021.

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III. PRINCIPAL BUSINESS ENGAGED BY THE COMPANY DURING THE REPORTING PERIOD

The Company was incorporated in Anhui province, the People's Republic of China on 15 August 1996. It is the first highway company listed in Hong Kong and the only listed highway company in Anhui province. On 13 November 1996, 493.01 million H shares issued by the Company were listed on the Stock Exchange of Hong Kong Limited. On 7 January 2003, 250 million A-shares issued by the Company were listed on the Shanghai Stock Exchange. As of 31 December 2021, the total share capital of the Company is 1,658,610,000 shares with a par value of RMB1 per share.

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

The Company owns all or part of the toll road equity in Hening Expressway (G40 Hushan Expressway Hening Section), New Tianchang Section of National Trunk 205, Gaojie Expressway (G50 Huyu Expressway Gaojie Section), Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section), Guangci Expressway (G50 Huyu Expressway Guangci Section), Ninghuai Expressway Tianchang Section, Lianhuo Highway Anhui Section (G30 Lianhuo Expressway Anhui Section), Ningxuanhang Expressway, Anqing Yangtze River Expressway Bridge and Yuewu Expressway Anhui section etc., all of which are located in Anhui Province. As of 31 December 2021, the Company has 609 kilometers of operating highway with total assets of about RMB19,920,863 thousand. Moreover, as expressways showed the features of network operations, the Group also provided entrusted management services (including the management of toll service, maintenance and repair, information and technology, safety of road assets, etc.) for some road sections operated by Anhui Transportation Holding Group and its subsidiaries (Anlian Company, Wangqian Company, Wuyan Company, Liguang Company and Yangji Company). Currently, the total mileage of toll roads under the entrusted management amounted to 3,963 km.

IV. ANALYSIS ON CORE COMPETENCY DURING THE REPORTING PERIOD

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

1. The transportation infrastructure concession is the core business of the Group. Our operating region is located in Anhui province, having superior geographical location and the geographical advantages. Our road sections are major transit national trunks across Anhui regions. With the implementation of the Yangtze River Delta integration national strategy and the Yangtze River Economic Belt development strategy, the network economic efficiency of the roads managed by the Group shall become more apparent.
2. The performance of the Group remains outstanding and stable, with high credit rating, low debt to assets ratio and strong solvency. At the same time, the operation of the Group is steady, and the outcomes of management on relations with investors are significant with a higher degree of concern in the capital market, resulting in a sound guarantee for future development by equity financing, continuous improvement in financing structure, and further expansion with the help of capital market.



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3. Since its listing, the Company has shown a corporate image of openness and integrity to investors with information disclosure that is sufficient, fair and in compliance with relevant regulations, and has gained a good social response and influence in the PRC and overseas through active investor relationship management. Our persisting long-term high cash dividend ratio policy also gains favor and support from market and investors. The Company has a stable investor foundation and good market image in the domestic and overseas capital market.

V. MAJOR OPERATION STATUS DURING THE REPORTING PERIOD

During the reporting period, in accordance with PRC Accounting Standards, the Group achieved a revenue of RMB3,920,958 thousand (2020: RMB2,933,817 thousand), representing an increase of 33.65% over the corresponding period of the previous year; total profit of RMB2,119,127 thousand (2020: RMB1,183,416 thousand), representing an increase of 79.07% over the corresponding period of the previous year; net profit attributable to shareholders of the Company of RMB1,514,168 thousand (2020: RMB869,256 thousand), representing an increase of 74.19% over the corresponding period of the previous year; basic earnings per share of RMB0.9129 (2020: RMB0.5241), representing an increase of 74.19% over the corresponding period of the previous year. The increase in operating revenue was mainly due to the increase of toll revenue.

During the reporting period, in accordance with the Hong Kong Accounting Standards, the Group achieved a revenue of RMB4,029,476 thousand (2020: RMB3,015,554 thousand), representing an increase of 33.62% over the corresponding period of the previous year; profit before income tax of RMB2,116,190 thousand (2020: RMB1,181,064 thousand), representing an increase of 79.18% over the corresponding period of the previous year; profit attributable to the owners of the Company of RMB1,511,965 thousand (2020: RMB867,549 thousand), representing an increase of 74.28% over the corresponding period of the previous year; basic earnings per share of RMB0.9116 (2020: RMB0.5231), representing an increase of 74.28% over the corresponding period of the previous year. The increase in operating revenue was mainly due to the increase of toll revenue.

Operations of toll highways

During the reporting period, the Group achieved a toll income of RMB3,831,092 thousand in total (2020: RMB2,722,668 thousand), representing an increase of 40.71% over the corresponding period of the previous year.

Starting from 12 July 2016, truck drivers holding an Anhui transportation card to travel via the expressways in the province would be entitled to 15% discount in toll, which attracted some truck drivers to choose to travel via expressway; In October 2018, Anhui Provincial Department of Transportation issued the “Notice on Adjustment of Preferential Period for Truck Toll”, extending the end date for such preferential policies from 11 July 2019 to the end of 2020.

On December 31, 2020, with the consent of the provincial government, the Provincial Department of transportation, the provincial development and Reform Commission and the Provincial Department of Finance issued the notice on matters related to vehicle tolls of toll roads in our province (Wan Jiao Lu [2020] No. 162), which was formally implemented on January 1, 2021. The period of 15% discount for freight vehicles holding Anhui transportation card is tentatively extended for 3 years, i.e. from January 1, 2021 to December 31, 2023.

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During the Reporting Period, with various policies and measures of exemption being implemented continuously, in addition to the toll reduction affected by the epidemic, the total amount of other reductions was 633 million yuan, of which:

The amount of exemption in Green Channel was about RMB182 million, with over 357 thousand vehicles being exempted;

The amount of exemption on holidays was RMB192 million, with over 4,473.7 thousand vehicles being exempted;

ETC preferential relief is RMB246 million. Among them, the preferential reduction of freight vehicles with Anhui transportation card is RMB149 million, accounting for 60.57% of the total amount of ETC reduction;

Other policy-based exemptions are about RMB13 million.

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

Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2021	2020	Change (%)	2021	2020	Change (%)
Hening Expressway	100%	36,141	32,100	12.59	1,199,593	849,170	41.27
New Tianchang Section of National Trunk 205	100%	6,415	6,989	-8.21	64,281	73,624	-12.69
Gaojie Expressway	100%	23,999	20,438	17.42	892,614	599,183	48.97
Xuguang Expressway	55.47%	30,190	27,767	8.73	676,623	466,047	45.18
Lianhuo Expressway Anhui Section	100%	17,854	18,169	-1.74	260,012	208,378	24.78
Ninghuai Expressway Tianchang Section	100%	40,823	41,415	-1.43	114,458	89,766	27.51
Guangci Expressway	55.47%	38,350	32,766	17.04	141,757	96,686	46.62
Ningxuanhang Expressway	51%	4,537	4,913	-7.66	114,213	102,521	11.40
Anqing Yangtze River Expressway Bridge	100%	27,584	23,168	19.06	351,224	238,098	47.51
Yuewu Expressway Anhui section	100%	7,698	5,860	31.37	132,475	82,278	61.01
Total		/			3,947,250	2,805,751	40.68

Section III Management Discussion and Analysis

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per kilometer per day (RMB)		
		2021	2020	2021	2020	Change(%)
Hening Expressway	100%	70:30	71:29	24,527	22,080	11.08
New Tianchang Section of National Trunk 205	100%	36:64	30:70	5,870	8,551	-31.35
Gaojie Expressway	100%	54:46	53:47	22,232	18,979	17.14
Xuanguang Expressway	55.47%	68:32	67:33	22,069	19,331	14.16
Lianhuo Expressway Anhui Section	100%	67:33	66:34	13,192	13,445	-1.88
Ninghuai Expressway Tianchang Section	100%	80:20	81:19	22,399	22,341	0.26
Guangci Expressway	55.47%	69:31	68:32	27,741	24,063	15.28
Ningxuanhang Expressway	51%	75:25	71:29	2,674	3,053	-12.40
Anqing Yangtze River Expressway Bridge	100%	62:38	64:36	160,376	138,752	15.58
Yuewu Expressway Anhui section	100%	64:36	66:34	7,890	6,254	26.16

Notes:

1. The above traffic volume does not include the data of small passenger cars in non-ETC lanes on major holidays, except for the New Tianchang Section of National Trunk 205 and the Tianchang section of the Ninghuai Expressway, and the traffic volume in 2020 does not include the data of small passenger cars in non-ETC lanes during the free period of them in 2020 and all the data of small passenger cars that were exempt from toll for 79 days from 0:00 on 17 February 2020 to 24:00 on 5 May 2020.
2. The toll income data above are tax included. The traffic data mentioned above are provided by Network Company and Tianchang management office, respectively.

Hening Expressway

During the Reporting Period, under the continual effect of the completion of the “Four-lane to Eight-lane” expansion project of Hening Expressway, some vehicles going to Nanjing and surrounding cities selected to travel via Hening Expressway again, which continuously benefited the Hening Expressway; As a result of the indirect impact of the expansion and reconstruction works in part of sections of the Ningwu Expressway in September 2021, some vehicles diverted to the Hening Expressway to travel to Nanjing and other areas in northern Jiangsu, which had a beneficial effect on the effectiveness of the Hening Expressway.

New Tianchang Section of National Trunk 205

During the Reporting Period, the change in truck traffic route had a significant impact on the revenue of National Trunk 205. The height-restricted gantry of County Road X101 running alongside the National Trunk 205 was removed on 19 December 2020, and the Provincial Highway 204 running alongside the National Trunk 205 has been fully opened on 26 December 2020. In September 2021, Road No. 99 has been fully opened, and the section intersects with the National Trunk 205 and the County Road X101 at the southern end of the National Trunk 205, and trucks would bypass the National Trunk 205 toll station via Road No. 99. As a result of the above factors, the toll revenue of the section decreased by 12.69% year-on-year during the Reporting Period.

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Ninghuai Expressway Tianchang Section

During the Reporting Period, the outbreak of COVID-19 pandemic in Nanjing and Yangzhou from late July to early September 2021, as well as the outbreaks in various parts of China since November, had a certain impact on the traffic volume and revenue of the section.

Lianhuo Expressway Anhui Section

During the Reporting Period, the logistics and transportation market was on a downward trend due to the downturn in freight business caused by the multiple outbreaks of the COVID-19 pandemic, the government's energy-saving and emission reduction policies and higher freight rates, which affected the traffic volume of long-haul trucks. Due to the presence of a number of confirmed cases of COVID-19 in nearby provinces (Jiangsu, Henan, etc.), traffic control was implemented in various cities. Most toll stations in Jiangsu were closed to traffic, all toll stations in Shangqiu, Henan were closed, and local government control was strong to restrict people from leaving or entering the province, resulting in a reduction in travel vehicles, which had a greater impact on traffic volume; The bad weather in the second half of the year, and the flooding in Henan Province in August and September had a certain impact on traffic volume.

Gaojie Expressway

Gaojie Expressway is a component of G50 Huyu Expressway in the National Expressway Network, and an important passageways in the eastern-western direction in Anhui Province. Since the second half of 2021, with the steady development of the domestic economy, the rapid release of freight logistics needs, meanwhile under the impact of the repeated COVID-19 pandemic and local control policies, the public was more inclined to travel by car, resulting in a significant increase in passenger car traffic; Affected by the completion of the Fangxing Avenue to Mayan section of the He'an Expressway "Four-lanes to Eight-lanes" project, the revenue of the section maintained a continuous growth trend.

Xuanguang Expressway and Guangci Expressway

Xuanguang Expressway and Guangci Expressway are the components of G50 Huyu Expressway in the National Expressway Network, which attributed to the important passageways in the eastern-western direction in Anhui Province. The increase of traffic flows of Xuanguang Expressway and Guangci Expressway is attributable to the choice of expressway to pass through the border by some vehicles as the reconstruction and expansion project of the County Road X018 has yet to be completed.

Ningxuanhang Expressway

Both the construction work carried out on G329 and S208, which connected to the Ningqian section, between 18 August and late October 2021, and the implementation of the ban on trucks with yellow plates on Fuyu Section of Yuqian Town of National Trunk G329, which connected to the Ningqian section, since 20 September 2021, had a certain impact on the traffic volume. Provincial road S269 parallel to the Xuanli section also had continuing diversion effect on the traffic volume of the Xuanli section to some extent.



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Anqing Yangtze River Expressway Bridge

Anqing Bridge is a component of G50 Huyu Expressway in the National Expressway Network. Since 2021, with the steady development of the national economy and the rapid release of freight logistics needs, the traffic volume has been growing steadily.

Yuewu Expressway Anhui Section

Since 2021, with the steady development of the domestic economy and the rapid release of freight logistics needs, Wuhan, as the hardest hit area of the COVID-19 pandemic, suffered a setback in economic development in 2020, however, Wuhan has been in the recovery period of enterprise production since 2021, freight logistics has been gradually active. As the main channel to Wuhan, Yuewu Expressway has a significant year-on-year increase in freight logistics on this section with the toll revenue in the second half of the year being increased by 19.97% year-on-year.

General achievements of the pawn business

In June 2012, the Company and Huatai Group jointly set up Hefei Wantong Pawn Company Limited* (合肥皖通典当有限公司), in which the Company injected capital in the sum of RMB150 million, accounting for 71.43% of its registered capital; Huatai Group invested RMB60 million, accounting for 28.57% of its registered capital. In 2015, both shareholders reduced capital in the total sum of RMB52.5 million of Wantong Pawn in proportion to their respective capital contribution, and the current registered capital of the company is 157.50 million.

During the Reporting Period, Wantong Pawn issued 3 pawn loans with a total amount of RMB1.55 million. Since March, Wantong Pawn ceased to handle new pawn business, and shifted its focus of business from project development and expansion to gradual recovery. During the year, a total of 15 pawn loans with a total amount of RMB11.43 million were redeemed. As at the end of August, the existing business had been fully recovered.

Due to the adverse industry business environment and intensified market competition and other factors, the ninth meeting of the ninth session of the Board of Directors was held on June 21, 2021, at which the resolution in relation to the liquidation and dissolution of Wantong Pawn was considered and approved, and the management of the Company were authorized to handle all matters related to the liquidation and dissolution.

In the second half of 2021, Wantong Pawn set up a liquidation team to promote the liquidation.

Section III Management Discussion and Analysis

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

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

Unit: yuan Currency: RMB

Item	Amount for the reporting period	Amount for the same period of last year Year-on-year	Increase/ decrease (%)
Operating revenue	3,920,958,228.02	2,933,817,467.59	33.65
Operating cost	1,580,675,885.96	1,528,146,366.17	3.44
Administration cost	136,788,616.01	111,983,970.25	22.15
Finance cost	170,616,569.58	218,167,586.14	-21.80
Net cash flows from operating activities	2,097,060,846.01	1,706,324,014.32	22.90
Net cash flows from investing activities	200,183,936.09	-1,225,022,507.97	N/A
Net cash flows from financing activities	-911,044,888.59	-422,744,394.44	115.51

The change in operating revenue was mainly caused by the exemption of tolls by the Group in the same period of the previous year due to the impact of the COVID-19;

The operating cost of this year is basically the same as compared with that of the previous year;

The change in administration cost was mainly due to the increase of the group's management personnel in this year compared with the same period last year and the adjustment of social security base;

The change in financial cost mainly caused by the increase of bank deposit interest income in this year compared with the same period of last year;

The change in net cash flows from operating activities was mainly due to the exemption of tolls due to the COVID-19 pandemic in the same period of the previous year;

The change in net cash flows from investing activities mainly caused by the recovery of structural deposits purchased by the Group on schedule in this year;

The change in net cash flows from financing activities was mainly due to the payment for the purchase of shareholder's loan of Anqing Bridge Company in this year.

Detailed explanation of major changes in the company's business type, profit composition or profit source during the current period

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis

2. Analysis on Revenue and Costs

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

Unit: yuan Currency: RMB

In terms of industries	Operating revenue	Operating cost	Principal businesses in terms of industries			
			Gross profit rate (%)	Change in revenue income (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year)
Toll highway business	3,866,014,792.18	1,550,301,102.65	59.90	40.33	9.63	An increase of 11.23 percent point
Pawn business	447,340.16	0.00	N/A	-92.52	N/A	N/A

In terms of products	Operating revenue	Operating cost	Principal businesses in terms of products			
			Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
Hening Expressway	1,182,249,499.88	460,844,257.70	61.01	40.72	16.36	An increase of 8.16 percent point
Gaojie Expressway	877,926,016.86	196,711,913.42	77.59	48.20	19.52	An increase of 5.38 percent point
Lianhuo Expressway						An increase of
Anhui Section	254,641,020.79	149,978,963.60	41.10	24.55	24.50	0.02 percent point
Ninghuai Expressway						A decrease of
Tianchang Section	113,445,851.21	50,537,205.71	55.45	26.93	38.04	3.59 percent point
New Tianchang Section of National Trunk 205	61,219,757.80	42,000,162.24	31.39	-12.69	0.03	A decrease of 8.73 percent point
Xuanguang Expressway	656,915,212.31	142,666,110.05	78.28	45.18	-5.30	An increase of 11.58 percent point
Guangci Expressway	137,627,673.79	18,951,488.66	86.23	46.62	-9.04	An increase of 8.43 percent point
Ningxuanhang Expressway	110,886,360.21	261,044,022.61	-135.42	11.40	3.13	An increase of 18.90 percent point
Anqing Bridge	340,994,137.62	59,528,575.15	82.54	47.51	-7.28	An increase of 10.32 percent point
Yuewu Expressway						An increase of
Anhui section	130,109,261.71	168,038,403.51	-29.15	59.89	1.45	74.41 percent point
Pawn business	447,340.16	0.00	N/A	-92.52	N/A	N/A

In terms of regions	Operating revenue	Operating cost	Principal businesses in terms of regions			
			Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year)
Anhui Province	3,866,462,132.34	1,550,301,102.65	59.90	40.04	9.63	An increase of 11.12 percent point

Section III Management Discussion and Analysis

(2) *Analysis of production and sales*

☐ Applicable ☒ Not applicable

(3) *Performance of major purchase contracts and major sales contracts*

☐ Applicable ☒ Not applicable

(4) *Cost analysis statement*

Unit: yuan

Industry	Cost structure items	Amount of current period	In terms of industries		Percentage of amount of the same period of the previous year over the total cost (%)	Amount of current period compared with the same period over the last year (%)
			Percentage of amount of current period over the total cost (%)	Amount of the same period of the previous year		
Toll highways business	Depreciation and amortization	922,654,630.23	58.37	930,376,581.03	60.88	-0.83
	Roads repairing expenses	253,895,849.89	16.06	200,671,802.27	13.13	26.52
	Other costs	404,125,405.84	25.57	397,097,982.87	25.99	1.77
	Subtotal	1,580,675,885.96	100.00	1,528,146,366.17	100.00	3.44
Pawn business	N/A	0.00	0.00	0.00	0.00	0.00

Product	Cost structure items	Amount of current period	In terms of products		Percentage of amount of the same period of the previous year over the total cost (%)	Amount of current period compared with the same period over the last year (%)
			Percentage of amount of current period over the total cost (%)	Amount of the same period of the previous year		
Toll highways business	Depreciation and amortization	922,654,630.23	58.37	930,376,581.03	60.88	-0.83
	Roads repairing expenses	253,895,849.89	16.06	200,671,802.27	13.13	26.52
	Other costs	404,125,405.84	25.57	397,097,982.87	25.99	1.77
	Subtotal	1,580,675,885.96	100.00	1,528,146,366.17	100.00	3.44
Pawn business	N/A	0.00	0.00	0.00	0.00	0.00

Section III Management Discussion and Analysis

(5) *Changes in consolidation scope caused by changes in equity of major subsidiaries during the reporting period*

☐ Applicable ☒ Not applicable

(6) *Major changes or adjustments in the company's business, products or services during the reporting period*

☐ Applicable ☒ Not applicable

(7) *Major customers and major suppliers*

☐ Applicable ☒ Not applicable

3. Expenses

Administrative cost

In 2021, the Group's administrative cost were RMB136,788,616.01, representing an increase of 22.15% as compared to the same period last year (2020: RMB111,983,970.25). Such increase was mainly due to the increase in the Company's administrative personnel during the reporting period as compared with the corresponding period last year and the adjustment of social security base.

Financial cost

In 2021, the Group's financial cost were RMB170,616,569.58, representing a decrease of 21.80% as compared to the same period last year (2020: RMB218,167,586.14). Such decrease was mainly caused by the increase in interest income from bank deposits during the reporting period.

Earnings from fair value changes

In 2021, the Group's earnings from fair value changes were RMB42,723,724.58, representing a decrease of 59.48% as compared to the same period last year (2020: RMB105,427,349.75). Such decrease was mainly due to the reduction of the interest income of the floating rate structured deposits earned by the bank during the reporting period.

Section III Management Discussion and Analysis

Income tax

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

In 2021, the Group's income tax expenses were RMB573,811,533.76, representing an increase of 56.48% (2020: RMB366,690,696.18). The increase of income tax expense is mainly caused by the increase in operating income of the Company during the reporting period.

Value-added tax

The Company, Xuanguang Company, Ningxuanhang Company, Guangci Company and Anqing Bridge Company levied the value-added tax at 3% and 5% of the toll income by simple approach; value-added tax was levied by simple approach based on 5% of the rental income; the value-added tax rate of road rescue income, expressway management income, operating income of service sections was 6%; 0% tax rate is applied to compensation income due to road damage ; the sales tax rate of Wantong Pawn's pawning loan interest income was 6%.

4. Research input

(1) Research input statement

☐ Applicable ☒ Not applicable

(2) Research personnel

☐ Applicable ☒ Not applicable

(3) Presentation of Condition

☐ Applicable ☒ Not applicable

(4) Reasons for major changes in the composition of research personnel and their impact on the future development of the company

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis

5. Cash flows

In 2021, the Group's net cash inflows from operating activities were RMB2,097,060,846.01(the same period in 2020:RMB1,706,324,014.32), representing an increase of 22.90% in the same period last year. The increase was mainly due to the increase in the Company's toll income compared with the same period of last year;

In 2021, the Group's net cash outflows from investing activities were RMB200,183,936.09 (the same period in 2020: RMB-1,225,022,507.97), This is mainly due to the Group's redemption of purchased structured deposits on schedule during the reporting period.

In 2021, the Group's net cash outflows from financing activities were RMB-911,044,888.59 (the same period in 2020: -422,744,394.44), representing an increase of 115.51% in the same period last year. This is mainly due to the company's payment for the acquisition of shareholder's loan of Anqing Bridge Company during the reporting period.

During the reporting period, the aggregated sum of external borrowings obtained by the Group was RMB3,778 million. At the end of the reporting period, there was still outstanding bank borrowings of RMB5,075 million, all of them were long-term borrowings, with annual interest rates ranging from 1.2% to 4.9% which mainly comprised floating rate bank borrowings for the construction of Ningxuanhang Expressway and a special borrowing from CDB of RMB0.46 billion for the road widening construction work of Hening Expressway and the long-term bank loan of RMB1,837 million for the acquisition of equity and shareholder's loan of Anqing Bridge Company. The principal will be repaid between 2021 and 2040.

The Group was awarded with good credit ratings. On 31 December 2021, the total credit facilities granted was RMB8,228 million, and the facilities not yet utilized amounted to RMB3,153 million.

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

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis

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

1. Assets and Liabilities

Unit: yuan Currency: RMB

Item	Amount at the end of the period	Amount as a percentage of the total assets at the end of the period (%)	Amount at the end of last period	Amount as a percentage of the total assets at the end of last period (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)
Monetary Fund	4,318,206,161.01	21.68	2,297,766,735.76	11.07	87.93
Trading financial assets	0.00	0.00	1,104,490,547.95	5.32	-100.00
Other receivables	143,907,275.45	0.72	1,191,214,669.37	5.74	-87.92
Other payables	1,222,564,860.63	6.14	147,474,902.38	0.71	729.00
Long-term loans	4,726,408,251.50	23.73	1,641,974,328.69	7.91	187.85
Long-term payables	294,500,000.00	1.48	4,663,368,192.84	22.46	-93.68
Capital reserve	412,269.32	0.002	763,523,374.06	3.68	-99.50
Surplus reserve	411,666,309.13	2.07	893,254,381.85	4.30	-53.91

Other explanations:

The increase in monetary funds was mainly due to the purchase of bank floating rate structured deposits in the same period of last year and the operating accumulation of this year;

The decrease in trading financial assets was mainly due to the recovery of bank floating rate structured deposits on schedule during the reporting period;

The decrease of other receivables was mainly due to the decrease of toll revenue receivable of Anqing Bridge Company during the reporting period compared with the same period of last year;

The increase in long-term borrowings was mainly due to the bank's long-term borrowings borrowed to pay for the acquisition of equity and shareholder's loan of Anqing Bridge Company during the reporting period;

The decrease in long-term payables was mainly due to the acquisition of shareholder's loan undertaken by Anqing Bridge Company during the reporting period;

The decrease of capital reserve is mainly due to the adjustment of business combination under the same control;

The decrease of surplus reserve is mainly due to the adjustment of business combination under the same control.

Section III Management Discussion and Analysis

2. Overseas assets

(1) Asset scale

Among them: overseas assets 1,897,313.15 (unit: yuan, currency: RMB), accounting for 0.01% of the total assets.

(2) Relevant description of high proportion of overseas assets

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

4. Other Explanation

☐ Applicable ☒ Not applicable

(IV) Analysis of operation information of the industry

1. Broad room for industry development and increasingly apparent policy direction

As stated in the Report of the 19th CPC National Congress, China's economy has been transitioning from a phase of rapid growth to a stage of high-quality development. As the promotion and implementation of a series of policies and measures of "ensuring growth, making structural adjustment, promoting reform, improving people's well-being and forestalling risks", the macro economy in China will gradually stabilize, and the economic growth will be more steady, more sustainable and of higher quality. As the speed of economic growth is a key determining factor for growth in transportation demands, there are still plenty of room and opportunities for the future development of the highway industry. In terms of social efficiency, as transportation remains an important anchor for national economic growth, there will be no material change in the national policies in relation to construction of transportation infrastructure. In terms of investment efficiency, it is expected that investments in road infrastructure will remain a trend of strong growth, further manifesting its driving effect for economic growth. In terms of road network structure, and in light of the strategies of "Rise of Central China" and "China Western Development", the room for investment and construction in the provincial road networks in central and west regions of China remains relatively large.

Section III Management Discussion and Analysis

2. Transformation development is imminent as investment return is declining

The toll road industry continued to face a series of challenges. Firstly, the industry was affected by the slowdown in economic growth, the toll revenue growth was limited; secondly, land acquisition and demolition costs, labor costs and other costs continued to rise, and the toll road construction costs were increasing (the construction costs for domestic expressways being about RMB100 million per km at present), while the standards in relation to safety monitoring facilities, environmental protection, road conditions, etc. continued to increase, leading to a continuous rise in operation and maintenance costs; thirdly, most of the quality roads have been in operation for a long time, and the road maintenance cost was high, while the cultivation period of the newly-built section was long, and the road network effect was not satisfactory, the depreciation amortization and interest costs affected the performance of the enterprise; fourthly, the amount of exemption of various types of policies continued to rise, while the management costs for implementation of green channel policy and major holiday payment free policy were also increasing; fifthly, the growing popularity of railways, high-speed rails, air transport and other means of transport and the changes in road network structure continued to have diversion effect on the traffic of the road sections.

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

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

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

The Report of the 19th CPC National Congress emphasized on the continuing and deepened reform of state-owned enterprises, promoting the preservation and appreciation of state-owned assets, and supporting the state-owned capital to be stronger, better and larger. Currently, the central government attaches great importance to the reform and development of state-owned enterprises, and has repeatedly made important instructions stressing on the practical significance of the state-owned enterprises being stronger, better, and larger. It has explicitly pointed out that in order for state-owned enterprises to be stronger, be better, be larger, deep reforms, with enhancement of vitality and improvements in management efficiency as the focus, would have to be carried out, so as to continuously increase the core competitiveness, dominance and influence of state-owned enterprises. The Anhui provincial government has also requested the state-owned enterprises in the province to strive towards the major direction of developing a mixed ownership system by pushing forward the overall listings, mergers and restructuring as the major forms, so as to further deepen the reform of state-owned enterprises, actively introduce strategic investors, improve corporate governance structures, and constantly enhance the vitality of enterprise development. In recent years, China has significantly accelerated its pace of capital market reform and innovation. A multi-level capital market system is initially formed with an expanding depth and breadth of the service entity economy. The reform of state-owned enterprises is in a period of better policies and market opportunities. In this context, many local state-owned enterprises have specified in their reform programs that listed highway companies and their controlling shareholders will implement plans for subsequent equity incentives, asset securitization, restructuring and upgrading, and so on.



Section III Management Discussion and Analysis

4. Strengthened level of informatization and deepened integration between new technology and transportation industry

In recent years, the level of informatization of China's highways kept strengthening. The deep integration of information technology, artificial intelligence, new materials, new energy and other technologies with the transportation industry has raised the standard for the transformation and development of transportation industry. The focus and breakthrough point for the development of informatization for highway for next step lie in intelligentization orientation, accelerated integration of transportation infrastructure network, transportation service network and information network, the broadening of the scope of resource sharing, improvement of user-friendly service experience and synergy effect, enhanced governance interaction and collaboration, to continuously promote the implementation of empowerment, capacity expansion and drivers creation, so as to realize the shift from traditional factors-driven development to innovation-driven development.

(V) Investment Analysis

Overall analysis of external equity investment

In 2021, the Company actively responded to the development trend of the expressway industry, seized major strategic opportunities such as the "integration of Yangtze River Delta", continued to improve and expand its main business of expressway and made steady progress in external investment with good momentum. The successful completion of the Anqing Bridge acquisition project and the successful landing of the Xuanguang Expansion PPP project have expanded the scale of the Company's assets, and extended the Company's toll life, thus promoting the Company's overall competitiveness and profitability, which was of great strategic significance.

(1) Material equity investments

The Company convened the 12th meeting of the ninth session of the Board and the 2021 second extraordinary general meeting on 13 October 2021 and 20 December 2021, respectively, at which the resolution in relation to the payment of cash by the Company for the acquisition of 100% equity interest in Anhui Anqing Yangtze River Expressway Bridge Limited Liability Company* (安徽安慶長江大橋有限責任公司) and the related debts was considered and approved. In accordance with the provisions of the Transaction Agreement, the Company has completed the payment of 50% of the equity transfer and 100% of the debt transfer within five business days after the effective date of the Agreement, and has appointed directors to Anqing Bridge Company to form control over the Bridge Company. According to the relevant provisions of the Accounting Standards for Business Enterprises, the Company included it in the scope of consolidation. On 28 December 2021, the Company completed the change of business registration of Anqing Bridge Company. After the change of business registration, the Company holds 100% equity interest in Anqing Bridge Company and Anqing Bridge Company has become a wholly-owned subsidiary of the Company.

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On 2 December 2021, the Company received the Notice of Bid-winning issued by Xuancheng Transportation Bureau, the tender, confirming that the consortium formed by Anhui Transportation Holding Group, the controlling shareholder of the Company, and Xuanguang Company, was the successful bidder of the “PPP Project for the Reconstruction and Expansion of Guangde to Xuancheng Section of G50 Shanghai-Chongqing Expressway”. In order to ensure the smooth progress of the project, the Company and Xuancheng Transportation Investment, its related party, intended to increase the investment in Xuanguang Company in proportion to their shareholdings. The Company shall increase the investment by RMB1,513.78 million and Xuancheng Transportation Investment shall increase the investment by RMB1,215.22 million. The resolution was considered and approved at the 15th meeting of the ninth session of the Board and the 2022 first extraordinary general meeting of the Company.

(2) *Material non-equity investments*

☐ Applicable ☒ Not applicable

(3) *Financial assets measured at fair value*

Unit: yuan Currency: RMB

Item	Opening balance	Increases during the Reporting Period	Decreases during the Reporting Period	Changes in fair value during the Reporting Period	Ending balance
Trading financial assets					
– structured deposits	1,104,490,547.95	3,000,000,000.00	4,135,536,078.54	31,045,530.59	0.00
Equity instruments					
– shares of unlisted companies					
– Xin'an Financial	75,308,679.31	0.00	0.00	-3,365,639.70	71,943,039.61
– Xin'an Capital	25,222,208.79	0.00	0.00	-611,678.85	24,610,529.94
– Wantong MicroCredit	15,000,000.00	0.00	0.00	0.00	15,000,000.00
– China Merchants Fund Management Company	1,056,374.35	0.00	0.00	245,782.58	1,302,156.93
– Jinshi Fund Management Company	1,738,756.29	0.00	0.00	543,544.19	2,282,300.48
Other non-current financial assets					
– fund investments					
– China Merchants Fund	124,093,137.45	0.00	0.00	7,198,778.37	131,291,915.82
– Jinshi Merger and Acquisition Fund	135,232,902.21	0.00	0.00	4,677,558.80	139,910,461.01
– Jinshi Equity Investment Fund	0.00	33,208,333.33	0.00	-198,143.18	33,010,190.15
Total	1,482,142,606.35	3,033,208,333.33	4,135,536,078.54	39,535,732.80	419,350,593.94

In 2021, the Company confirmed the dividend of 6.2914 million yuan of Xin'an Finance, 10.3802 million yuan of Xin'an Capital, 17.9325 million yuan of China Merchants Fund and 14.6117 million yuan of Jinshi Merger and Acquisition Fund. Except for the declared but not yet paid dividend from Xin'an Capital, all the dividends of other companies have been received.

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(4) Specific progress of major asset restructuring and integration during the reporting period

☐ Applicable ☒ Not applicable

(VI) Sale of substantial assets and equity interest

☐ Applicable ☒ Not applicable

(VII) Analysis of principal subsidiaries and associates

Unit: '000 Currency: RMB

Name of company	Equity capital the Group possesses	Registered Capital	On 31 December 2021		2021		Main business
			Total assets	Net assets	Revenue	Net profit	
Xuanguang Company	55.47%	111,760	932,775	798,183	659,128	361,926	The construction, management and operation of Xuanguang Expressway
Ningxuanhang Company	51%	300,000	4,279,990	124,379	120,217	-353,741	Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service
Guangci Company	55.47%	56,800	297,952	281,633	139,342	90,008	The construction, management and operation of Guangci Expressway
Anqing Bridge Company	100%	150,000	3,221,047	1,242,292	471,698	123,329	Construction, management and operation of Anqing Yangtze River Expressway Bridge and Yuewu Expressway
Expressway Media	38%	50,000	470,127	341,165	132,415	45,748	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	3,042,944	2,627,042	169,271	87,533	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	2,579,861	1,533,974	185,390	314,035	Internet financial services, network information services, pawn business, etc.
Wantong Pawn	71.43%	157,500	89,979	88,042	447	11,323	Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service

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Name of company	Equity capital the Group possesses	Registered Capital	On 31 December 2021		2021		Main business
			Total assets	Net assets	Revenue	Net profit	
Wantong MicroCredit	10%	150,000	121,463	118,971	7,953	2,749	Distributing petty loans, small size enterprises management consulting and financial advisory
HK Subsidiary	100%	1,817	1,767	1,641	0	-80	Highway enterprises; its business covers relevant consultation and technology service for building, investment and operation of road abroad, and currently, the operation has yet to begin
China Merchants Fund	6.64%	3,000,000	2,006,185	1,976,792	439,823	409,245	Investment in energy conservation and environmental protection in transportation services
Jinshi Merger and Acquisition Fund	6.64%	3,000,000	2,354,286	2,106,557	561,701	291,481	Equity investment, asset management, enterprise management consulting
China Merchants Fund Management Company	2.5%	30,000	55,112	52,294	24,738	10,040	Daily management and investment consultation of China Merchants Fund
Jinshi Fund Management Company	2.5%	30,000	96,878	91,292	24,123	21,742	Daily management and investment consultation of Jinshi Merger and Acquisition Fund
Jinshi Equity Investment Fund	6.64%	1,500,000	497,017	497,017	556	-2,983	Equity investment, asset management, enterprise management consulting
Information Industry Company	10%	60,000	157,038	72,499	105,263	8,834	Construction, operation and service of traffic charging system; Computer software development; Information system integration services, etc.

Note: Except for the companies within the scope of consolidation of the Group, the financial data of other companies have not been audited.

(VIII) Information on Structured Entities controlled by the Company

☐ Applicable ☒ Not applicable



Section III Management Discussion and Analysis

VI. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(I) Industry landscape and development trend

1. Competition landscape of the industry

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

(1) Relatively high barrier of entry for the industry

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

(2) Industry competition is mainly competition with other modes of transportation

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

2. Development trends of the industry

The Company believes that future development of the expressway industry will mainly have the following trends and characteristics: 1) despite the slowdown in investment growth, the scale of overall investment is still large, there is room for growth in construction investments in the central and western regions, optimized connection and structural synergy and adjustment will be the focus of highway networks in future; 2) reforms of the investment and financing systems for the expressway industry will deepen continuously, expressway operating entities will emphasize more on attracting social capital for joint investments in the construction of new road sections and increase in reserves of highway projects, with bank loan, corporate bond, project yield bond and asset securitization under the PPP model becoming market hot spots; 3) the growth in revenue and freight volume of expressway companies are consistent with economic growth, and will be less affected by economic fluctuations in general; and 4) under the existing policies and economic environment, transformation is the development direction of the industry, with development of internal potential and external expansion being the two key development trends.

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

(II) Development strategy of the Company

The Company will strive to build an industry-leading and domestic first-class expressway operation and management platform and capital operation platform. During the “14th Five-Year Plan” period, the Company will focus on building a unified expressway operation and management platform, actively adapt to the new situation of national “one network” operation and management, accelerate the upgrading of the Company from traditional operation mode to innovation driven, build a high-level operation and management platform, and create a new benchmark of expressway operation and management. At the same time, we should actively carry out capital operation, enlarge the main business scale, optimize the industrial structure, and strive to become a domestic first-class capital operation platform as listed company.

(III) Business plan

The following business plan does not constitute the Company’s performance commitment to investors. Investors are invited to pay attention to investment risks.

Annual business plan

Based on the expectation that there will be no significant change in the operating environment, the group sets an overall toll revenue target of about RMB4,042 million in 2022 (after-tax) (actual in 2021: RMB3,831 million in 2021). As the number of road sections with longer service life increases year by year, the overload operation pressure of the pavement increases, and the highway maintenance and other expenses in 2022 are expected to increase compared with the same period of last year.

Planned Measures:

1. *Focus on top-level design, seek for excellent efficiency of platform control*

Learn from the experience of leading provinces, seek to optimize network operation and management service system, emergency security system, maintenance management system and “smart expressway” construction. Upgrade the network operation and management service system, build the national integrated “3 chains and 1 platform”, namely: service system “demand chain”, “service chain”, “management chain” and public travel info service platform. Optimize and improve the emergency security system, for the purpose of “collective platform, collective command, collective mechanism, resource sharing”.



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2. Undertake to promote growth of principal business indicators

Always make the greatest efforts to regard toll collection as the first priority, strengthen research and judgment on toll collection trend, and ensure further growth of annual toll target. Precisely adjust the audit ideas, carry out high-quality network-wide joint audit, and complete the construction of the provincial-level AI audit platform and the provincial-level green pass inspection platform, comprehensively improve the safe operation capability of the networked toll collection system, and ensure the collection of tolls.

3. High level promotion to create wonderful Anhui expressways

Fully carry out the maintenance development plan, and solidly promote scientific and precise maintenance. Further optimize and improve the maintenance management system, and establish a scientific and precise maintenance capital investment mechanism. Continue to carry out bridge and highway safety and other ministerial or provincial special actions, to further ensure the level of highway safety service. Adhere to the concept of green maintenance, vigorously implement the “four new’s” technologies, actively implement the national strategy of “carbon peaking and carbon neutrality”, and improve quality and upgrade in promoting energy conservation and emission reduction. Adhere to innovation-driven, continue to increase investment in sci-tech R&D and the translation of sci-tech achievements into application, and actively carry out R&D and pilot projects of intelligent maintenance management platforms, intelligent maintenance inspection systems, etc., to further improve management efficiency.

4. Demand oriented, to increase quality of beautiful travel services

With a clear orientation of “travel is a service”, focus on the improvement of expressway operation quality, further promote and deepen the operation and management service system of the road network, comprehensively improve the service carrying capacity, and achieve the target of “people enjoy their travel, and goods delivery are bettered”. Driven by the innovative “smile service again”, improve the travel service brand of Anhui expressways, lead to overall upgrading of service experience, increase the public satisfaction, happiness and safety in travel. Pilot operation safety standardization construction, strengthen exploration and summarize experience, and steadily and comprehensively promote in a timely manner to add guarantee for the safe operation of the road network. Improve the regional road network obstacle clearance and rescue mechanism, and ensure the smooth flow of the road network in major holidays and important nodes. Accelerate the promotion and issuance of ETC, expand application scenarios, and further improve the effective utilization rate of ETC.

5. Deepen reform to empower with development strength

Anchor against the three-year action of state-owned enterprise reform, accelerate the modernization of corporate governance system and governance capacity, and effectively improve the quality of the listed company. Carefully carry out Xuanguang Expressway reconstruction and expansion PPP project, and ensure the steady progress of the project. Standardize the management of the articles of association of investment enterprises, and promote the construction of the compliance management system in an orderly manner. Optimize the internal control management system, continuously enhance the risk control capability, and effectively prevent and resolve various risks.

Section III Management Discussion and Analysis

(IV) Possible risks

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

Policy risk

1. Industry policy risk

The Company's profits mainly come from the investment and operation of toll roads. According to Highway Law and other relevant provisions, highway companies do not have the independent pricing power of the toll standard, and the determination and adjustment of the toll standard must be submitted to the provincial transportation department in conjunction with the price department at the same level for examination and approval. Highway companies must implement the new highway toll policy issued by the government. The Regulations on the Administration of Toll Roads (Revised) have not been published after many years of revision, which brings a lot of uncertainty to toll, operation and maintenance of toll road after its expiration; Policies such as the removal of toll stations at boundary between provinces, accelerating ETC development, toll billing methods adjustment and toll standards adjustment have been introduced continuously, which will help to improve the efficiency of toll roads in the long run, but in the short and medium term, the amount of highway toll exempted and cost input will continue to increase, which is expected to have an impact on the Company's business performance.

2. Risk of franchise expiration

According to the Regulations on the Administration of Toll Roads, the time limit for toll roads shall be examined and approved by the people's governments in provinces, autonomous regions and municipalities in accordance with the relevant standards. The maximum time limit for commercial highway tolls determined by the State in the central and western provinces, autonomous regions and municipalities shall not exceed 30 years.

At present, the Company's major road resources have entered a mature period, If the Company's existing highway toll collection period expires and no other newly built or acquired operational highway projects are replenished in time, it will have a negative impact on the sustainable development of the Company.

Countermeasures: Comply with relevant industrial policies, deeply integrate into the Yangtze River Delta integrated development and the construction of the Yangtze River economic belt, expand the scale of major road manufacturers, strive to build a high-quality modern comprehensive transportation system, promote industrial chain reengineering and value chain improvement, and form new competitive advantages; carefully analyze the characteristics of the changes in the traffic flow and vehicle structure of the road network, improve the emergency toll management model, increase traffic capacity, and reduce the management cost of policy implementation through fine management. We will focus on connotative development, make good use of our own resources by tapping the internal growth potential. We should timely increase investment, optimize fund and equity investment, appropriately participate in investment opportunities in emerging industries, start with small-scale and small-proportion equity participation, and actively cultivate new profit growth points.

Section III Management Discussion and Analysis

Market risk

1. *Risk of macroeconomic fluctuations*

The toll road industry is sensitive to macroeconomic changes and road traffic volume and turnover are highly related to GDP. Macroeconomic fluctuations will lead to changes in the requirements of economic activities on transport capacity, that is, changes in highway traffic flow and the total amount of tolls, which will directly affect the operating performance of highway companies.

Under the current situation, the impact of COVID-19 is still going on, and the international political and economic environment is more complex. The foundation for China's sustained economic recovery is not stable, and the uncertain factors have increased significantly. It is estimated that during the "14th Five-Year Plan" period, the national economy will shift from the stage of high-speed growth to the stage of high-quality development, the economic structure will be further optimized, the reform of the transportation industry and the increasing market competition, the construction cost will continue to push up, and the rigid constraints of resources, environment and other development factors will be strengthened, which may have adverse effects on the Company.

2. *Risk of road network change*

According to the revision of Anhui Expressway Network Planning (2020–2035), by 2035, the total planned mileage of expressways in the province will reach 10,165 kilometers (including prospect lines). The overall layout of the road network consists of 5 vertical lines, 10 horizontal lines and 54 connecting lines, forming a "five vertical and ten horizontal" high-speed highway network, basically realizing "ring lines in cities, double lines in counties and districts, full coverage of key towns, full connectivity of key nodes and full expansion of main channels", The service capacity of the expressway channel connecting Shanghai, Jiangsu and Zhejiang in the East and Hubei, Henan and Jiangxi in the West has been effectively improved to fully support the construction of a transportation power and the regional integration development of the Yangtze River Delta. This round of planning shows the characteristics of significantly increased density, wider coverage and more efficient connectivity. The new mileage is about 2,235 kilometers, the total planned mileage is 10,165 kilometers, and the road network density reaches 7.26 kilometers/100 square kilometers.

With the further perfected intensification of highway networks, parallel routes and alternative routes will continue to increase, and network diversion will have a negative impact on the growth of toll revenue of the Company. Anhui Province is in the first tier of provinces with the most high-speed rail mileage, coupled with the development of the integration of private cars and urban and rural passenger transportation, the diversion of road passenger transportation is serious; The adjustment of the macro-policy of "convert road freight to rail freight and water freight" for bulk cargoes will affect the growth rate of road freight volume to some extent. These factors will have an impact on the operating performance of the Group's toll road projects.

Countermeasures: In view of the market risk, the Company will continue to track and analyze the impact of the macroeconomic environment, national policies and the regional economy where the Company's road assets are located on the Company's business operation and formulate corresponding countermeasures; at the same time, the Company will strengthen communication with the government and major shareholders to keep abreast of road network planning, project construction progress and other information. We will conduct a special analysis of the road network in advance and reasonably predict the impact of related projects on the traffic flow of our existing projects. We will make full use of Anhui's area traffic advantages, improve road signs, expand routing publicity and promotion, change passivity into initiative, and actively use informationalization to carry out road section marketing.

(V) Other

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis

VII. FAILURE OF THE COMPANY TO DISCLOSE ACCORDING TO REQUIREMENT DUE TO INAPPLICABLE STANDARDS, NATIONAL SECRETS, BUSINESS SECRETS OR OTHER SPECIAL REASONS

☐ Applicable ☒ Not applicable

VIII. NAMES OF THE DIRECTORS DURING THE REPORTING PERIOD

Names	Independent directors or not	Notes
Xiang Xiaolong	No	Appointed on 4 February 2020
Yang Xiaoguang	No	Appointed on 17 August 2020
Tao Wensheng	No	Appointed on 16 July 2021
Chen Jiping	No	Appointed on 16 July 2021
Yang Xudong	No	Appointed on 17 August 2020
Du Jian	No	Appointed on 17 August 2020
Liu Hao	Yes	Appointed on 17 August 2020
Zhang Jianping	Yes	Appointed on 17 August 2020
Fang Fang	Yes	Appointed on 17 August 2020
Tang Jun	No	Retired on 11 June 2021
Xie Xinyu	No	Retired on 21 June 2021

IX. FIXED ASSETS

Details of the change in the fixed assets of the Group during the year are set out in Note 7 to Section IX “Independent Auditor’s Report and Consolidated Financial Statements”.

X. CONTROLLING SHAREHOLDERS’ INTERESTS IN CONTRACTS

Save as disclosed in the part “XIV. Significant connected/related party transactions” in Section VI “Major Events” of this Annual Report, the Company or its subsidiaries and the parent company of the Company or its subsidiaries has not entered into any contract of significance which subsisted during the reporting period or at the end of the reporting period.

Section III Management Discussion and Analysis

XI. RESERVES

The figure and the details of any significant change in the reserves of the Company during the reporting period are set out in Note 18 to Section IX “Independent Auditor’s Report and Consolidated Financial Statements”. The Company’s retained earnings as at 31 December 2021 calculated in accordance with HKFRS amounted to RMB9,263,334 thousand (2020: RMB8,234,793 thousand), and the Company’s undistributed profits as at 31 December 2020 calculated in accordance with the PRC Accounting Standards amounted to RMB9,709,667 thousand (2020: RMB8,679,054 thousand).

XII. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the reporting period, the Group obtained loans with a total amount of RMB3,778 million (RMB405 million in 2020) from banks, and by the end of the reporting period, the bank loan balance was RMB5.075 billion (RMB2.229 billion in 2020), all of them were long-term borrowings.

At the end of the reporting period, RMB 460 million (2020: RMB835 million) of bank loans were at a fixed interest rate at an annual interest rate range of 1.2% (2020:1.2% to 3.915%); The rest of the loan is at a floating rate with an annual interest rate range of 3.35% to 4.90% (2020:3.90% to 4.90%).

The currency composition of bank loans is detailed in the Independent Auditor’s Report and Note 21 to the Consolidated Financial Statements in Section IX. The currency composition of cash and cash equivalents is detailed in the Independent Auditor’s Report and Note 16 to the Consolidated Financial Statements in Section IX.

At the end of the reporting period, the Group had a number of long-term payables, of which the interest-bearing portion was charged at a floating rate ranging from 4.75% to 4.90% (2020:4.35% to 5.19% (Note)), as detailed in the Independent Auditor’s Report and Note 23 to the Consolidated Financial Statements in Section IX. Such long-term payables have no specified repayment period.

As at 31 December 2021, the debt-to-capital ratio (net debt (total borrowings minus cash and cash equivalents) divided by total capital) was 14.96% (2020: 29.19% (Note)) (according to HKAS).

The Group’s capital management policy is to ensure that the Group continues to operate and deliver returns to its shareholders and other stakeholders. The Group will adjust its capital structure and make necessary adjustments in response to changes in the external economic environment. In order to adjust the capital structure, the Group may reduce the debt ratio by issuing new shares or controlling capital expenditure if necessary.

The Group’s strategy for 2021 remained unchanged compared to 2020, with a sustained capital-to-debt ratio of less than 30% and a good credit rating.

Note: On 24 December 2021, the Company acquired 100% equity of Anqing Bridge Company and related shareholders’ loan in a business combination under the same control. Accordingly, the figures in 2020 have been adjusted retrospectively.

Section III Management Discussion and Analysis

XIII. CHARGE OF ASSETS AND CONTINGENT LIABILITIES

On 31 December, 2021, bank borrowings in the amount of approximately RMB460 million, was secured by a pledge of the Group's toll revenue after the completion of the proposed Hening Expressway Reconstruction and Extension Project (2020: RMB540 million). The bank borrowings in the amount of approximately RMB792 million was secured by a pledge of the Group's share of toll revenue Liqiao to Xuancheng section of Ningxuanhang Expressway (Anhui section) (in 2020: RMB870 million).

The bank borrowings in the amount of approximately RMB 1,528 million was secured by a pledge of the Group's share of toll revenue Xuancheng to Ningguo section of Ningxuanhang Expressway (Anhui section) (in 2020: RMB 110 million). The bank borrowings in the amount of approximately RMB 458 million was secured by a pledge of the Group's share of toll revenue Ningguo to Qianqiuguan section of Ningxuanhang Expressway (Anhui section) (in 2020: none).

The Group had no contingent liabilities as at 31 December 2021 (2020: none).

XIV. RISKS OF CURRENCY AND INTEREST RATE

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

Details of the financial risks and management of such risks are disclosed in Note 3 to Section IX "Independent Auditor's Report and Consolidated Financial Statements".

XV. STAFF MEMBERS

Details of the Group's staff members (including the number, remuneration policy and details of training) are disclosed in Section IV "Corporate Governance" of this annual report.

XVI. PRINCIPAL CUSTOMERS AND SUPPLIERS

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

XVII. LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS/PERMITTED INDEMNITY PROVISION

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



Section III Management Discussion and Analysis

XVIII. ITEMS AFTER THE REPORTING PERIOD

Items after the reporting period have been disclosed in Section VI “Major Events”.

XIX. THE PROFIT APPROPRIATION PLAN OR PLAN FOR CONVERSION TO SHARE CAPITAL FROM CAPITAL RESERVES

Please refer to the disclosures in Section IV “Corporate Governance”.

XX. CHARITABLE DONATIONS

During the year ended 31 December 2021, the Group made charitable donations of approximately RMB50 thousand (2020: RMB5,050 thousand).

XXI. DIRECTORS’ AND SUPERVISORS’ INTERESTS IN CONTRACTS AND ARRANGEMENT FOR PURCHASE OF SHARES OR DEBENTURES

Please refer to the disclosures in Section IV “Corporate Governance”.

XXII. MANAGEMENT CONTRACTS

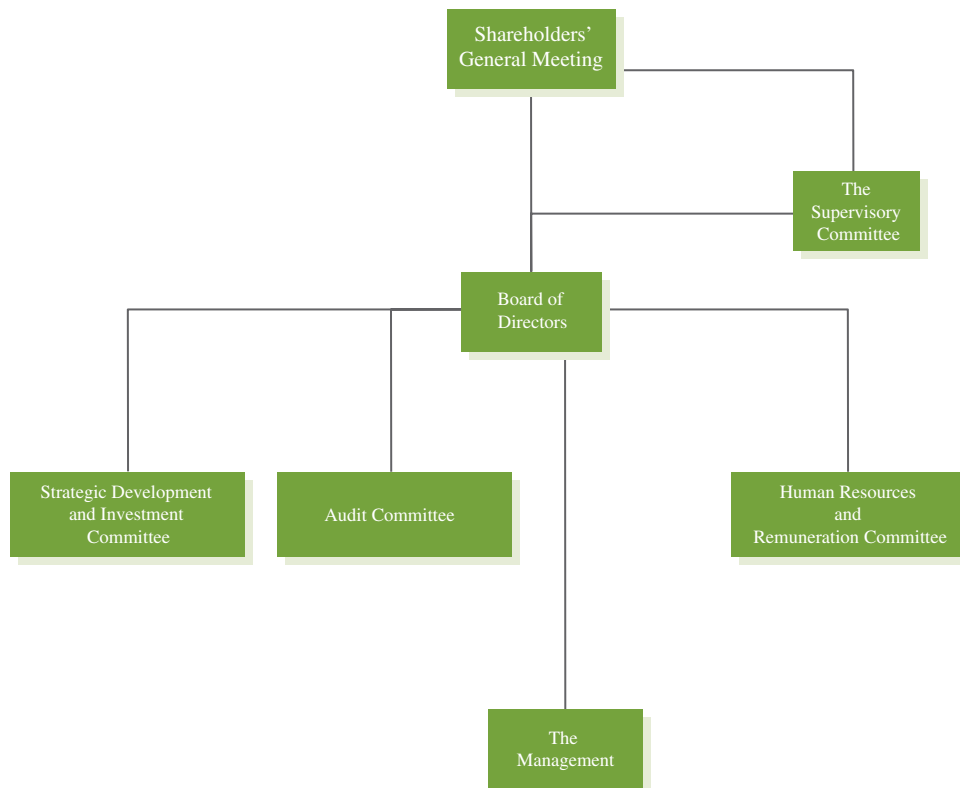
Save as disclosed in Section IV “Corporate Governance”, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into by the Group or existed during the year.

Section IV Corporate Governance

I. INFORMATION ON CORPORATE GOVERNANCE

Good corporate governance is not only for meeting the basic requirements of regulatory authorities on listed companies but, more importantly, meeting the inherent needs for the development of the Company. A scientific and standardized system, mutually balanced supervisory regime and effective enforcement are essential to the healthy and sustainable development of the Company and will improve the image of the Company in the industry and capital market, winning recognition and confidence in the Company from all parties. The Company has always been committed to completing the corporate governance structure, establishing complete operation regulations, and constantly improving the effectiveness of corporate governance.

Currently, the Company has established a corporate governance structure composed of the general meeting of shareholders, the board of directors, the Supervisory Committee and the management, and has formulated multi-level governance rules based on the Company's articles of association, and clarified the responsibilities, authorities and codes of conduct of each party. The general meeting of shareholders, the board of directors, the special committees and the Supervisory Committee shall, in accordance with laws and regulations and governance rules, perform their respective duties in a balanced, orderly and coordinated manner, and continuously improve the level of corporate governance and decision-making efficiency of the Company. The current governance structure of the Company is shown as follows:





Section IV Corporate Governance

The Company has strictly complied with the requirements of laws, regulations and regulatory documents including the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and the Guidelines on Articles of Association of Listed Companies issued by CSRC in the PRC since its establishment and has continued to enhance its corporate governance standards.

During the Reporting Period, in accordance with the requirements of the Opinions on Further Improving the Quality of Listed Companies issued by the State Council, the Announcement on Launching the Special Actions for Governance of Listed Companies issued by the China Securities Regulatory Commission, the Notice on Effectively Implementing the Special Work for Governance of Listed Companies issued by the Anhui Securities Regulatory Bureau of the China Securities Regulatory Commission and other documents, and in accordance with the requirements of the Company Law, the Securities Law and other relevant laws and regulations and the Articles of Association, combined with the list of special self-inspection on governance, the Company sorted out the relevant items for inspection for the period from 1 January, 2018 to 31 December, 2020 one by one and formed the Special Self-inspection Report on Corporate Governance, which was considered and approved at the seventh meeting of the ninth session of the Board. Upon self-inspection, the Company maintained effective control and governance in all major aspects of corporate governance, and was not aware of any material non-compliance with laws and regulations or infringement of the interests of the listed company, nor any non-compliance with laws and regulations that would affect the level of corporate governance.

During the Reporting Period, there was no difference between the actual governance conditions of the Company and the requirements of the Code of Corporate Governance for Listed Companies issued by the China Securities Regulatory Commission and the relevant laws and regulations, all the Code Provisions of the Corporate Governance Code were fully adopted.

1. Shareholders and Shareholders' General Meeting

The Company convened and held shareholders' general meetings in strict compliance with the provisions of legal regulations including the Company Law of the People's Republic of China and the requirements of the Articles of Association and the Rules of Procedure for Shareholders' General Meeting, adopted online voting for important matters, to ensure that shareholders had the opportunity to express their opinion and to exercise their voting rights effectively and that all shareholders were treated equally and the rights and obligations of all shareholders were protected.

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

Section IV Corporate Governance

2. Directors and the Board of Directors

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

The Board of Directors has established three special committees, namely the Strategic Development and Investment Committee, Audit Committee and Human Resources and Remuneration Committee to assist the Board of Directors in performing duties and operating effectively. In considering matters such as corporate strategies, financial reporting, accounting policies, project investment and the selection of and remuneration for Directors and managers, the proposals will be first submitted to the relevant committee for consideration and discussion, which will review the same under its terms of reference and make recommendations to the Board of Directors so as to contribute to the improvement of the efficiency and effectiveness of the Board's decision-making.

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

The members of the current session of the Board possess industry background or professional skills in highway industry, engineering construction, investment strategy, company management, financial accounting, financial securities, etc. respectively. Among the Directors, there are 3 independent Directors, 1 of whom possess professional knowledge about accounting. Independent Directors are equipped with abundant professional knowledge and management experience in company management, finance and securities, financial management, etc. and hold important posts in the special committees. Independent Directors constitute more than half of all the Directors in both Audit Committee and Human Resource and Remuneration Committee; the chairmen of the committees are also independent Directors. The arrangement of the Board of Directors and the special committees meets the requirement of the Listing Rules and the Instruction to Establishing Independent Director System in Public Companies.

3. Supervisor and Supervisory Committee

The Supervisory Committee consists of three Supervisors, including one employees' representative. The composition of the Supervisory Committee has complied with the requirements of the legal rules and regulations such as the Company Law of the People's Republic of China. The Supervisory Committee exercises the supervisory rights of the Company according to the Articles of Association of the Company and the Rule for Procedure of the Supervisory Committee. Its core duties, among others, are to supervise the corporate finances and also to ensure that the Directors and senior management are performing their duties with due diligence with a view to protecting legal interests of the Company and its shareholders.

During the reporting period, the Supervisory Committee convened 9 meetings with all Supervisors being present. It supervised the compliance aspect of the performance of duties by the Company's financial personnel, Directors and senior management on behalf of the shareholders, attended all the Board meetings, and conscientiously performed its duties.



Section IV Corporate Governance

4. Information Disclosure

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

During the reporting period, the Company strictly adhered to the principle of “truthfulness, accuracy, completeness, timeliness and equality”, ensured all shareholders have equal right to access to the relevant information of the Company, and continuously improved the focus, effectiveness and transparency of its information disclosure. In strict compliance with the Management System of Disclosure of Information and in accordance with the statutory disclosure requirements, the Company simultaneously published announcements on SSE and SEHK, and issued 4 periodic reports, 45 A shares extraordinary announcements and 39 H shares extraordinary announcements during the reporting period, which disclosed important information on the Company’s results and financial information, dividends distribution, connected transactions, operations of the shareholders’ general meeting.

During the reporting period, the content of all disclosures by the Company was strictly in accordance with the relevant listing rules and regulations of SSE and SEHK on information disclosure, and satisfied the disclosure requirements in both exchanges. The relevant announcements were published in China Securities Journal and Shanghai Securities News, and on the websites of SSE, the SEHK and the Company.

5. Inside information management

During the reporting period, in order to maintain the confidentiality of information such as financial information, the Company has strictly complied with the Management System on Disclosure of Information, Registration Management System for Holders of Inside Information Administrative Measures for the Relevant Activities such as the Reception of Specific Targets by the Company for Investigation and Research and Interview, registered in details the relevant personnel, items, time of knowing the information and usage related to the inside information, and required the relevant personnel to make commitment and reminded them to fulfill their duty of confidentiality to prevent the leakage of information and insider dealings. According to our internal investigation, there has been no finding of cases that insiders dealt with the shares of the Company prior to the disclosure of substantial sensitive information concerning the shares of the Company in 2021.

6. Capital occupation and related transactions

During the reporting period, the Company continued to strengthen self-inspection on capital occupation and related transactions, ensured that all major events are subject to the necessary statutory approval procedures, strictly controlled the risk of various violations, and further improved the Company’s standard operation level. In the specific operation, the Company focused on the related party fund exchanges, and strictly controlled the related party capital occupation; At the same time, related party transactions are strictly in accordance with the necessary review procedures and statutory disclosure procedures required by SSE and SEHK, to prevent the transmission of interests through improper related party transactions, to prevent performance fraud, and to ensure that related party transactions have no negative impact on the company, fair and reasonable and in line with the interests of the company and all shareholders.

Section IV Corporate Governance

7. Investor Relations

The management of the Company has consistently emphasized investor relations management and has formulated the “Measures for the Administration of Investor Relations” and reinforced investor relations management in terms of the management structure and the internal control system. The Company makes full use of the telephone, internet, and media to introduce the Company’s development strategy, corporate culture and operating reality to investors, receive researches and interviews from investors and institutions, ensure the right to information of small and medium investors, and continuously enhance the openness and transparency of company operations. During the reporting period, the Company’s main investor relations activities are mainly carried out through the following ways:

- ◇ Timely respond to investor enquiries through the SSE “E-interactive” platform, investor hotline, company website and email;
- ◇ Receive investors and analysts to investigate the Company on site;
- ◇ Using the Internet to carry out promotional activities. Under the new situation of normalized COVID-19 prevention and control, the Company adopted network promotion mode and used the “E-interactive” platform of SSE to conduct online results promotion. The 2020 Annual Results Investor Presentation and the Investor Presentation on acquisition of 100% equity and related shareholder's loan of Anqing Bridge Company were held in March 2021 and October 2021 respectively, in which the Company had ample communication with investors in topics such as the Company’s operating conditions, project information, investor protection and sustainable development, providing convenience for public investors to gain more in-depth understanding of the Company, and obtaining good promotion result.
- ◇ Actively participated in investment education activities, including “15 March-Investor protection education activities”, “May 15-National Investor Protection Publicity Day”, “Prevention of Illegal Securities and Futures Publicity Month”, “Anhui province area listed company investors collective reception day in 2021”, etc.

8. Investor return mechanism

The Company has established in the Articles of Association a stable and active dividend policy. Since the listing, the Company has been paying cash dividends continuously for 25 consecutive years. By the end of 2021, the Company has paid a total cash dividend of about RMB6,591 million, with a total dividend of RMB4.0075 per share, so that shareholders of the Company can get good returns from the development of the Company.

The Company plans to pay a cash dividend of RMB0.55 per share in this year, with a dividend rate of 64.70%. The Board is not aware of any arrangement under which any shareholder has waived or agreed to waive any dividend.



Section IV Corporate Governance

9. Internal audit and control management

The Company attaches great importance to internal audit and internal control, and puts emphasis on internal control to promote the development of the Company, improve management, improve efficiency and strengthen internal control to prevent risks. At the same time, for daily risk monitoring, the Company regularly carries out information collection and business status analysis, and constantly adjusts risk management measures according to internal and external changes.

During the reporting period, the Company carefully conducted economic responsibility audit, project settlement audit, continuously carried out internal control self-assessment and rectified shortcomings, to ensure the integrity and effectiveness of internal control system. In order to satisfy new regulatory requirements, the Company optimized the “risk management oriented, compliance supervision featured” three-in-one internal control system in 2021; carried out annual risk evaluation in January 2021, to extensively gather executives’ opinions toward the risks in operation and their risk appetite in the form of questionnaires, identified the top 5 risks of the Company; the Company continued to collect risk change information in ordinary course, and regularly summarized the risk change information (including new risks) found or risk events, made quarterly summary and analysis of various risk countermeasures and risk events monitoring and processing, prepared the quarterly risk investigation reports. In 2021, the top 5 risk controls of the Company were in good conditions, and there was no major risk event by 31 December 2021.

10. Social responsibility

As a transportation infrastructure listed company, the Company actively comply with national laws and regulations, strictly follow the articles of association, the rules of SSE and SEHK on corporate governance, based on the industry, consciously fulfill social traffic demand, and promote social and economic development of the basic social responsibility, continue to create a good return on investment for shareholders, create interest for employees, customers and business partners and other stakeholders.

During the reporting period, the Company has complied with the relevant laws and regulations that have a significant impact on the Company, and undertaken a multi-dimensional social responsibility, including the corresponding responsibilities for stakeholders such as shareholders, employees, consumers and community environment. For details, please refer to the Company’s 2021 Environmental, Social and Governance Report, the full report of which is available on SSE website, SEHK website and the Company’s website.



Section IV Corporate Governance

II. MEASURES OF THE CONTROLLER SHAREHOLDER OR ACTUAL CONTROLLER IN SECURING THE INDEPENDENCE OF ASSETS, STAFF, FINANCE, ORGANIZATION AND BUSINESS ETC. OF THE COMPANY, AND THE SOLUTIONS, PROGRESS AND SUBSEQUENT WORK PLAN TO BE TAKEN TO INFLUENCE THE INDEPENDENCE OF THE COMPANY.

☐ Applicable ☒ Not applicable

The controlling shareholder, the actual controller or other entity under its control is engaged in the same or similar business, or competing business or the major changes of competing business; the influence of any of the above circumstances, solutions taken, progress of solution, subsequent plan.

☐ Applicable ☒ Not applicable

Section IV Corporate Governance

III. BRIEF INTRODUCTION OF THE GENERAL MEETING OF SHAREHOLDERS

Session of the meeting	The date of meeting	Index of the specified website published by the resolution	Disclosure date of published resolutions	Resolutions at the meeting
2020 annual general meeting	21 May 2021	Shanghai Securities News, China Securities Journal http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.net	22 May 2021	To consider and approve the working report of the board of directors of the Company for the year 2020, the working report of the supervisory committee of the Company for the year 2020, the audited financial report of the Company for the year 2020, the profit appropriation proposal of the Company for the year 2020, the resolution in relation to the re-appointment of the auditors for the year 2021 and to authorize the board of directors to fix their remuneration, the election of Mr. Cheng Xijie as a supervisor of the Company and the resolution in relation to the grant of general mandate authorizing the board of directors to allot and issue new A Shares and/or H Shares
The 2021 first extraordinary general meeting	16 July 2021	Shanghai Securities News, China Securities Journal http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.net	17 July 2021	To consider and approve the resolution on election of new executive directors of the board of directors of the Company for the ninth session
The 2021 second extraordinary general meeting	20 December 2021	Shanghai Securities News, China Securities Journal http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.net	21 December 2021	To consider and approve the resolution in relation to the Company's acquisition of 100% of the share capital in and related loan owed by Anhui Anqing Yangtze River Expressway Bridge Limited Liability Company and approve the Shareholders' Return Plan of the Company for the years 2021–2023.

Section IV Corporate Governance

The reinstated preferred Shareholders requested an extraordinary general meeting

☐ Applicable ☒ Not applicable

Statement of the general meeting of shareholders

1. On 21 May 2021, the Company held the 2020 annual general meeting. The meeting was called by the Board, chaired by Chairman Mr. Xiang Xiaolong, attended by the Directors, Supervisors and secretary to the Board, while other senior management, the candidate for new Supervisor, lawyers, accountants were present at the meeting. A combination of on-site voting and online voting was adopted for the meeting. The convening, holding and voting of the general meeting were all compliant with the Company Law and the Articles of Association. A total of 26 shareholders and proxies attended this general meeting, holding in total 1,061,136,875 shares with voting right, representing 63.98% of the issued shares of the Company. The meeting considered 7 resolutions in total, among which small and medium investors' votes on Resolution nos. 4, 5 and 7 were counted separately. Resolution nos. 1 to 6 were passed by a simple majority of votes as ordinary resolutions; Resolution no. 7 was passed by more than 2/3 of the votes as a special resolution. No addition or change to any resolution were made in the meeting.
2. On 16 July 2021, the Company held the 1st extraordinary general meeting of 2021. The meeting was called by the Board, chaired by Chairman Mr. Xiang Xiaolong, attended by the Directors, Supervisors and secretary to the Board, while other senior management, the candidates for new Director, lawyers, accountants were present at the meeting. A combination of on-site voting and online voting was adopted for the meeting. The convening, holding and voting of the general meeting were all compliant with the Company Law and the Articles of Association. A total of 13 shareholders and proxies attended this general meeting, holding in total 1,038,492,003 shares with voting right, representing 62.61% of the issued shares of the Company. The meeting considered 1 resolution, for which cumulative voting was adopted and on which small and medium investors' votes were counted separately. Resolution nos. 1.01 and 1.02 were passed as ordinary resolutions since each of them obtained votes representing more than half of effective voting shares held by the shareholders present at the meeting. No addition or change to any resolution were made in the meeting.
3. On 20 December 2021, the Company held the 2nd extraordinary general meeting of 2021. The meeting was called by the Board, chaired by Chairman Mr. Xiang Xiaolong, attended by the Directors, Supervisors and secretary to the Board, while other senior management, lawyers, accountants were present at the meeting. A combination of on-site voting and online voting was adopted for the meeting. The convening, holding and voting of the general meeting were all compliant with the Company Law and the Articles of Association. A total of 180 shareholders and proxies attended this general meeting, holding in total 1,173,238,072 shares with voting right, representing 70.74% of the issued shares of the Company. The meeting considered 2 motions in total, for both of which small and medium investors' votes were counted separately. As resolution no.1, namely the resolution in relation to the Company's acquisition of 100% of the share capital in and related loan owed by Anhui Anqing Yangtze River Expressway Bridge Limited Liability Company by cash payment (《關於本公司支付現金購買安徽安慶長江公路大橋有限責任公司100%股權及相關債權的議案》) was a connection transaction resolution, Anhui Transportation Holding Group, being the relevant connected shareholder, abstained from voting. Resolution no. 1 was passed by a majority of votes as ordinary resolution, and resolution no. 2 was passed by a 2/3 majority of votes as special resolution. No addition or change to any resolution were made in the meeting.

Section IV Corporate Governance

IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Name	Position	Sex	Age	The start date of term of office	The expiration date of term of office	Total remuneration (before tax) from the Company during the reporting Period (RMB'0,000)	Whether or not obtained remuneration from any related party of the Company
Xiang Xiaolong	Chairman	Male	58	2020-08-17	2023-08-16	0	Yes
Yang Xiaoguang	Deputy Chairman	Male	59	2020-08-17	2023-08-16	0	Yes
Tao Wensheng	Director	Male	52	2021-07-16	2023-08-16	12.60	No
	General Manager			2021-06-11	2023-08-16		
Chen Jiping	Director	Male	51	2021-07-16	2023-08-16	59.13	No
	Employee Representative Supervisor (Resigned)			2020-08-17	2021-06-17		
Yang Xudong	Director	Male	49	2020-08-17	2023-08-16	0	Yes
Du Jian	Director	Male	51	2020-08-17	2023-08-16	0	Yes
Liu Hao	Independent Director	Male	44	2020-08-17	2023-08-16	8.00	No
Zhang Jianping	Independent Director	Male	54	2020-08-17	2023-08-16	8.00	No
Fang Fang	Independent Director	Female	48	2020-08-17	2023-08-16	12.00	No
Cheng Xijie	Supervisory Committee chairman	Male	58	2021-05-21	2023-08-16	0	Yes
Li Huairu	Employee Representative Supervisor	Female	51	2022-01-05	2023-08-16	0	No
Jiang Yue	Supervisor	Male	40	2020-08-17	2023-08-16	0	Yes
Xie Xinyu	Company secretary	Male	55	2020-08-17	2023-08-16	46.53	No
	Director, Executive Deputy General Manager (Resigned)			2020-08-17	2021-06-21		
Li Huimin	Deputy General Manager	Male	58	2020-08-17	2023-08-16	59.13	No
Wu Changming	Deputy General Manager	Male	51	2022-01-12	2023-08-16	42.16	No
	Employee Representative Supervisor (Resigned)			2021-06-17	2022-01-05		No
Deng Ping	Deputy General Manager	Female	52	2020-08-17	2023-08-16	41.57	No
Dong Huihui	Secretary to the Board	Female	54	2020-08-17	2023-08-16	51.48	No
Huang Yu	Finance Director	Male	46	2021-01-22	2023-08-16	26.67	No
Zhang Xianxiang	General Counsel	Male	48	2021-04-28	2023-08-16	18.60	No
Tang Jun	Director, General Manager (Resigned)	Male	52	2020-08-17	2021-06-11	30.15	No
Xu Zhen	Supervisory Committee Chairman (Resigned)	Male	58	2020-08-17	2021-05-21	19.72	Yes
Total	/	/	/	/	/	435.74	/

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

Section IV Corporate Governance

Name	Major work experiences
Xiang Xiaolong	<p>He was born in 1964, had obtained an academic qualification equivalent to the Master of Business Administration from Anhui Institute of Business Administration. He previously acted as the secretary and deputy director of Anhui Provincial Supply and Marketing Cooperative Office, the deputy general manager of Anhui Provincial Agricultural Resources Company, the director of Anhui Provincial Supply and Marketing Cooperative Office, an assistant of the mayor of the Municipal Government, the director of the Municipal Development and Reform Commission, and the secretary of the Municipal Government and the director of the Municipal Administrative Services Center in Anqing, the deputy mayor of the Anqing Municipal Government, a member of the Standing Committee and the deputy mayor of the Anqing Municipal Party Committee, the deputy director and a member of the Party Committee of the State-owned Assets Supervision and Administration Commission of the Anhui Provincial Government, the deputy director and the deputy secretary of the Party Committee (Director Level) of the State-owned Assets Supervision and Administration Commission of the Anhui Provincial Government. Currently he is the secretary of the Party Committee and the chairman of the board of directors of Anhui Transportation Holding Group Company Limited. Since 4 February 2020, he has taken the post of chairman of the Board of the Company.</p>
Yang Xiaoguang	<p>He was born in 1963, holds a Bachelor of Engineering degree and is a senior engineer. He successively served as the chief officer of technology division of the Department of Communications of Anhui Province, head of small automobile repair and assembly plant in Hefei, Anhui Province, director, deputy general manager and Party Committee member of Anhui Transportation Investment Group Company Limited. He is currently a Party Committee member and deputy general manager of Anhui Transportation Holding Group Company Limited. Since 17 August 2020, he has taken the post of deputy chairman of the Board of the Company</p>

Section IV Corporate Governance

Name	Major work experiences
Tao Wensheng	<p>He was born in 1970, holds a postgraduate degree and is a senior engineer. He was once an assistant engineer of the Hefei Meiling Refrigerator Plant* (合肥美菱電冰箱總廠), the deputy manager of the general affairs department for tender, the deputy director of the general office and the deputy director of the inquiry and supervision office of the Provincial Bureau of Complete Machinery and Equipment of Anhui Province* (安徽省機械設備成套局); the deputy director of the Provincial Tender Center of Anhui Province* (安徽省招標中心); a member of the Party Committee and the deputy general manager of Anhui Expressway Real Estate Group Co., Ltd.* (安徽省高速地產集團有限公司); a member of the general Party branch, executive director and the general manager of Anhui Yida Expressway Service Areas Operation and Management Co., Ltd.* (安徽省驛達高速公路服務區經營管理有限公司) and a director and the chairman of the board of directors of Anhui Expressway Petrochemical Co., Ltd.; the deputy secretary to the Party Committee, executive director and general manager of Anhui Yida Expressway Service Areas Operation and Management Co., Ltd. He served as the chairman of the board of directors and deputy secretary to the Party Committee of Anhui Expressway Real Estate Group Co., Ltd.* (安徽省高速地產集團有限公司) from September 2017 to June 2020; and the secretary to the Party Committee and chairman of the board of directors of Anhui Expressway Real Estate Group Co., Ltd. from June 2020 to June 2021. He has been the general manager of the Company since June 2021, has been the director and general manager of the Company since July 2021. He is also the chairman of the board of directors of Anhui Transportation Holding Group (H.K.) Company Limited and Anhui Ningxuanhang Expressway Investment Company Limited and the director of Anhui Expressway (H.K.) Limited.</p>
Chen Jiping	<p>He was born in 1971, holds a Master of Business Administration degree and is a senior engineer. He served as the human resources deputy director, office manager and director of operations management of Anhui Transport Investment Group Company Limited, and a Party Committee member and the deputy general manager of Anhui Transport Operations Management Company Limited. From August 2016 to June 2020, he has been a member of the Party Committee and a deputy general manager of the Company. He has been a deputy secretary of the Party Committee of the Company since June 2020 (during which period he was the employee representative Supervisor of the Company from 17 August 2020 to 17 June 2021). He has been the director and deputy secretary of the Party Committee of the Company since July 2021.</p>

Section IV Corporate Governance

Name	Major work experiences
Yang Xudong	He was born in 1973, is a doctoral candidate and a senior engineer. He has previously held the positions as a project manager of domestic project department of China Merchants Holdings (International) Company Limited and as a general manager assistant and general manager of investment development department of China Merchants Highway Network Technology Holding Company Limited. He is currently the deputy general manager of China Merchants Highway Network Technology Holding Company Limited, and is concurrently the chairman of China Merchants Railway Co., Ltd. and a director of Guangxi Wuzhou Transportation Company Limited. Since 17 August 2017, he has been appointed as a director of the Company.
Du Jian	He was born in 1971, is a PhD fellow and a senior engineer. He was the chief executive of Zhongjia Beijing Trading Jiatai Consulting Company Limited, the associate general manager of China Highway Engineering Consulting Supervisory Head Office's Lujie Company. He was also a director of Shandong Hi-speed Company Limited and the general manager of the strategic development department of China Merchants Highway Network Technology Holding Company Limited. He is currently the chairman of China Merchants New Intelligence Technology Company Limited* (招商新智科技有限公司) and the chairman of China Merchants Huaruan Information Company Limited* (招商華軟信息有限公司). Since 20 May 2016, he has been appointed as a director of the Company.
Liu Hao	He was born in 1978, holds a PhD degree in accountancy. He is now a professor and doctoral supervisor of Accounting College of Shanghai University of Finance and Economics, a member of the third cohort of enterprises accounting standards advisory committee of the Ministry of Finance of the PRC, the National Phase III Leading Accounting Talent (Academic Class) of the Ministry of Finance of the PRC, and has concurrently acted as an independent director of Shanghai Shenneng Company Limited* (上海申能股份有限公司), Shanghai Xuerong Bio-Technology Company Limited* (上海雪榕生物科技股份有限公司), Shanghai Hajime Advanced Material Technology Company Limited* (上海肇民新材料科技股份有限公司), Hubei Huitian New Materials Company Limited* (湖北回天新材料股份有限公司) and Shanghai Zhizhen New Energy Company Limited* (上海治臻新能源股份有限公司). Since 17 August 2017, he has been appointed as an independent director of the Company.

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Name	Major work experiences
Zhang Jianping	He was born in 1968, holds a Master of Law degree. He served as the chief officer of Anhui Provincial Supply and Marketing Cooperative Office, partner of Hefei Jun'an Law Firm (合肥君安律師事務所)* and partner of Anhui Shiji Tianyuan Law Firm* (安徽世紀天元律師事務所). He has been the chief lawyer of Anhui Zhuotai Law Firm* (安徽卓泰律師事務所) since May 2007. Since 17 August 2020, he has been appointed as an independent director of the Company.
Fang Fang	She was born in 1974, holds a Master of Business Administration degree. She served as a managing director of Tybourn Capital Management Limited and a partner and fund manager of Summitview Capital Management Limited. She has been a partner and fund manager of Tairen Capital Limited* (泰仁資本有限公司) since June 2018. Since 17 August 2020, she has been appointed as an independent director of the Company.
Cheng Xijie	He was born in 1964, graduated from the Party School of the Central Committee of Communist Party of China with an on-the-job college degree. He successively served as deputy secretary of Party organization and deputy director of the Public Security Bureau of Yuexi County, Anhui Province, the chief prosecutor of the Procuratorate of Yuexi County, Anhui Province, a member of the Standing Committee of the Party Committee and a secretary of the Discipline Inspection Committee of the Yuexi County, Anhui Province, a member (county magistrate level) of the Standing Committee of the Discipline Inspection Committee of Anqing City, Anhui Province, a deputy secretary of the Discipline Inspection Committee of Anqing City, Anhui Province and a deputy secretary of the Discipline Inspection Committee of Anhui Transportation Holding Group Co., Ltd..He has been the chairman of the supervisory committee of the Company since May 2021.
Li Huairu	She was born in 1971, holds a master degree and is a senior accountant. She successively served as the head of finance department, director and member of the Party Committee of Anhui Xunjie Logistics Company Limited* (安徽迅捷物流有限責任公司), member of the Party Committee, manager of finance department, director and chief accountant of Anhui Province Huanyu Highway Construction and Development Company Limited* (安徽省環宇公路建設開發有限公司), and deputy director of finance department of Anhui Transport Investment Group Company Limited* (安徽省交通投資集團有限責任公司). She was deputy director of finance department of Anhui Transportation Holding Group Company Limited between March 2015 and December 2021. She has been a member of the Party Committee and secretary of the Disciplinary Committee of the Company since December 2021. Since 5 January 2022, she has been appointed as the employee representative supervisor of the Company.

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Name	Major work experiences
Jiang Yue	He was born in 1982, is a holder of a master's degree in management, a registered accountant in China (non-practicing), a Chartered Financial Analyst (USA) and a Financial Risk Manager (USA). Since July 2009, he has been working in China Merchants Highway Network Technology Holding Company Limited, and he previously worked as the project manager of the equity management division 1 and the corporate management department, also acting as a supervisor of the supervisory committee of Henan Zhongyuan Expressway Company Limited, Heilongjiang Transportation Development Company Limited, Shandong Hi-Speed Company Limited and North China Expressway Company Limited. He is currently an assistant to the general manager of the capital operation department and concurrently serves as the supervisor of Jilin Expressway Company Limited. Since 20 May 2016, he has been appointed as a supervisor of the Company.
Xie Xinyu	He was born in 1967. He is a holder of an engineering master's degree, and a fellow of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute. He was the deputy general manager and secretary to the Board of the Company between 1996 and 1999; a Director, deputy general manager and secretary to the Board of the Company between 1999 and 2002; and has been the deputy general manager and secretary to the Board of the Company since August 2002. Since 17 August 2014, he has been appointed as a Director, deputy general manager and secretary of the Company. From August 2020 to June 2021, he served as a Director, executive deputy general manager and secretary of the Company. Currently he is the secretary of the Company.
Li Huimin	He was born in 1964, and is a holder of part-time postgraduate diploma and an economist. He served as the deputy officer of the Wuzhuang toll office at Quanjiao Management Office of Anhui Expressway Holding Corporation, deputy general manager and deputy general managing director of Xuanguang Expressway Company Limited, director and party's branch secretary general of Mawu Highway Management Office and Maanshan Management Office. Since 16 December 2015, he has been appointed as a deputy general manager of the Company. He is concurrently a director of Anhui Expressway Media Limited and Anhui Ningxuanhang Expressway Investment Company Limited.

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Name	Major work experiences
Wu Changming	He was born in 1971, holds a master's degree, and is a first-level legal adviser, senior economist and company lawyer. He served as a deputy director of the Investment and Planning Department of Anhui Transportation Investment Group Company Limited; vice president of Anhui Transportation and Exploration Design Institute* (安徽省交通勘察设计院); and deputy head of the Road Property Management Department, deputy head of the Legal Affairs Department and head of the Legal Affairs Department of Anhui Transportation Investment Group Company Limited. Mr. Wu served as the head of the Legal Affairs Department of Anhui Transportation Holding Group Company Limited from March 2015 to June 2020 and served as a member of the Party Committee, the secretary of the disciplinary committee of the Company from June 2020 to December 2021. he served as the employee representative of the Company from June 2021 to January 2022. Since 12 January 2022, he has been appointed as the deputy general manager of the Company.
Deng Ping	She was born in 1970, has tertiary education qualification and is an engineer. She served as deputy head and the head of the road maintenance section of Hefei management office, and deputy head of Hefei management office, of Anhui Expressway Holding Corporation, deputy head of toll management department of Anhui Expressway Holding Group Company Limited, and deputy head of toll management department of Anhui Transportation Operations Management Company Limited (expressway operation division). From August 2016 to June 2020, she served as the deputy head of operation management department in Anhui Transportation Holding Group Company Limited. Since 24 June 2020, she has been appointed as a deputy manager of the Company. She is concurrently a Director of Anhui Ningxuanhang Expressway Investment Company Limited.
Dong Huihui	She was born in 1968, holds a bachelor degree in economics from Zhejiang University and is a senior economist. She served as the deputy chief financial planning officer of the operation division and the chief development and planning officer of the corporate planning division of Anhui Expressway Holding Corporation, the deputy director of the corporate planning division, the deputy minister of the investment and development division and the manager of the asset center of Anhui Expressway Holding Group Company Limited, and the deputy minister of the investment and development division of Anhui Transportation Holding Group Company Limited. She has been the director of the Board Secretariat and the director of the securities department of the Company since September 2017. Since 24 March 2017, she has been appointed as the the secretary to the Board of the Company.

Section IV Corporate Governance

Name	Major work experiences
Huang Yu	<p>He was born in 1976, holds a bachelor's degree. He is a certified public accountant in China, a public accountant in Australia, a financial accountant in the United Kingdom, and a certified management accountant in the United States. He started to work in August 1998, served as the audit manager of PricewaterhouseCoopers Beijing Zhang Chen Accounting Firm* (普華永道北京張陳會計事務所), chief financial officer of Beijing Jiangsheng Real Estate Investment and Development Co., Ltd.* (北京江盛房地產投資開發有限公司), chief financial officer of ARC Education Investment Co., Ltd* (瑞寰教育投資有限公司), assistant president, vice president and general manager of finance department of Jiangsu Fang Yang Group Co., Ltd.* (江蘇方洋集團有限公司), and chief financial officer of Jiangsu New Century Jiangnan Environmental Protection Co., Ltd.* (江蘇新世紀江南環保股份有限公司) Since 22 January 2021, he has been appointed as the Finance Director of the Company.</p>
Zhang Xianxiang	<p>He was born in 1974, has a graduate degree in Business Administration from Anhui University, He is a political engineer, legal counsel of the Company. He successively served has the Executive Deputy Station Director & Human Resources Director of Tongling South Toll Station, ATIG Qingyang Expressway Management Co., Ltd. (安徽省交通投資集團青陽高速公路管理有限公司銅陵南收費站); Deputy Director of Legal Affairs Department of Anhui Transportation Investment Group Co., Ltd. (安徽省交通投資集團有限責任公司); Deputy Director of Legal Affairs Department of Anhui Transportation Holding Group Company Limited (安徽省交通控股集團有限公司); Deputy Director of Legal Compliance Department of Anhui Transportation Holding Group Qingyang Company Limited. He is General Counsel of the Company since 28 April 2021.</p>
Tang Jun	<p>He was born in 1970, holds a Master of Engineering degree and is a senior engineer. He served as officer of the road maintenance section of Anhui Provincial Expressway Construction Headquarter, deputy head of the engineering department of the Anhui Provincial Construction Headquarter of Wuxuan Expressway, deputy head of the engineering department of the Major Tasks Office of Anhui Provincial Expressway Construction Headquarter, deputy head of the Anhui Provincial Construction Headquarter of Wuxuan Expressway, deputy head of the management office of Wuxuan Expressway, deputy head of operation management department and head of maintenance management department in Anhui Transport Investment Group. From March 2015 to June 2020, Mr. Tang served as the head of tender management department in Anhui Transportation Holding Group Company Limited. He has been the general manager of the Company since June 2020. he served as a Director and General Manager of the Company from August 2020 to June 2021.</p>

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Name	Major work experiences
Xu Zhen	He was born in 1964, is a holder of a postgraduate degree and a senior engineer. He successively served as the deputy manager and manager of the central control room and the deputy director of Anhui Expressway Authority Feidong Management Office, the Party's Branch Committee member, deputy director, Party's Branch secretary general and director of Anhui Expressway Holding Corporation Hefei Management Office, director, director of personnel department, and assistant general manager of Anhui Expressway Holding Group Company Limited. From March 2015 to May 2016, he served as the general manager of the Company. From May 2016 to June 2020, he served as a Director and the general manager of the Company. Since June 2020 until 16 August 2020, he served as a Director of the Company. Since 17 August 2020 until May 2021, he served as the chairman of the Supervisory Committee of the Company.

Other Information

☐ Applicable ☒ Not applicable

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

1. Positions held in shareholders entities

Name	Name of shareholder entity	Position held in shareholder entity	The start date of term of office	The expiration date of term of office
Xiang Xiaolong	Anhui Transport Holding Group Company Limited	Secretary of the Party Committee, Chairman	2019.10	
Yang Xiaoguang	Anhui Transport Holding Group Company Limited	Party Committee Member and Deputy General Manager	2014.12	
Yang Xudong	China Merchants Highway Network Technology Holding Company Limited	Deputy General Manager	2017.12	
Jiang Yue	China Merchants Highway Network Technology Holding Company Limited	Assistant to the general manager of the capital operation department	2019.7	
Xu Zhen (Resigned)	Anhui Transport Holding Group Company Limited	Chief Economist	2020.8	

Explanation on positions held in shareholders entities

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2. Positions held in other entities

Name	Name of other entity	Position held in other entity	The start date of term of office	The expiration date of term of office
Tao Wensheng	Anhui Transport Holding Group (H.K.) Company Limited	Chairman	2021.8	
	Anhui Expressway (H.K.) Limited	Director	2021.8	
	Anhui Ningxuanhang Expressway Investment Company Limited	Chairman	2021.8	
	Anhui Province Expressway Network toll management Center	Manager	2021.6	
	Anhui Expressway Network Operations Company Limited	Executive director	2021.6	2021.12
Yang Xudong	Guangxi Wuzhou Transportation Company Limited	Director	2014.6	
Du Jian	China Merchants Railway Holding Co., Ltd	Chairman	2020.7	
	China Merchants New Intelligence Technology Company Limited	Chairman	2017.7	
	China Merchants Huaruan Information Company Limited	Chairman	2019.1	
Liu Hao	Shanghai University of Finance and Economics	Doctoral supervisor and professor of Accounting College	2014.7	
	Shanghai Shenneng Company Limited	Independent director	2016.5	
	Shanghai Xuerong Bio-Technology Company Limited	Independent director	2017.8	
	Shanghai Hajime Advanced Material Technology Company Limited	Independent director	2019.5	
	Hubei Huitian New Materials Company Limited	Independent director	2021.4	
	Shanghai Zhizhen New Energy Company Limited	Independent director	2021.11	
Zhang Jianping	Anhui Zhuotai Law Firm	Chief Lawyer	2007.5	
Fang Fang	Tairen Capital Limited	Partner and Fund Manager	2018.6	
Li Huairu	Anhui Ningxuanhang Expressway Investment Company Limited	chairman of the Supervisory Committee	2022.2	
Jiang Yue	Jilin Expressway Company Limited	Supervisor	2016.4	
Xie Xinyu	Anhui Xin'an Financial Group Company Limited	Director	2011.7	2021.7
	Anhui Xin'an Capital Operation Company Limited	Director	2015.6	2021.7
	Anhui Transport Holding Group (H.K.) Company Limited	Chairman	2013.9	2021.8
Li Huimin	Anhui Expressway (H.K.) Limited	Director	2013.9	2021.8
	Anhui Expressway Media Limited	Director	2017.8	
	Anhui Ningxuanhang Expressway Investment Company Limited	Director	2020.9	
Wu Changming	Anhui Ningxuanhang Expressway Investment Company Limited	chairman of the Supervisory Committee	2020.9	2022.2
Deng Ping	Anhui Ningxuanhang Expressway Investment Company Limited	Director	2020.9	
Huang Yu	Anhui Xin'an Financial Group Company Limited	Director	2021.7	
	Anhui Xin'an Capital Operation Company Limited	Director	2021.7	

Explanation on positions held in other entities

Section IV Corporate Governance

(III) Remuneration of Directors, Supervisors and senior management

Determination procedure for remuneration of Directors, Supervisors and senior management	After the respective consideration of the Board of Directors and the Supervisory Committee, it will be submitted to shareholders at a general meeting for approval.
Determination basis of remuneration of Directors, Supervisors and senior management	Determined according to China's relevant policies or requirements and taking into account the market rates and the practical condition of the Company, including the Company's performance, the duties of the Directors, Supervisors and senior management, and the Company's current remuneration standards for Directors, Supervisors and senior management.
Actual payment of remuneration to Directors, Supervisors and senior management	RMB4,357.4 thousand
Actual remuneration in aggregate received by all Directors, Supervisors and senior management as at the end of the reporting period	RMB4,357.4 thousand

(IV) Changes of Directors, Supervisors and senior management of the Company

Name	Position held	Change situation	Change reason
Tao Wensheng	Executive Director	Election	Work demand
Chen Jiping	Executive Director	Election	Work demand
Chen Xijie	Chairman of the Supervisory Committee	Election	Work demand
Li Huairu	Employee Representative Supervisor	Election	Work demand
Tao Wensheng	General Manager	Appointment	Work demand
Wu Changming	Deputy General Manager	Appointment	Work demand
Huang Yu	Finance Director	Appointment	Work demand
Zhang Xianxiang	General Counsel	Appointment	Work demand
Tang Jun	Executive Director & General Manager	Resignation	Change of work arrangement
Xie Xinyu	Executive Director & Executive Deputy General Manager	Resignation	Change of work arrangement
Xu Zhen	Chairman of the Supervisory Committee	Resignation	Job adjustment

Section IV Corporate Governance

The Company held the fifth meeting of the ninth Board of Directors on 22 January 2021 and appointed Mr. Huang Yu as the Finance Director of the Company, effective from the date of approval by the Board of Directors, with a probation period of one year.

Due to job adjustment, Mr. Xu Zhen tendered his resignation of the Company's Supervisor and chairman of the Supervisory Committee. The Company held the fifth meeting of the ninth Supervisory Committee on 12 April 2021, and nominated Mr. Cheng Xijie as the candidate of the Company's new Supervisor. Mr. Cheng Xijie was elected as a new Supervisor by the 2020 Annual General Meeting of shareholders held on 21 May 2021, and elected as the new Chairman of the Supervisory Committee at the seventh meeting of the ninth Supervisory Committee. The term of office begins on the date of election and ends on the date of expiration of the term of office of the current Supervisory Committee.

At the seventh meeting of the ninth Board of Directors held on 28 April 2021, the Company appointed Mr. Zhang Xianxiang as the general counsel of the Company from the date of approval by the Board of Directors to the date of expiration of the term of the current board of Directors.

Due to the change of position, Mr. Chen Jiping tendered his resignation from the position of employee representative Supervisor. The Company held an employee representative meeting on 17 June 2021 and elected Mr. Wu Changming as the employee representative Supervisor of the ninth Supervisory Committee. The term of office will start from the date of approval of the employee representative meeting to the date of expiration of the current term of the Supervisory Committee.

Due to job changes, Mr. Tang Jun no longer serves as the executive Director, general manager and member of the Strategic Development and Investment Committee of the Company, and Mr. Xie Xinyu no longer serves as the executive Director and executive deputy general manager. The Company held the eighth and ninth meetings of the ninth Board of Directors on 11 June and 21 June 2021 respectively, in which Mr. Tao Wensheng and Mr. Chen Jiping were nominated as candidates for new Directors of the Company, and were elected as new executive Directors of the Company at the first extraordinary general meeting of 2021 held on 16 July 2021. The term of office starts from the date of election to the date of expiration of the term of office of the members of the current Board of Directors. At the same time, Mr. Tao Wensheng was appointed as the general manager of the Company at the eighth meeting of the ninth Board of Directors. The term of office starts from the date of approval by the Board of Directors to the date of expiration of the term of office of members of the current Board of Directors.

Due to the change of position, Mr. Wu Changming tendered his resignation from the position of employee representative Supervisor. The Company held an employee representative meeting on 5 January 2022 and elected Ms. Li Huairu as the employee representative supervisor of the ninth Supervisory Committee. The term of office started from the date of approval of the employee representative meeting to the date of expiration of the current term of the Supervisory Committee.

The Company held the sixteenth meeting of the ninth Board of Directors on 12 January 2022 and appointed Mr. Wu Changming as the deputy general manager of the Company from the date of approval by the Board of Directors to the date of expiration of the term of the current Board of Directors.

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(V) Explanation for punishment by securities regulator in the latest three years

☐ Applicable ☒ Not applicable

(VI) Other

☐ Applicable ☒ Not applicable

V. INFORMATION ABOUT THE BOARD MEETING HELD DURING THE REPORTING PERIOD

Session of the meeting	The date of meeting	Meeting resolution
The fifth meeting of the ninth Board	22 January 2021	Considered and passed 3 resolutions, namely: 1) the Resolution to Modify the Terms of Reference to Strategic Development & Investment Committee of the Company (《關於修訂公司〈戰略發展及投資委員會職權範圍書〉的議案》), 2) the Resolution to Provide Road Sections Custody Services as Connected Transactions (《關於提供路段委託代管服務的關聯交易議案》), and 3) the Resolution to Engage Finance Director of the Company (《關於聘任公司財務總監的議案》).

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Session of the meeting	The date of meeting	Meeting resolution
The sixth meeting of the ninth Board	26 March 2021	<p>Considered and passed 16 motions, namely: 1) 2020 Annual Financial Statements (《公司2020年度財務報告》) prepared under the PRC Accounting Standards and the HKAS, 2) 2020 Annual Report (A shares, H shares) (《公司2020年度報告》) prepared under the PRC Accounting Standards and the HKAS, 3) 2020 Annual Results Announcement and Summary (2020年度業績公佈稿和年報摘要) prepared under the PRC Accounting Standards and the HKAS, 4) 2020 Annual Profit Distribution Plan (《公司2020年度利潤分配預案》), 5) 2020 Annual Directors' Report (《公司2020年度董事會報告》), 6) 2020 Annual Independent Directors' Work Report (《公司2020年度獨立董事述職報告》), 7) 2020 Annual Audit Committee Performance Report (《公司審核委員會2020年度履職情況報告》), 8) 2020 Annual Internal Control Evaluation Report by the Board of Directors (《公司董事會2020年度公司內部控制評價報告》), 9) Internal Control Audit Report (《公司內部控制審計報告》), 10) 2020 Annual Environmental, Social and Governance Report (《公司2020年環境、社會及管治報告》), 11) 2020 Annual Plan Completion Progress and 2021 Annual Income and Expenditure Plan (《公司2020年計劃完成情況及2021年收支計劃》), 12) the Motion to Estimate the 2021 Annual Ordinary Connected Transactions (《關於預計2021年度日常關聯交易的議案》), 13) the Motion to Reappoint the 2021 Annual Auditors (《關於續聘2021年度核數師的議案》), 14) the Motion to 2021 Annual Credit Application to Banks (《關於公司2021年度向銀行申請綜合授信額度的議案》), 15) the Motion to Grant the General Mandate to Issue Additional A Shares and/or H Shares to the Board of Directors (《關於提請股東大會給予董事會增發A股及／或H股股份一般性授權的議案》), and 16) the Motion to Convene the 2020 Annual General Meeting (《關於提請召開公司2020年度股東大會的議案》).</p>
The seventh meeting of the ninth Board	28 April 2021	<p>Considered and passed 3 resolutions, namely: 1) the Resolution about Corporate Governance Special Self-Check List (《關於本公司治理專項自查清單的議案》), 2) the Resolution to Engage the General Counsel of the Company (《關於聘任公司總法律顧問的議案》), and 3) the 2021 First Quarterly Report (《公司2021年第一季度報告》).</p>

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Session of the meeting	The date of meeting	Meeting resolution
The eighth meeting of the ninth Board	11 June 2021	Considered and passed 2 resolutions, namely: 1) the Resolution to Change Senior Management of the Company (《關於公司高級管理人員變動的議案》), and 2) the Resolution to Nominate Candidate Directors (《關於提名新任董事候選人的議案》).
The ninth meeting of the ninth Board	21 June 2021	Considered and passed 5 motions, namely: 1) the Motion to Change Senior Management of the Company (《關於公司高級管理人員變動的議案》), 2) the Motion to Nominate Candidate Directors (《關於提名新任董事候選人的議案》), 3) the Motion on the phase II of Anhui Transportation Jinshi equity investment fund (《關於交控金石基金二期優化合伙協議的議案》), 4) the Motion on the liquidation and dissolution of Wantong Pawn Company (《關於合肥皖通典當公司清算解散事項的議案》) and 5) the Motion on the proposal to hold the 2021 first extraordinary general meeting of the Company (《關於提請召開公司2021年第一次臨時股東大會的議案》)
The tenth meeting of the ninth Board	16 July 2021	Considered and passed 2 resolutions, namely: 1) the Resolution to Appoint Members to the Strategic Development & Investment Committee under the Board of Directors (《關於委任本公司董事會戰略發展及投資委員會成員的議案》), and 2) the Resolution to Change the 2021 Annual Expressway Networked Toll Service Agreement (《關於2021年度高速聯網收費服務協議變更的議案》).
The eleventh meeting of the ninth Board	27 August 2021	Considered and passed 5 resolutions, namely: 1) the 2021 Semi-Annual Financial Statements of the Company (《公司2021年半年度財務報告》) prepared under the PRC Accounting Standards and the HKAS, 2) the 2021 Semi-Annual Report (《公司2021年半年度報告》) prepared under the PRC Accounting Standards and the HKAS, 3) the Summary Annual Report, 4) 2021 Interim Results Announcement (2021年中期業績公告), and 5) the Resolution to Authorize General Manager Mr. Tao Wensheng to Sign the Credit and Loan Agreements and Other Related Documents (《關於授權總經理陶文勝先生簽署授信及貸款協議等相關文件的議案》).

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Session of the meeting	The date of meeting	Meeting resolution
The twelfth meeting of the ninth Board	13 October 2021	Considered and passed 2 resolutions, namely: 1) the Resolution to Purchase in Cash the 100% Equities and Related Debts of Anhui Anqing Yangtze River Highway Bridge Co., Ltd. (《關於本公司支付現金購買安徽安慶長江公路大橋有限責任公司100%股權及相關債權的議案》), and 2) the Management Term of Office and Contracted Management Work Plan (《本公司經理層成員任期制和契約化管理工作方案》).
The thirteenth meeting of the ninth Board	28 October 2021	Considered and passed 3 resolutions, namely: 1) the 2021 Third Quarterly Report (《公司2021年第三季度報告》), 2) the Resolution to Improve the Reconstruction Projects in Feidong, Fushan and Wenji Service Zones as Connected Transactions (《關於肥東、釜山和文集服務區提升改造工程的關聯交易議案》), and 3) the Resolution to Scrap or Dispose of Fixed Assets of the Company in 2021 (《關於2021年度固定資產報廢處置的議案》).
The fourteenth meeting of the ninth Board	19 November 2021	Considered and passed 2 motions, namely 1) the Motion about Xuanguang Company Contemplating to Participate the Consortium's Bidding for the G50 Shanghai-Chongqing Expressway Guangde-Xuancheng Section PPP Reconstruction and Expansion Project (《關於宣廣公司擬參與聯合體進行「G50滬渝高速廣德至宣城段改擴建工程PPP項目」投標的議案》) and 2) the Motion about the shareholders return plan of Anhui Expressway Company Limited (2021-2023)(《皖通高速公路股份有限公司股東回報規劃(2021年-2023年)》)
The fifteenth meeting of the ninth Board	31 December 2021	Considered and passed 5 motions, namely: 1) the Motion about the Subsidiary and Related Parties Forming a Consortium to Participate in the PPP Project Investment and Jointly Create a Project Company as Connected Transaction (《關於本公司控股子公司與關聯方組成聯合體參與PPP項目投資並共同設立項目公司的關聯交易議案》), 2) the Motion about New Ordinary Connected Transactions in 2021 (《關於2021年度新增日常關聯交易的議案》), 3) the Related Transaction Motion on the renewal of the lease of the gas stations which belongs to the Company(《關於本公司所屬加油站續租事宜的關聯交易議案》), 4) the Related Transaction Motion on the expressway network toll collection service of the Company from 2022 to 2023(《關於本公司2022-2023年高速聯網收費服務的關聯交易議案》) and 5) the Motion on the annual remuneration distribution of senior management personnel of the Company (《關於本公司高級管理人員年度薪酬分配的議案》)

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VI. DIRECTORS' PERFORMANCE OF DUTIES

(I) Directors' attendance at Board meetings and shareholders' general meetings during the reporting period

Name	Independent director (yes or no)	Number of meetings that should be attended during this year	Times of attending in person	Attendance at board meeting			Times of absence	Two successive absence from the meeting (yes or no)	Attendance at shareholders' meeting
				Times of attending through communication means	Times of attending by delegate				Times of attending
Xiang Xiaolong	No	11	11	7	0	0	No		3
Yang Xiaoguang	No	11	11	7	0	0	No		3
Tao Wensheng	No	6	6	4	0	0	No		2
Chen Jiping	No	6	6	4	0	0	No		3
Yang Xudong	No	11	11	7	0	0	No		3
Du Jian	No	11	11	7	0	0	No		3
Zhang Jianping	Yes	11	11	11	0	0	No		3
Liu Hao	Yes	11	11	11	0	0	No		3
Fang Fang	Yes	11	11	11	0	0	No		3
Tang Jun	No	3	3	3	0	0	No		1
Xie Xinyu	No	4	4	4	0	0	No		3

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

Explanations for not attending the board meeting in person two times in a row

☐ Applicable ☒ Not applicable

Number of board meetings this year	11
Among: Number of on-site meeting	0
Number of meetings through communication means	7
Number of on-site meetings combining the use of communication means	4

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(II) Objections to any matters relating to the Company raised by Directors

☐ Applicable ☒ Not applicable

(III) Other

☐ Applicable ☒ Not applicable

VII. SPECIAL COMMITTEES UNDER THE BOARD

Please refer to the relevant disclosures in the Corporate Governance Report in this section.

VIII. DESCRIPTION ON THE IDENTIFICATION OF RISKS BY THE SUPERVISORY COMMITTEE

☐ Applicable ☒ Not applicable

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

IX. 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. The details of such contracts, identical in all material aspects, are as follows:

- Save and except that the term of the service contracts with executive Directors and Supervisors appointed during the reporting period shall commence on their date of election and end on the expiry date of the term of office for members of the current Board of Directors or the Supervisory Committee (as the case may be), each of the service contracts is of a term of three years commencing from 17 August 2020.
- For Directors who receive remuneration from the entities that are shareholders of the Company, the Company will not determine and pay extra Director's remuneration to them.
- For Directors who hold management positions in the Company, the Company will not determine and pay extra Director's remuneration to them. Their remuneration to be paid by the Company, will be calculated, approved and paid in accordance with their specific positions in the Company and based on the remuneration and benefit policy of the Company.
- The Director's remuneration for each PRC independent Director is RMB80,000 per annum.
- The Director's remuneration for each overseas independent Director is RMB120,000 per annum.

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- For Supervisors who are nominated by the shareholders and are working in entities that are Shareholders of the Company, the Company will not determine and pay supervisor's remuneration to them.
- For Supervisors who hold another position in the Company, the Company will not determine and pay supervisor's remuneration to them. Their remuneration to be paid by the Company will be calculated, approved and paid in accordance with their specific positions in the Company and based on the remuneration and benefit policy of the Company.

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

2. Directors' and Supervisors' interests in contracts

At any time during 2021 or at the end of 2021, no Director or Supervisor or any of their connected entities had a material interest (whether direct or indirect) in any transactions, arrangements or contracts considered to be significant to the business of the Group that were entered into, or participated by the Company, any of its subsidiaries, the parent company of the Company or any subsidiaries of the parent company.

3. Interests held by Directors and Supervisor in competing business

During the reporting period, according to the Listing Rules, no Director, Supervisor or senior management of the Company was interested in any competing business or potentially competing business.

4. Model code for securities transactions by Directors and Supervisors

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

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

6. Disclosure of Interests

As at 31 December 2021, none of the Directors, Supervisors or senior management of the Company had or was deemed to have any interests or short positions in any shares, or underlying shares or debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which he has or is deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the SEHK and be disclosed herein pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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7. Arrangements for the purchase of shares or bonds

At any time during 2021 or at the end of 2021, none of the Company, any of its subsidiaries, the parent company of the Company or any subsidiaries of the parent company was a party to any arrangement to enable any Director or Supervisor to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

X. STAFF OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

1. Staff

Number of serving staff of the parent company	1,388
Number of serving staff of major subsidiaries	670
The total number of serving staff	2,058
Number of retired staff for whom the parent company and major subsidiaries bear costs	176

Profession composition

Profession type	Number (person)
Production staff	1,347
Sales staff	0
Technical staff	219
Financial staff	56
Administration Staff	436
Total	2,058

Education

Education type	Number (person)
Postgraduate degree	81
Bachelor's degree	549
Tertiary vocational diploma	926
Secondary vocational diploma	218
High school and below	284
Total	2,058



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2. Remuneration policy

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

The Company strictly implements the social security laws and regulations of the State and regions, and protects legal rights of its staffs. The Company has participated in “Four Insurances and One Fund”, i.e. the pension insurance, unemployment insurance, basic medical insurance and job-related injury insurance and housing fund for its employees and paid relevant contribution in full, among them, according to the unified requirements of the national social security department, medical insurance and maternity insurance have been merged and implemented, and the original “Five Insurances” have been integrated into the “Four Insurances”. The Company paid contribution to the abovementioned 4 social insurances in the sum of RMB44,060 thousand in 2021 and paid contribution to housing fund in the sum of RMB27,640 thousand.

In addition, the Company established the enterprise annuity plan taking into account the practical conditions of the Company in accordance with applicable enterprise annuity regulations and policies, for the purpose of motivating staffs, retaining talents and facilitating growth of the Company. All staff can participate in the plan on a voluntary basis. In 2021, the enterprise annuity expenses were RMB19,690 thousand in total.

3. Training plan

The Company continues to pay more attention to staff education and training efforts, and constantly optimize the training system. At the beginning of the year, according to the relevant system requirements combined with the training needs survey, the Company formulated the “Wantong Company 2021 Staff Training Schedule”, and carried out various kinds of training in an orderly manner according to the training plan to promote the continuous improvement of the training level.

In 2021, During the Reporting Period, the Company carried out various targeted trainings and, in order to celebrate the 100th anniversary of the founding of the Communist Party of China, further promoted the study and education of party history, the Company held the second “Wantong Lecture Hall”-“Experience exchange of Party history reading”; For the young and middle-aged cadres of the headquarters and management units of the Company, the Company organized “young and middle-aged cadres training class”. Through the strategic transformation, risk control, Party building and other courses and excellent enterprise on-site teaching, the ideological and political quality of the young cadres of the Company was further improved, and the sense of responsibility and the ability to perform their duties were enhanced; In addition, considering the COVID-19 pandemic, the Company actively uses online education tools, explores online education resources, and encourages employees to increase online learning communication focusing on self-learning on platforms such as “Xuexi Qiangguo* (學習強國)” and online business school. In 2021, the Online Business School students cumulatively studied on 31,267 courses, and completed 5,684 study hours, covering Party construction, corporate management, traditional culture, arts, psychology and other fields.

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4. Labor Outsourcing

☐ Applicable ☒ Not applicable

XI. ORDINARY SHARES PROFIT APPROPRIATION PLAN OR TRANSFERS OF SHARE CAPITAL FROM CAPITAL RESERVES PLAN

(I) The formulation, implementation and adjustment of the cash dividend and distribution policy

Since its listing, the Company has always insisted on providing returns to shareholders and has been continuously distributing cash dividends for 25 years.

In 2012, according to the relevant requirements of the regulatory agencies combined with the Company's actual situation, the Company has revised the Company's Articles of Association. In the Company's Articles of Association, it has further perfected the Company's cash dividend policy and standardized the decision-making mechanism and procedures of the Company's profit distribution plans. The revised decision making procedures and systems for the profit distribution mainly include: when the Board makes the profit distribution plan, they should pay attention to the reasonable return for the investors and the sustainable development of the Company, and make a comprehensive analysis of the operation and development of the Company, the shareholders' desires, the cost of social capital, external financing environment and other factors. The Company's profit distribution plan should be drawn up by the Secretary to the Board of Directors and the financial officers, submitted to the Board of Directors for consideration after approval from more than two-thirds of the independent Directors has been obtained. The Board of Directors will proceed to the full discussion of the rationality of the profit distribution plan and then submit the plan to the general meeting for approval after a resolution is passed.

In 2018, according to requirements in Rules of the General Meetings of Listed Companies (Revised in 2016) and Guidance for the Articles of Listed Company (Revised in 2016), the priority of distributing dividends was further clarified in the Company's Articles of Association. Amendments to the Articles of Association have been considered and adopted at the 2017 annual general meeting.

In 2021, in order to respond to and implement the regulatory requirements for increasing the shareholders' investment return, create mid-long term value investment scope, realize the shared development benefits of the Company and its shareholders, and earnestly maintain the rights and interests of shareholders, especially minority shareholders, according to the CSRC Notice to Further Implement the Cash Dividend of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》), the Regulatory Guidelines for Listed Companies No. 3 – Distribution of Cash Dividends of Listed Companies (《上市公司監管指引3號—上市公司現金分紅》), and other relevant documents, and the Articles of Association, the Company prepared the Shareholders Return Plan of Anhui Expressway Company Limited (2021-2023) (《安徽皖通高速公路股份有限公司股東回報規劃(2021–2023年)》), which was passed at the 14th meeting of the 9th Board of Directors and the 2nd extraordinary general meeting of the year 2021. According to the plan, the Company will distribute profit in cash in the coming 3 years, in the aggregate amount not less than 60% of the net profit attributable to parent stated in the consolidated financial statements of current year, this effectively improves the level of cash dividends, and effectively enhances the Company's market image.

The profit appropriation plan of the Company for 2020 has been executed in July 2021.

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(II) Special explanation on cash dividends

Whether compliant with the Articles of Association or the resolution of general meeting ☒ Yes ☐ No

Are the dividend standards and percentage clear and definite ☒ Yes ☐ No

Are there complete decision-making procedures and mechanism ☒ Yes ☐ No

Do the independent directors perform their duties and play their due roles ☒ Yes ☐ No

Do minority shareholders have the opportunity for full expression of their opinions and demands, and are their legitimate rights and interests fully protected ☒ Yes ☐ No

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

☐ Applicable ☒ Not applicable

XII. INFORMATION ON EQUITY-BASED INCENTIVES PLAN, EMPLOYEE SHARE OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND THEIR IMPACTS

(I) Relevant incentive items which has been disclosed and without further changes

☐ Applicable ☒ Not applicable

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(II) Incentives not disclosed in announcements or incentives that have subsequent updates

Equity Incentive

☐ Applicable ☒ Not applicable

Other description

☐ Applicable ☒ Not applicable

The employee's share ownership plan

☐ Applicable ☒ Not applicable

Other incentives

☐ Applicable ☒ Not applicable

(III) Share incentive awarded to directors and senior management during the reporting period

☐ Applicable ☒ Not applicable

(IV) Evaluation mechanism of senior management personnel and the establishment of incentive mechanism and implementation during the reporting period

☐ Applicable ☒ Not applicable

XIII. INTERNAL CONTROL SYSTEM AND IMPLEMENTATION WITHIN THE REPORTING PERIOD

According to relevant requirements and in light of the Company's actual situation, the Company has prepared relevant internal control management systems such as the Interim Measures for Internal Control Management (《内部控制管理暫行辦法》), the Interim Measures for Comprehensive Risk Management (《全面風險管理暫行辦法》), the Methods on Operational Risk Events Management (《經營風險事件管理辦法》) and other internal control management systems. Meanwhile, based on the optimized internal control system framework, considering the external laws, regulations and regulatory requirements, the Company analyzed and interpreted more than 160 management systems in effect, made evaluation on the integrity, compliance, operability, efficiency and effects of the systems, and formed a systems evaluation table. According to the systems evaluation results, various departments of the Company timely revised and improved the systems demanding further improvement, to ensure the applicability and compliance of the systems. In 2021, the Company added 96 new and revised management systems in total, further standardized the work process, and further improved the management level.

Major defects of internal control during the reporting period

☐ Applicable ☒ Not applicable



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XIV. MANAGEMENT AND CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

The Company developed the Equities Management Interim Methods (《股權管理暫行辦法》) and other management systems, sent specialists to subsidiaries, discussed and made decisions on major issues of subsidiaries, took part in the corporate governance of subsidiaries, and lawfully enjoyed and exercised the rights of shareholder to the subsidiaries.

During the reporting period, the Company held the 12th meeting of the 9th Board of Directors on 13 October 2021, held the 2nd extraordinary general meeting of the year on 20 December 2021, and passed the Motion to Purchase in Cash the 100% Equities and Related Debts of Anhui Anqing Yangtze River Highway Bridge Co., Ltd. (《關於本公司支付現金購買安徽安慶長江公路大橋有限責任公司100%股權及相關債權的議案》). This transaction was equity transfer between a state-owned enterprise and its controlled entity due to internal reorganization, by nonpublic agreement. After approval by the general meeting, the transaction agreement took effect. The corporate capacity of Anqing Bridge Company subsisted, this transaction did not involve staff settlement, the Company already sent directors to Anqing Bridge Company to control it. According to the PRC Accounting Standards, the Company included it in the consolidation.

On 28 December 2021, the Company altered the business registration of Anqing Bridge Company, after which the Company began to hold 100% shares of Anqing Bridge Company, and Anqing Bridge Company became a wholly owned subsidiary of the Company.

XV. RELATED INFORMATION ON INTERNAL CONTROL AUDIT REPORT

PricewaterhouseCoopers Zhong Tian LLP has reviewed the internal control of the Company in 2021 and issued standard unqualified Internal Control Audit Report, and is of the view that the Company has maintained effective internal control in all material aspects over the financial statements in accordance with the Guidelines for Corporate Internal Control Assessment and the related regulations.

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

Whether internal control audit report is disclosed: Yes

Opinion type of internal control audit report: standard unqualified opinion

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XVI. RECTIFICATION ON LISTED COMPANY GOVERNANCE SELF-CHECKED PROBLEMS

As required by the CSRC Anhui's Notice to Implement Listed Company Governance Special Work (《關於切實做好上市公司治理專項工作的通知》), the Company explained and rectified the problems found in statistical sheets by reference to the Listed Company Governance Self-Check Sub-Table (《上市公司治理專項自查分項統計表》), and all the rectifications were completed.

- (I) The Listed Company Governance Self-Check Sub-Table mentioned "Independent directors was not present by person at the meeting of the Board of Directors of the listed company". The Company made a self-check, and found the reason: "Some independent directors due to official business appointed a proxy for the Board meeting." All independent directors of the Company performed their duties diligently, attended most of the Board meetings by person, however, since the regular Board meetings were held on site, some independent Directors were unable to be present due to official business reasons. The Company had advised all independent Directors to make early plan for work agenda, as soon as practicable, and all independent Directors should be present by person at the Board meetings, unless otherwise specified.
- (II) The Listed Company Governance Self-Check Sub-Table mentioned "Independent directors worked on site for less than 10 working days cumulatively." The Company made a self-check and found the reason: "In 2020, due to COVID-19 pandemic, the independent directors living in Hong Kong couldn't travel to the worksite of the Company by person." The Company is a listed company with A shares listed in the PRC, and H shares listed in Hong Kong, so there must be at least one independent Director from Hong Kong. To solve this problem, the Company asked the HK independent director to travel to the worksite of the Company after the elimination of pandemic, to make field inspection on the production and operation of the listed company, the construction and execution of management and internal control among other systems, the implementation of Board resolutions etc. for at least 10 working days cumulatively. The independent Director(s) should report any abnormality in the field inspection, in a timely manner, to the Board of Directors.
- (III) The Listed Company Governance Self-Check Sub-Table mentioned "The controlling shareholder or the actual controller of the listed company is engaged in the same or similar business with the listed company." The Company made a self-check and found the reason: "The Company and its controlling shareholder are both engaged in expressway operation, but the expressways being operated by the Company are in different administrative zone, different direction with the section being operated by the controlling shareholder, so there is no competition involved."

Upon self-check, the Company maintained effective control and governance in all major respects of corporate governance, and there was no major violations or infringement on the interests of the listed company, and there was no violation that might affect the corporate governance level.



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XVII. CORPORATE GOVERNANCE REPORT

A. Corporate Governance Code

The Board confirmed that, during the reporting period, save and except that both the duties of the remuneration committee and the nomination committee were performed by the Company's human resources and remuneration committee (as the Company considers the long established arrangement of human resources and remuneration committee has so far been effective and suits the needs of the Company better, and most of the members of the human resources and remuneration committee are independent directors, which can ensure the protection of the interests of shareholders), the Company has always complied with the Corporate Governance Code in order to maintain a high standard of corporate governance so as to improve the corporate transparency and protect the interests of the Company's shareholders.

During the reporting period, the Company strictly adhered to Company Law, Securities Law and the relevant laws and regulations as well as regulatory documents of the CSRC (China Securities Regulatory Commission) and continued to improve the corporate governance structure, vigorously promoting internal control and regulation construction work. The Company duly complied with its obligation of disclosure and enhanced its management of investors' relations and the level of which its operations are regulated. During the reporting period, the Board discharged the following corporate governance functions:

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

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B. Directors and the Board of Directors

1. The Board of Directors

As of 31 December 2021, the Board of Directors, which is the 9th session of Board of Directors of the Company, composed of 9 Directors, including:

Executive Directors:

Xiang Xiaolong
Yang Xiaoguang
Tao Wensheng (*General Manager*)
Chen Jiping

Non-executive Directors:

Yang Xudong
Du Jian

Independent Non-executive Directors:

Liu Hao
Zhang Jianping
Fang Fang

There are no relationships (including financial, business, family or other material/relevant relationship) among Directors. Please refer to the part of “Directors, Supervisors and Senior Management” of this Section of this annual report for the biography of the Directors (including their professional background and working experience in the shareholder’s company and other companies) and the term of appointment of the non-executive Directors.

During the reporting period, the chairman of the Company is Mr. Xiang Xiaolong (appointed on 4 February 2020). The general manager of the Company is Mr. Tao Wensheng (appointed on 11 June 2021). The responsibilities of the chairman and the general manager are clearly defined and are set out in detail in the Company’s Articles of Association, the “Standing Orders for the Operation of the Board” and the “Standing Orders for the Operation of General Manager” to ensure a balance of power and authority as well as the independence of the Board of Directors in decision-making and the independence of the management in day-to-day operation management activities. The chairman holds and coordinates the work of the Board, and is responsible for leading the Board of Directors to work out the Group’s strategy and direction, achieving the Group’s goal, and ensuring effective operation of the Board and good corporate governance and practice of the Company. Under the support of the Board of Directors and other senior management, the general manager is responsible for coordination and management of the Group’s business and operation, implementing the strategies made by the Board of Directors and making daily decisions.

During the reporting period, the Board of Directors faithfully implemented every decision made in shareholders’ general meetings, and strictly followed regulations in performance of corresponding review procedures of substantial events within their scope of authority. Every special committee of the Board of Directors separately convened special committee meetings according to its respective responsibilities, and gave suggestions and advice on issues including the development strategy and capital operation of the Company, contributing to orderly operation and scientific decision-making of the Board of Directors.

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The management of the Company is responsible for the provision of relevant materials and information necessary for the Board of Directors' and special committees' consideration of various proposals, making response or providing further data upon Directors' reasonable enquiry or requests as soon as possible and arranging for the senior management to report at a board meeting. The Board of Directors and the special committees under the Board of Directors shall have the right to seek the service of independent professional institutions according to the needs of the exercise of authority, performance of duties or businesses, and the reasonable expenses incurred thereon shall be borne by the Company (During the year, none of the Directors has requested to seek independent professional opinions for any matter).

2. Independent Non-executive Directors and their independence

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

3. Compliance support for Directors

During their terms of office, all the directors of the Company are able to receive materials and updates about the legal, regulatory and other continuing obligations of directors of listed companies through the secretary of the Board. The Directors are determined to comply with the requirement on the training of directors imposed by Code Provision C.1.4 of the Corporate Governance Code to ensure that the Directors can make informed and related contribution to the Board. During the reporting period, some directors of the Company have attended training session or lectures held by the Hong Kong Institute of Chartered Secretaries and the Listed Companies Association of Anhui, and provided the Company with relevant training records. In 2021, the training Directors received is as follows:

Director's name	Corporate governance and update of laws and regulation		Accounting/finance/management and other professional skill	
	Read materials	Attend lecture/training	Read materials	Attend lecture/training
Xiang Xiaolong	✓		✓	
Yang Xiaoguang	✓		✓	
Tao Wensheng	✓	✓	✓	✓
Chen Jiping	✓	✓	✓	✓
Yang Xudong	✓		✓	
Du Jian	✓		✓	
Liu Hao	✓		✓	
Zhang Jianping	✓	✓	✓	✓
Fang Fang	✓	✓	✓	✓
Tang Jun	✓		✓	
Xie Xinyu	✓	✓	✓	✓

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

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

C. Special Committees under the Board

1. Strategic Development and Investment Committee

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

In order to further increase the engagement of the Board in the works of the environment, social and governance (“ESG”) of the Company, improve the Company’s governance capability in ESG and promote the sustainable development of the Company, according to the relevant requirements under the Listing Rules of the Stock Exchange of Hong Kong, Guidance on ESG Report, appendix of the Listing Rules of Stock Exchange of Hong Kong, and other laws and regulations, the Company made some amendments to the relevant articles of Terms of Reference of the Strategic Development and Investment Committee of the Company after taking into consideration the actual condition of the Company. The above amendments have been considered and approved at the fifth meeting of the ninth session of the Board held on 22 January 2021.

In 2021, the Strategic Development and Investment Committee consisted of:

- Xiang Xiaolong (the chairman of the committee and executive Director)
- Yang Xiaoguang (Executive Director)
- Tao Wensheng (Executive Director, appointed on 16 July 2021)
- Yang Xudong (Non-executive Director)
- Zhang Jianping (Independent non-executive Director)
- Tang Jun (Executive Director, resigned on 11 June 2021)

In 2021, the Strategic Development and Investment Committee held 1 meeting which was attended by all members of the committee at the relevant time, in which the committee approved the Company’s 2020 Environmental, Social and Governance Report, and recommended the same be submitted to the Board for review.



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2. Audit Committee

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

In 2021, the Audit Committee of the Company composed of Mr. Liu Hao (the chairman of the committee and independent non-executive Director), Mr. Du Jian (non-executive Director) and Mr. Zhang Jianping (independent non-executive Director).

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In 2021, the Audit Committee held 4 meetings, all of which were attended by all members of the committee (i.e. Mr. Liu Hao, Mr. Du Jian and Mr. Zhang Jianping). Details of the meetings are as follows:

Date of Meeting	Content of Meeting	Important Comments and Suggestions	Performance of other duties
25 March 2021	<ol style="list-style-type: none"> 1. Heard the Report of PricewaterhouseCoopers Zhong Tian LLP on Submitting to the Audit Committee of the Company for 2020. 2. Considered the Audited Financial Report of the Company for 2020 and the Audited Financial Report of the Company for 2020, the Profits Distribution Plan of the Company for 2020, the Resolution on the Estimated Ordinary Related Party Transactions for 2021, the Internal Control Assessment Report of the Company for 2020, the Internal Control Assessment Work Plan of the Company for 2021, the Internal Audit Work Summary of the Company for 2020, the Internal Audit Work Plan of the Company for 2021, the Internal Audit Report of the Company for 2020, the Post-investment Assessment Summary of the Company for 2020, the Post-investment Assessment Work Plan of the Company for 2021, the Work Report of the Internal Control System of the Company for 2020, the Statement on the Appointment of External Auditors for 2021, the Report on the Performance of the Audit Committee for 2020, the Proposal on the Audit Fees for 2021 and the Audit Report on the Internal Control of the Company for 2020. 	<ol style="list-style-type: none"> 1. Heard the Report of PricewaterhouseCoopers Zhong Tian LLP on Submitting to the Audit Committee of the Company for 2020, considered and approved the financial reports and other related matters submitted by the firm, and approved the audit work carried out by it; 2. Considered the Profits Distribution Plan of the Company for 2020 and recommended the Board not to appropriate statutory reserve fund this year; 3. Considered and approved the Internal Control Assessment Work Plan of the Company for 2021, the Internal Audit Work Summary of the Company for 2020, the 2021 Work Plan for Internal Audit of the Company, the Internal Audit Report of the Company for 2020, the Post-investment Assessment Work Summary of the Company for 2020, the Post-investment Assessment Work Plan of the Company for 2021 and the Work Report on Internal Control System of the Company for 2020; 4. Considered and approved the Audited Financial Report of the Company for 2020 and the Audited Financial Report of the Company for 2020, the Resolution on the Estimated Ordinary Related Party Transactions for 2021, the Internal Control Assessment Report of the Company for 2020, the 2020 Internal Control Assessment Report of the Company, the Statement on the Appointment of External Auditors for 2021, the Report on the Performance of the Audit Committee for 2020, the Proposal on the Audit Fees for 2021 and the Audit Report on the Internal Control of the Company for 2020, and agreed to submit the above resolutions to the Board for consideration. 	
26 April 2021	Considered the Unaudited Financial Statements for the First Quarter of 2021 prepared in accordance with Domestic Accounting Standards of the Company.	Considered and approved the Unaudited Financial Statements for the First Quarter of 2021 prepared in accordance with Domestic Accounting Standards of the Company, and agreed to submit the resolution to the Board for consideration.	

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Date of Meeting	Content of Meeting	Important Comments and Suggestions	Performance of other duties
26 August 2021	<ol style="list-style-type: none"> 1. Heard the Report of PricewaterhouseCoopers Zhong Tian LLP on the Communications of the Audit Committee of Anhui Expressway Company for the Second Quarter of 2021. 2. Considered the Unaudited Interim Financial Report of the Company for 2021 prepared in accordance with Domestic Accounting Standards and the Unaudited Interim Financial Report of the Company for 2021 prepared in accordance with Hong Kong Accounting Standards. 	<ol style="list-style-type: none"> 1. Heard the Report of PricewaterhouseCoopers Zhong Tian LLP on the Communications of the Audit Committee of Anhui Expressway Company for the Second Quarter of 2021, and unanimously agreed to carry out audit work in accordance with this plan; 2. Considered and approved the Unaudited Interim Financial Report of the Company for 2021 prepared in accordance with Domestic Accounting Standards and the Unaudited Interim Financial Report of the Company for 2021 prepared in accordance with Hong Kong Accounting Standards, and agreed to submit the above resolution to the Board for consideration. 	
27 October 2021	Considered the Unaudited Financial Report for the Third Quarter of 2021 of the Company prepared in accordance with Domestic Accounting Standards	Considered and approved the Unaudited Financial Report for the Third Quarter of 2021 of the Company prepared in accordance with Domestic Accounting Standards, and agreed to submit this financial report to the Board for consideration.	

3. The Human Resources and Remuneration Committee

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

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

In 2021, the Human Resources and Remuneration Committee of the Company composed of Mr. Zhang Jianping (the chairman of the committee and independent non-executive Director), Mr. Yang Xudong (non-executive Director) and Ms. Fang Fang (independent non-executive Director).

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In 2021, the Human Resources and Remuneration Committee held 5 meetings, all of which were attended by all members of the committee (i.e. Mr. Zhang Jianping, Mr. Yang Xudong and Ms. Fang Fang). Details of the meetings are as follows:

Date of Meeting	Content of Meeting	Important Comments and Suggestions	Performance of other duties
11 January 2021	Review the qualifications of the Finance Director to be appointed by the Company	Considered and passed the Motion to Review the Senior Management to be Appointed (《關於對擬聘任的高級管理人員進行審核的議案》), unanimously considered that Mr. Huang Yu is eligible for the position, submitted the motion to appoint the Finance Director of the Company, to the Board of Directors for consideration.	
16 April 2021	Review the qualifications of the General Counsel to be appointed by the Company	Considered and passed the Motion to Review the Senior Management to be Appointed, unanimously considered that Mr. Zhang Xianxiang is eligible for the position, submitted the motion to appoint the General Counsel of the Company, to the Board of Directors for consideration.	
10 June 2021	Review the qualifications of the General Manager to be appointed by the Company and Director Candidate to be elected by the shareholders.	Considered and passed the Motion to Review the Senior Management to be Appointed and the Motion to Nominate Director Candidate (《提名新任董事候選人的議案》), after considering the educational background, experience and ability of Mr. Tao Wensheng, unanimously considered that the qualification of Mr. Tao Wensheng for the position of general manager and as a Director candidate satisfied the requirements under the Articles of Association and the relevant laws and regulations, agreed to submit the motion to appoint the General Manager of the Company and the motion to nominate Mr. Tao Wensheng as new Director candidate to the Board of Directors for consideration.	
18 June 2021	Review the qualifications of the Director Candidate to be elected by the shareholders	Considered and passed the Motion to Nominate of Director Candidate, after considering the educational background, experience and ability of Mr. Chen Jiping, unanimously considered that the qualification of Mr. Chen Jiping as a Director candidate satisfied the requirements under the Articles of Association and the relevant laws and regulations, agreed to submit the motion to nominate Mr. Chen Jiping as new Director candidate to the Board of Directors for consideration.	

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Date of Meeting	Content of Meeting	Important Comments and Suggestions	Performance of other duties
27 September 2021	Review the Management Term of Office and Contracted Management Work Plan (《本公司經理層成員任期制和契約化管理工作方案》)	Considered and passed the Management Term of Office and Contracted Management Work Plan, considered that this plan complied with relevant regulations and fully considered the Company's actual conditions, and submitted to the Board of Directors for consideration.	

D. Summary of Board Diversity Policy

Pursuant to the SEHK's amendments to the Listing Rules and the Corporate Governance Code, the Board approved the amendments to the board diversity policy on 22 March 2019.

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

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

E. Responsibility Statement Made by the Board of Directors on Financial Statements

This statement aims at explaining and distinguishing the responsibilities assumed by the directors and auditors respectively as to financial statements. The statement should be read with the auditors' statement in the auditor's report in Section IX of this annual report.

The Board of Directors held that the resources the Group owns are sufficient for the Group to continue operating the business in the foreseeable future. Therefore, the financial statements were made on the basis of going concern; and in making the financial statements, the Group has applied appropriate accounting policies. These policies were applied with the support of reasonable and prudent judgment and evaluation, in line with all the accounting standards regarded as applicable by the Board of Directors. The Directors are responsible for ensuring that the financial statements prepared by the Company can reflect the financial condition, financial performance and cash flows of the Group in a reasonable and accurate way, and that the financial statements meet the requirements of relevant accounting principles.

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F. Domestic and foreign auditors

Unit: '0,000 Currency: RMB

	Now employed
The name of PRC Accountant	PricewaterhouseCoopers Zhong Tian LLP
Compensation of PRC Accountant	115
Term of audit of PRC Accountant	20 years
The name of Hong Kong Accountant	PricewaterhouseCoopers
Compensation of Hong Kong Accountant	70
Term of audit of Hong Kong Accountant	20 years

	Name	Compensation
Accountant for internal control and audit	PricewaterhouseCoopers Zhong Tian LLP	35

Overview of Appointment and Dismissal of Accountants

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

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers were approved to be re-appointed as the PRC auditors and Hong Kong auditors for 2021 respectively at the 2020 Annual General Meeting. As at 2021, they have provided services to the Company for 20 years and PricewaterhouseCoopers Zhong Tian LLP changed the signing CPA in 2006, 2011, 2012, 2015, 2017, 2018 and 2021.

Explanation for change of auditing firm during audit

☐ Applicable ☒ Not applicable

G. Remuneration of directors, supervisors and senior management

During the reporting period, the total amount of remuneration of Directors, Supervisors and senior management of the Company are within the following range:

	Number of Person
Nil to HK\$1,000,000 (equivalent to RMB835,900)	21

Notes: Number include newly appointed and resigned Directors, Supervisors and senior managers during the reporting period.



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H. Risk Management and Internal Control

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

1. Main characteristics of risk management and internal control

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

Scope of duties:

The Board

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

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Audit Committee

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

Management

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

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

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

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

(1) Risk identification

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

(2) Risk evaluation

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

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(3) Risk management

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

(4) Risk monitoring

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

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

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

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

1. Purpose of testing of the effectiveness of internal control

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

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

2. Internal Control Effectiveness Testing Frequency

From January to February in 2022, the internal control working group tested the effectiveness of internal control operation for 2021. For some sub-processes with greater risks, whether to increase the test frequency was determined based on the actual needs.

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

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

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

4. *Method for Testing the Effectiveness of Internal Control*

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

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

5. *Test Sample Selection and Test Conclusion*

Samples are selected independently for each key control point, and the samples shall cover the key control points that are tested and do not need to cover other non-key control activities during the process. Random selection must be made and the statistical sampling method is adopted when feasible. The results of testing the key control points after the samples are selected are divided into the following two categories:

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

6. *Internal Control Effectiveness Test Sample Recording*

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



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7. *Identification of Internal Control Deficiencies*

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

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

(2) *Specific Procedures for Solving Serious Internal Control Deficiencies*

1. *Developing a Deficiency Rectification Plan*

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

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2. Method for the Rectification of Deficiencies

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

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

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



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3. *Monitoring of Progress in Deficiency Rectification*

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

4. *Report on Deficiency Rectification Progress*

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

Pursuant to the provisions of the Corporate Internal Control Norm System and taking into account the internal control system and evaluation method of the Company, the Board has completed the annual review of the Group's risk management and internal control system on the basis of the daily supervision and special supervision of internal control: In January 2021, the Company collected risk information from its headquarters and subordinate units, identified the causes of risks and assessed their impact on the Company from the qualitative and quantitative aspects through various methods and means such as conducting surveys by distributing risk questionnaires, preparing business process internal control risk identification tables and taking into account the Company's internal control evaluation results and internal audit findings for the year. From January to February, the Company tested the effectiveness of internal control operation for 2021. The Board of Director confirms that for the year ended 31 December 2021, the Group's risk management and internal control systems were effective and adequate, and no major monitoring errors or major monitoring weaknesses were identified during the reporting period.

The Board considers that for the year ended 31 December 2021, the internal control system of the Group was effectively operated and played a better management and control role in all key aspects of the Group's operation and management, and was able to provide an assurance for the healthy operation of the Group's businesses and the control of operating risks and was able to provide a reasonable guarantee for the reliability of financial reports, the legality of business operations and the efficiency and effect of operation. The Group's resources, employee qualifications and experience in accounting, internal audit and financial reporting functions, as well as the training courses received by employees and the relevant budget are adequate. In addition, the Group's procedures for financial reporting and compliance with the requirements under the Listing Rules are effective.

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4. Internal Audit Function

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

I. Training for the Secretary of the Company

Mr. Xie Xinyu, the secretary of the Company is a fellow of the Hong Kong Institute of Chartered Secretaries ("HKICS"). During the reporting period, Mr. Xie Xinyu attended 1 series of lectures about strengthening the continuing professional development held by HKICS (the total hours: 15 hours), the content of which covers Enhanced accountability and accountability of directors and executives of the SFC; Risk management and insider information control responsibilities and best practices of directors, supervisors, senior managers and Secretary of the board of directors; Interpretation of the practical guidelines for related party transactions for A+H companies; Update of the latest rules for listing in Hong Kong; Value management of market value of listed companies, etc.

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

According to Article 89 of the Articles of Association, more than half of the independent directors, shareholders who singly or jointly hold more than 10 per cent of the total voting rights (hereinafter called "Requisitioning Shareholder") or the Supervisory Committee, may request the Board of Directors to convene an extraordinary general meeting or a class meeting in accordance with the following procedures:

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

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

- (2) Requisitioning Shareholder or the Supervisory Committee may, by signing a written requisition in one or more counterparts in the same form and content (including the agenda for the meeting and completed motion, Requisitioning Shareholder or the Supervisory Committee shall ensure the motion comply with law, regulation and the requirements of the Articles of Association), require the Board of Directors to convene an extraordinary general meeting or a class meeting and state in such written requisition the matters to be considered at the meeting.
- (3) The Board of Directors shall, after receipt of the aforesaid written requisition from the Supervisory Committee, within 15 days issue a notice for convention of extraordinary general meeting or class meeting, the process for convention shall comply with the Articles of Association.

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- (4) As regards to the written requisition from the Requisitioning Shareholder for convention of extraordinary general meeting or a class meeting, the Board of Directors shall, based on the law, regulation and the Articles of Association, determine whether to convene general meeting. The decision of the Board of Directors shall be given to the Requisitioning Shareholder within 15 days from the date of the aforesaid written requisition.

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

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

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

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

- (6) When the Supervisory Committee or Requisitioning Shareholder decide to convene extraordinary general meeting or class meeting by itself, it shall give written notice to the Board of Directors and at the same time notify the local agent of China Securities Regulatory Commission and file at the stock exchange in China. The content of the notice for convention of meeting shall comply with the following requirements:

- (1) New content shall not be added to the motion, otherwise the Supervisory Committee or Requisitioning Shareholder shall make request to the Board of Directors for convention of meeting again in accordance with the provision of the Articles of Association;
- (2) The venue for the meeting shall be the address of the Company.

- (7) As regards to extraordinary general meeting or class meeting convened by the Supervisory Committee or Requisitioning Shareholder, the Board of Directors and Secretary of the Board of Directors shall perform their duties. The Board of Directors shall ensure that the procedure of the meeting is regular, and the reasonable costs for convention of meeting shall be borne by the Company.

Section IV Corporate Governance

- (8) Where the Board of Directors is unable to assign a director to be chairman of the meeting, the meeting shall be presided by the Supervisory Committee or the Requisitioning Shareholder according to the Articles of Association. The secretary of the Board of Directors shall perform his duty. Other procedure for summoning of meeting shall comply with the provision of law, regulation and the Articles of Association.
- (9) The Requisitioning Shareholder shall submit relevant evidence to the local agent of China Securities Regulatory Commission and stock exchange in China when issuing a notice of general meeting and announcement of resolutions.

In addition, according to Article 66 of the Articles of Association, Where the Company convenes general meeting, the Board of Directors, the Supervisory Committee and shareholders, solely or jointly, holding more than 3 per cent. (including 3 per cent) of the total shares of the Company carrying the right to vote are entitled to submit in writing any new proposal for the Company's consideration. The Company shall include in the agenda of that meeting those matters contained in the proposal which are within the scope of the duties of the shareholders in general meeting. Shareholders, solely or jointly, holding more than 3 per cent the total shares of the Company, may on or before the 10 days prior to the holding of a general meeting propose, with written submission to the convener, temporary proposal. The convener shall within 2 days from the date of receipt of such proposal issue a supplementary notice, in respect of the announcement of the contents of the temporary proposal, to the general meeting. Apart from the situation stipulated above, after the announcement of the notice of general meeting, the convener shall not amend proposed resolution stated in notice of the general meeting or to add any new proposed resolution. Any resolution which is not stated in the notice of general meeting or not complied with Article 99 of the Articles of Association shall not be proposed for voting and be resolved.

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

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

Section V Environmental and Social Responsibility

I. ENVIRONMENTAL INFORMATION

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

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

2. Disclose other environmental information with reference to heavily polluted industries

During the Reporting Period, the Company strictly abided by the state regulations regarding emission of waste gas, waste water produced in the process of business, and greenhouse gases, and the handling of hazardous and non-hazardous waste regulations (including “the Law of the People’s Republic of China on the Environmental Protection”, “the Law of the People’s Republic of China on the Prevention and Control of Water Pollution” and “the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”, “Measures for Greening Maintenance and Management of Expressway” of the Company, etc.), neither the Company nor its holding subsidiaries belong to the heavily polluted industries specified by the national environmental protection authorities, and there is no violation of pollution discharge or administrative punishment due to environmental problems.

3. The reason for not disclosing other environmental information

☐ Applicable ☒ Not applicable

(III) Relevant information beneficial to protection of environment, prevention of pollution and performance of environmental obligations

Water Pollution Risk Governance

The Company regularly carried out routine maintenance inspection and maintenance of sewage treatment facilities and equipment, and actively applied for approval to add sewage treatment facilities to working areas without sewage treatment facilities. As to water quality monitoring, the Company commissioned a professional entity to conduct environmental protection compliance test on the treated sewage to ensure that the discharge water quality meets the standard; during construction, the water in the sewage pool should be used as much as possible; for the emissions at the risk of water pollution, the Company would dispatch vehicles to transport the sewage to the designated location for processing, and strictly prohibited discharge on site. In addition, for bridges and other sites that cross water sources, we would implement safety protection projects for water source protection areas, and add warning signs, anti-fall nets, centralized drainage pipes and other facilities in the water source protection areas to prevent hazardous chemicals or harmful liquids from flowing into the river and reduce pollution to water source or soil, ensuring water security in drinking water protected areas.

Section V Environmental and Social Responsibility

Waste Management

The Company attached great importance to the management and control of road construction waste, and carried out solid waste and hazardous waste disposal in the principle of waste recycling and harmless treatment, to minimize the environmental impact of construction waste. Waste management measures include: 1) Not dump or discard solid waste at will during construction operations. 2) Transport solid waste containing toxic and hazardous substances to designated locations for centralized storage and disposal, to reduce the risk of solid hazardous substance pollution. 3) Actively carry out waste sorting, set up three-color sorting bins in the working sites for garbage sorting, and commission professional cleaning companies to clear and transport kitchen waste every day, regularly transport domestic waste, clear and pile solid waste according to the requirements of local environmental protection departments.

In addition to the disposal of solid waste and hazardous materials, the Company actively explored ways to reuse waste traffic safety facilities, and initially realized the industrial utilization of waste facilities. The Company implemented on-site regeneration in corresponding road sections by using high-infiltration and fine chemical plant mixing heat regeneration technology to improve the utilization efficiency of waste materials. The Company made 100% harmless recycling of milling waste generated in maintenance works, for centralized storage or low-grade road backfill. In 2021, the Company generally realized zero waste of scrap materials.

Noise Pollution Control

In 2021, the Company added, maintained and updated sound barriers, increased investment in the construction of sound barriers, and invested a total of RMB13 million in the construction of 4,800 meters of sound barriers throughout the year. Meanwhile, the Company further researched the new environmentally friendly low-profile expansion joint technology, and applied this technology on several expressways such as Gaojie Expressway, Anqing Yangtze River Highway Bridge, and bridges across the Yangtze River, effectively reducing the impact of traffic noise on the life quality of residents.

Environment-friendly Deicing and Snow Melting

In accordance with the “scientific, refined, and environment-friendly” principle, the Company strictly controlled the amount of snow-melting agents, purchased environment-friendly snow-melting materials, and reduced the risk of environmental pollution caused by snow-melting agents entering farmland and rivers. In the snow removal operation, the Company used environment-friendly snow-melting agents with different specifications for different road sections to strengthen the protection of the surrounding ecological environment and the safety of bridge structures; meanwhile, the Company carried out deicing and snow melting work in the mode “major in mechanical operation, minor with snow-melting agents”, to minimize the pollution to the surrounding environment and realize green maintenance operations.

Section V Environmental and Social Responsibility

Green Maintenance

The Company actively researched and developed environment-friendly and low-energy-consumption technologies, reduced carbon emissions during the maintenance process with warm-mixed asphalt concrete materials, and explored the drainage asphalt pavement technology, low-noise pavement technology, and green maintenance technology for bridges and tunnels, to continuously improve road quality. In 2021, the Company actively promoted environment-friendly maintenance engineering materials and technologies such as thin-layer overlays and fine anti-skid protective layers.

In 2021, the Company's maintenance related R&D projects include: 1) “Key technologies for design and application of ultra-thin wear layer mixture of high viscoelastic modified asphalt based on safety and durability” (《基於安全耐久的高粘彈性瀝青超薄磨耗層混合料設計及應用關鍵技術》) sci-tech project, mainly involving the research work on new ultra-thin wear layer materials that might speed up the recovery of highway surface function and reduce the number of road repairs. Compared with the original materials, the new materials are more durable, can reduce the consumption of road repair materials, and achieve the green transportation goals to reduce maintenance costs, save energy and reduce emissions. 2) Road condition intelligent inspection R&D project, fully applying intelligent image recognition technology to improve the efficiency of maintenance and inspection. In 2021, we initiated the “Research on application technology of expressway maintenance inspection based on intelligent image recognition” (《基於智能圖像識別的高速公路養護巡檢應用技術研究》) sci-tech project, and developed more secure, efficient, convenient green maintenance inspection technology, and applied it in the smart inspection of expressway road network conditions and traffic security facilities. This intelligent inspection technology might replace existing low efficiency, low safety manned inspection method, to improve the maintenance efficiency and realize efficient, precise, information sharing road maintenance management and road assets management.

In 2021, the Company applied the intelligent control scheme of LED lighting fixtures in some road sections to intelligently adjust the power to meet the needs of the light environment in the tunnel for energy saving and carbon reduction. The Company also applied solar delineators to effectuate active lighting, dynamic warning and breaking through rain and fog at night, guiding drivers in a safe, effective and low-carbon way, and using a new and efficient power supply and distribution system to further reduce energy loss during road operations, for energy saving and carbon reduction, and provide more convenient and reliable road service facilities for drivers and passengers.

Maintaining the ecology of the road area

In 2021, the Company promptly replanted and replenished the greenery in the road green belt and accordingly carried out pest and disease control to improve the driving environment, maintain the road ecosystem and enhance the quality of the environment.

The Company's road ecological maintenance special projects for 2021 include: (1) special replanting of trees: the Company continuously carried out special replanting projects, under which a total of more than 22,000 junipers and red-leaved heather were planted, to ensure road safety and glare prevention, creating a beautiful green environment; (2) Cutting down trees posing potential safety risks: for trees with high trunks and shallow roots that pose potential road safety risks, Xiao County Branch Centre of the Company cut down tall poplars in the median strip and replanted trees suitable for the highway to ensure the health and stability of roadside forestry resources with reference to the national requirement of “Cutting down one tree and replenishing one tree”; and (3) treatment of Canadian goldenrod, an invasive species: the Company invested more than RMB1 million in the treatment of Canadian goldenrod. The Company completely eliminated the invasive species by specially treating the Canadian goldenrod that grow within the road section with difficulty in treatment using chemical spraying together with manual removal, thus avoiding damage to the highway ecosystem and biodiversity.

Section V Environmental and Social Responsibility

Green office

The Company actively promotes automated, intelligent and paperless office, and reduces the waste of office supplies such as ink and paper through the “OA office platform” and “Company-wide Collaborative Business System” and other information management platforms. In terms of waste paper disposal, the Company practices green office with actions like actively promoting the recycling of office supplies, requiring the use of double sides of paper as far as possible, and collecting waste paper as draft paper, effectively reducing the use of office consumables.

The Company attaches importance to the management of office waste, strictly controls the environmental risks caused by office waste, actively takes measures to reduce waste generation, strictly complies with waste disposal regulations, and implements harmless treatment of waste gas and waste to create a green office atmosphere. In terms of waste disposal, in 2021, the Company implemented waste classification management in office premises and carried out special treatment of food waste from the staff canteen, which are regularly removed by a government-appointed disposal contractor. For hazardous waste such as discarded fluorescent tubes, ink cartridges, toner cartridges and batteries generated in the office, the Company collects them in a unified manner and stores them in a warehouse for special treatment by a professional organisation on a regular basis.

In 2021, the Company continued to improve the rules and regulations for conservation management, and further implemented various water conservation systems such as the “Water Planning and Conservation Management System”, “Water Conservation Reward and Penalty System” and “Water Metering Management System”; actively organised water conservation activities such as “World Water Day”, “National Urban Water Conservation Publicity Week” and “Water Conservation Demonstration Unit Creation” to further enhance employees’ awareness of conservation and responsibility. In addition, the Company strengthened daily management, imposed requirements on employees such as elimination of “long-time flow of water”, and promptly turning off the tap and other requirements; improved the intelligent application of facilities in the work site, installed sensor hand sink, and conducted regular inspection and maintenance to promptly repair and replace water pipelines and other equipment to prevent “evaporating, emitting, dripping or leaking”, comprehensively reducing water waste and improving the efficiency of water use.



Section V Environmental and Social Responsibility

(IV) Measures taken to reduce its carbon emissions during the reporting period and their effectiveness

Green transport

Actively responding to the national call for the construction of “green highways”, the Company promotes the construction of the networked non-stop toll collection and service system (ETC), and accelerates the layout of the “two systems” (video monitoring and management system and severe weather conditions monitoring and warning system) so that roads become more digital, intelligent and green in terms of information development. In 2021, the Company, taking into account the latest requirements of the Ministry of Transport and Anhui Transportation Holding Group on ETC services, optimised the “management chain” of ETC services by incorporating ETC service standards into service specifications, improving the ETC lane management system, and upgrading the ETC lane toll method to free flow toll to effectively improve the efficiency of road passage. The Company combined intellectual property innovation and ETC project practice with the launch of Anhui’s first intelligent self-service card issuance system at Xuancheng East Toll Station, and has been steadily advancing a number of intelligent transportation and ETC projects.

In 2021, the total number of ETC users in Anhui province exceeded 8,646,600, and the usage rate of ETC was approximately 69%, ranking among the top across China. As of December 2021, the provincial ETC smart parking cloud platform was initially completed in the province, and issuance service points were established at all toll stations under the Company, forming a provincial-wide road network ETC issuance service pattern.

Vehicle management

The Company actively encourages employees to be green commuters, advocated and encouraged employees to take public transportation for commuting and reduced the number of times business-purpose vehicles were used. In 2021, the Company optimised its business-purpose vehicle management system, clarified the basic process of reservation of vehicles by standardising the steps of reservation application, review of reservation and dispatch of vehicles, strengthened the audit and supervision of the use of business-purpose vehicles to avoid use of business-purpose vehicles for personal purpose, thus improving the efficiency of the use of business-purpose vehicles, mitigating service wear, and reducing costs. In 2021, the Company strictly complied with the Administrative Measures for Disposal of State-owned Assets and disposed of 32 business-purpose vehicles that met the criteria for scrapping in compliance with the appraisal by a professional appraisal company.

Energy saving and emission reduction

The Company continuously promotes energy saving policies, encourages electricity saving, energy management and the adoption of new energy alternative initiatives to contribute to energy saving and emission reduction. In terms of electricity saving, the Company standardises the way employees use electricity, promotes the idea of turning off electricity and lights when leaving, turning off all power supplies on holidays, specifies the time and working temperature of air conditioners to eliminate waste of electricity; eliminates high energy-consuming equipment, uses energy-efficient high-voltage cables and LED lamps and other facilities, and strengthens the application of new energy-saving and consumption-reducing technologies to reduce energy consumption and maintenance costs, thus creating a green and economical office culture.

Section V Environmental and Social Responsibility

II. FULFILLMENT OF SOCIAL RESPONSIBILITY

The Company is committed to fulfilling social responsibility while pursuing the rapid development of the enterprise. Employees of the Company actively participate in public welfare voluntary activities by establishing volunteer teams, poverty alleviation sites in poverty-stricken counties, and joining charity organisations to provide voluntary services for orphaned elderly, left-behind children and disabled children. The Company carries out visits on Children's Day to express care for the next generation. The Company forms volunteer service teams and organises volunteers to carry out various forms of volunteer service activities.

The Company is determined to bear the responsibility of prevention and control of the epidemic. Each operating unit organises epidemic investigation, site control, premise disinfection, flexible dining hours, material procurement and vaccination, etc. The Company strengthens the publicity of epidemic prevention knowledge and psychological guidance for employees, and actively guides employees to reduce gathering and protect themselves well.

Under the normalisation of epidemic prevention and control, the Company strictly implements various prevention and control measures, actively cooperates with the local government and relevant authorities to carry out joint prevention and control, and guarantees the unimpeded transportation of epidemic prevention materials. The Company sets up an epidemic prevention and control headquarters and a special working group against epidemic, effectively implements the "four-party joint control" working mechanism, guaranteed the fast passage policy of "three no's and one priority" for emergency vehicles, and establishes special channels for the transport of epidemic prevention and control materials on relevant road sections. To respond to the changing situation, the Company inspects the epidemic prevention and control in each area in the principle of "four no's and two direct actions", and in accordance with the requirements of "preventing imported cases and local rebounding cases" and "preventing infections from people, environment and contaminated objects". The Company also actively cooperates with the local epidemic prevention authorities by strengthening the joint prevention and control of "four parties on the same road", and strictly implementing the "daily identification and zero reporting" system.

The Company shoulders the responsibility of a transit station for inbound personnel, and pays attention to the epidemic prevention and control policies of various regions on a daily basis so as to refine the "one policy for one station" initiative, resolutely fighting the war of epidemic prevention and control. We strengthened the epidemic prevention and control in key areas such as toll stations and service areas, strictly implemented preventive and control measures such as ventilation and cleaning, wearing of masks, temperature measurement and QR code checking, and prepared a full stock of emergency supplies such as epidemic prevention and protection materials such as masks, gloves, hand sanitizer, disinfectant and protective clothing.



Section V Environmental and Social Responsibility

III. CONSOLIDATION AND EXPANSION OF THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

Since 2017, Gaojie Management Office of the Company has selected a task force to be stationed in Li Shu Village in Taihu County to provide assistance. In 2021, the task force continued to promote the rural revitalisation from the aspects of industrial poverty alleviation, provision of job opportunities and talent training.

- (1) As at 31 December 2021, the number of households that had been lifted out of poverty in Li Shu Village was 324 households with 1,098 persons, accounting for 29.93% of the total population of the village. Collective economic income of the village reached RMB580,000 in 2021.
- (2) Consolidating and expanding the achievements of the poverty alleviation campaign. The task force established 40 monitoring grids in the village and carried out a full-coverage identification of 930 households in the village in strict accordance with the monitoring scope and procedures; continued to categorise and manage the poverty-stricken population, and formulated “one plan for each household and one measure for each person” in 2021 for 324 households that had been lifted out of poverty, and implemented differentiated support policies. In terms of medical care, the Company upgraded and renovated health centre of the village, and all villagers of the village became covered by annual health insurance for urban and rural residents on an annual basis. The task force applied to the Company for RMB51,500 for assistance in autumn and winter for 134 villagers. In terms of drinking water safety, more than RMB80,000 was invested to complete the construction, renovation and repair of seven drinking water projects.
- (3) Fully gearing into the goals of rural revitalisation. Grasping industrial revitalisation, and on the basis of the resource endowment of Li Shu Village, the task force co-ordinated the sale of agricultural products, agricultural technology promotion and training, resource integration and coordination, vigorously fostered new businesses and promoted the high-quality and healthy development of various industries, and in 2021, the task force helped sell stagnant agricultural products valuing more than RMB2 million. The task force implemented differentiated support policies for 324 households that had been lifted out of poverty, established 104 public welfare positions for which wages of more than RMB500,000 were paid, driving households that have been lifted out of poverty to achieve stable income growth.
- (4) Assistance with infrastructure construction. The Company took the improvement of the human living environment as a necessary driving force to achieve rural revitalization, vigorously promoted the construction of access projects as well as the improvement of water, toilets and rubbish management, and promptly helped Li Shu Village to complete the repair works of water-damaged farmland and river channels to improve the human living environment. In 2021, a total of RMB100,000 was sought to complete the widening of the main road and the repair of 13 water damages in the village, and 26 new sanitary toilets for households were renovated. The Company allocated assistance fund of RMB1 million to improve and harden the roads towards households.

Section VI Major Events

I. IMPLEMENTATION OF UNDERTAKINGS

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

Background of Commitment	Type of commitment	Commitment party	Content of commitment	Time and term of commitment	Whether there is time limit for performance	Whether strictly comply in a timely manner
Commitment related to the share reform	Other	Anhui Transportation Holding Group	Continue to support the Company's acquisition of the good road assets owned by the Anhui Expressway Holding Group in the future and focus on the protection of shareholders' interests as always.	13 February 2006, long term effective	No	Yes
	Other	Anhui Transportation Holding Group, China Merchants Highway	After the completion of the split-equity reforming, the Board of Directors are recommended to develop a long term incentive plan with equity incentive structure included. In accordance with the relevant provisions of the State, the Board of Directors or after approved at the General Meeting of Shareholders, the long-term incentive plan shall be implemented.	13 February 2006, long term effective	No	Yes
Commitment related to IPO	Solve the competition within the industry	Anhui Transportation Holding Group	Promise not to participate in any of the Company's actual businesses or other business activities from time to time which may constitute direct or indirect competition to the Company.	12 October 1996, long term effective	No	Yes

(II) Profit projections of company's assets or projects. If the time of this report is during the profit projecting time, the company will explain whether the current profits achieve the original projections.

☐ Achieved ☐ Not achieved ☒ Not applicable

Section VI Major Events

(III) Information on completion of profit guarantee and its effect on goodwill impairment test.

☐ Applicable ☒ Not applicable

II. OCCUPATION OF FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATIONAL PURPOSE DURING THE REPORTING PERIOD

Unit: yuan Currency: RMB

Name of shareholder or related party	Affiliations	Occupancy time	Reasons for occurrence	Opening balance	Amount of new occupied fund in the reporting period	Total amount reimbursed during the reporting period	Closing balance	Balance as at the date of disclosure of the annual report	Expected reimbursement method	Expected repayment amount	Estimated time of repayment
ATHC	Controlling Shareholder	-	-	0.00	0.00	0.00	0.00	0.00	-	0.00	-
Total	/	/	/	0.00	0.00	0.00	0.00	0.00	/	0.00	/

The ratio of the total value at the end of the period to the latest audited net assets

Decision-making procedures for occupation of funds by controlling shareholders and other related parties for non-operational purpose

Reasons for occupation of funds by new controlling shareholders and other related parties for non-operational purpose in the current period, investigation on accountability of responsible person and the measures to be taken by the Board of Directors

Reasons for the failure to settle the occupation of funds for non-operational purpose as planned, investigation on accountability of responsible person and description of measures to be taken by the Board of Directors

III. ILLEGAL GUARANTEE

☐ Applicable ☒ Not applicable

IV. EXPLANATIONS OF THE BOARD OF DIRECTORS FOR “NON-STANDARD AUDIT REPORT” ISSUED BY ACCOUNTANT

☐ Applicable ☒ Not applicable



Section VI Major Events

V. AN ANALYSIS AND EXPLANATION OF THE CAUSES AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF MAJOR ACCOUNTING ERRORS

(I) an analysis and explanation of the causes and effects of changes in accounting policies, accounting estimates

☐ Applicable ☒ Not applicable

(II) Analysis and Explanation for corrections of significant accounting errors

☐ Applicable ☒ Not applicable

(III) Communication with previous accounting firm

☐ Applicable ☒ Not applicable

(IV) Other explanations

☐ Applicable ☒ Not applicable

VI. EXPOSURE TO THE RISK OF DELISTING

(I) The cause for delisting risk warning

☐ Applicable ☒ Not applicable

(II) The solutions adopted by the Company

☐ Applicable ☒ Not applicable

(III) Condition and cause of facing termination of listing

☐ Applicable ☒ Not applicable



Section VI Major Events

VII. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

☐ Applicable ☒ Not applicable

VIII. SIGNIFICANT LITIGATIONS AND ARBITRATION EVENTS

☐ The Company had significant litigations and arbitrations in the year

☒ The Company did not have significant litigations and arbitrations in the year

IX. SUSPECTED VIOLATION, PUNISHMENT AND RECTIFICATION FOR LISTED COMPANIES, ITS DIRECTORS, SUPERVISORS, SENIOR EXECUTIVES, CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS

☐ Applicable ☒ Not applicable

X. EXPLANATION OF THE CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND EFFECTIVE CONTROLLER DURING THE REPORT PERIOD

☐ Applicable ☒ Not applicable

Section VI Major Events

XI. SIGNIFICANT CONNECTED/RELATED PARTY TRANSACTIONS

(I) Continuing connected transactions

1. Items which has been disclosed without further changes afterwards

The Group's related party transactions or continuing related party transactions for the year ended 31 December 2021 have been disclosed in Note 38 to the consolidated financial statements. Some of these related party transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules, the details of which are set out as follows.

Date of agreement	Connected party	Connected relationship between connected party and the Company	Nature of interest of connected party in connected transaction	Content and purpose of connected transaction	Duration of agreement	Pricing principle of connected transaction	Actual Amount of connected transaction (RMB'000)
29 March 2018	Expressway Petrochemical	Subsidiary of substantial shareholder	tenant	To lease gas station of the Company	From 1 April 2018 to 31 March 2021	To recognize on a straight-line basis over the lease period	6,106
31 December 2019	Yida Company	Subsidiary of substantial shareholder	tenant	To lease service areas	From 1 January 2020 to 30 April 2023	To recognize on a straight-line basis over the lease period	8,624
29 April 2020	Huanyu Company	Subsidiary of substantial shareholder	service provider	To accept project construction service	From 29 April 2020 to 31 December 2021	Tender price of tender agreement	750
29 October 2020	ATHC Construction	Subsidiary of substantial shareholder	service provider	To accept project construction service	From November 2020 to October 2021	Tender price of tender agreement	–
8 December 2020	ATHC Construction	Subsidiary of substantial shareholder	service provider	To accept project construction service	From December 2020 to October 2021	Tender price of tender agreement	8,728
30 December 2020	Network Company	Subsidiary of substantial shareholder	service provider	To accept service of upgrading and transformation of online toll management platform	From December 2020 to October 2021	Tender price of tender agreement	2,303
22 January 2021	Anhui Transportation Holding Group	substantial shareholder	service recipient	To provide road sections entrustment management	From 1 January 2021 to 31 December 2023	Determination through negotiation with reference to cost	9,236
22 January 2021	Anlian Company	Subsidiary of substantial shareholder	service recipient	To provide road sections entrustment management	From 1 January 2021 to 31 December 2023	Determination through negotiation with reference to cost	585

Section VI Major Events

Date of agreement	Connected party	Connected relationship between connected party and the Company	Nature of interest of connected party in connected transaction	Content and purpose of connected transaction	Duration of agreement	Pricing principle of connected transaction	Actual Amount of connected transaction (RMB'000)
22 January 2021	Wangqian Company	Subsidiary of substantial shareholder	service recipient	To provide road sections entrustment management	From 1 January 2021 to 31 December 2023	Determination through negotiation with reference to cost	142
22 January 2021	Wuyan Company	Subsidiary of substantial shareholder	service recipient	To provide road sections entrustment management	From 1 January 2021 to 31 December 2023	Determination through negotiation with reference to cost	47
22 January 2021	Liguang Company	Subsidiary of substantial shareholder	service recipient	To provide road sections entrustment management	From 1 January 2021 to 31 December 2023	Determination through negotiation with reference to cost	104
22 January 2021	Yangji company	Subsidiary of substantial shareholder	service recipient	To provide road sections entrustment management	From 1 January 2021 to 31 December 2023	Determination through negotiation with reference to cost	208
8 April 2021	Expressway Petrochemical	Subsidiary of substantial shareholder	tenant	To lease gas station of the Company	From 1 April 2021 to 31 December 2021	To recognize on a straight-line basis over the lease period	18,318
25 June 2021	Design Institute	Subsidiary of substantial shareholder	service provider	To accept the testing and planning service of road sections	From the time of which is subject to the construction commencement order issued by the contractor to 2023 (the estimated construction period is 24 months)	Tender price of tender agreement	959
25 June 2021	ATHC Construction	Subsidiary of substantial shareholder	service provider	To accept project construction service	From the time of which is subject to the construction commencement order issued by the contractor to 2023 (the estimated construction period is 24 months)	Tender price of tender agreement	42,274

Section VI Major Events

Date of agreement	Connected party	Connected relationship between connected party and the Company	Nature of interest of connected party in connected transaction	Content and purpose of connected transaction	Duration of agreement	Pricing principle of connected transaction	Actual Amount of connected transaction (RMB'000)
25 June 2021	ATHC Construction	Subsidiary of substantial shareholder	service provider	To accept project construction service	From the construction commencement time of which is subject to the construction commencement order issued by the contractor to 2023 (the estimated construction period is 24 months)	Tender price of tender agreement	3,896
16 July 2021	Network Company	Subsidiary of substantial shareholder	service provider	To accept toll collection service	From 1 January 2021 to 31 December 2021	Determination through negotiation with reference to cost	8,214
16 July 2021	United Card Company	Subsidiary of substantial shareholder	service provider	To accept toll collection service	From 1 January 2021 to 31 December 2021	Determination through negotiation with reference to cost	12,364
17 September 2021	Design Institute	Subsidiary of substantial shareholder	service provider	To accept the testing and planning service of road sections	From the time of which is subject to the construction commencement order issued by the Company (or the supervising engineer) to 2023 (the estimated construction period is 22 months)	Tender price of tender agreement	602
17 September 2021	ATHC Construction	Subsidiary of substantial shareholder	service provider	To accept project construction service	From the time of which is subject to the construction commencement order issued by the Company (or the supervising engineer) to 2023 (the estimated construction period is 22 months)	Tender price of tender agreement	19,198

Section VI Major Events

Date of agreement	Connected party	Connected relationship between connected party and the Company	Nature of interest of connected party in connected transaction	Content and purpose of connected transaction	Duration of agreement	Pricing principle of connected transaction	Actual Amount of connected transaction (RMB'000)
17 September 2021	Experiment Research Centre	Subsidiary of substantial shareholder	service provider	To accept the testing service of road sections	From the time of which is subject to the construction commencement order issued by the Company (or the supervising engineer) to 2023 (the estimated construction period is 22 months)	Tender price of tender agreement	241
28 October 2021	Design Institute	Subsidiary of substantial shareholder	service provider	To accept the testing and planning service of road sections	From the time noticed by the supervision unit to 2022(the construction period is 12 months)	Tender price of tender agreement	–
28 October 2021	AJCG	Subsidiary of substantial shareholder	service provider	To accept project construction service	From the time noticed by the supervision unit to 2022(the construction period is 12 months)	Tender price of tender agreement	14,935
20 December 2016	Expressway Petrochemical	Subsidiary of substantial shareholder	tenant	To lease gas station of the Company (Note 1)	From 1 January 2016 to 31 December 2045	To recognize on a straight-line basis over the lease period	1,408

Note 1: This transaction became a connected transaction of the Company on 28 December 2021 pursuant to Rule 14A.60 of the Listing Rules.



Section VI Major Events

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

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

The Company confirmed that the aforesaid continuing connected transactions were disclosed in accordance with the disclosure requirements under Chapter 14A of the Listing Rules.

In accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants, the Board has engaged the auditor of the Company to carry out works on the aforesaid continuing connected transactions. The auditor has issued the letter about the findings and conclusions on the continuing connected transactions for the Group in this section in accordance with Rule 14A.56 of the Listing Rules, and confirmed as follows:

- (1) Nothing has come to their attention that causes them to believe that the above continuing connected transactions were not approved by the Board of Directors;
- (2) If the transaction involves the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the above continuing connected transactions were not, in all material respects, conducted in accordance with the Group’s pricing policies;

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- (3) Nothing has come to their attention that causes them to believe that the above continuing connected transactions were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) Nothing has come to their attention that causes them to believe that the above continuing connected transactions have exceeded their respective annual caps as set by the Company.

A copy of the letter has been submitted to the SEHK.

2. Transactions disclosed in announcements with further developments

On December 30, 2020, the Company and AENO entered into the 2021 Network Toll Road Network Operation Service Agreement (“Original Service Agreement”). For details, please refer to the Company’s announcement dated December 30, 2020 and headed “Continuing Connected Transactions: Entering into Network Services Agreement in Writing”.

In accordance with the adjustment of network operation service fee and other provisions in the Meeting Minutes of Anhui Provincial Expressway Network Toll Management Committee and relevant provisions in the Original Service Agreement, the Company has terminated the Original Service Agreement on July 16, 2021 and entered into new service agreements, with the service term unchanged. The signing party of the new service agreements and the standard of the network operation service fee have been changed.

There is no material change in the content of the modified contracts. The total amount of the new service agreements signed is expected to be no more than the Original Service Agreement, which will not harm the interests of the Company and its shareholders, especially minority shareholders, and will not adversely affect the Company’s production and operation. For details, please refer to the Company’s announcement dated July 16, 2021 and headed “Continuing Connected Transactions: Entering into New Network Services Agreement”.

3. Items which has not been disclosed

☐ Applicable ☒ Not applicable

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(II) Related party transactions in assets or equity acquisition and offer for sale

1. Items which has been disclosed without further changes afterwards

☐ Applicable ☒ Not applicable

2. Transaction disclosed in announcements with further developments

In order to enhance the Company's sustainable development and to better utilise its experience and advantages in toll operation, the Company signed the Agreement between Anhui Expressway Company Limited and Anhui Transportation Holding Group Limited on the Payment of Cash to Purchase 100% Equity Interest in Anhui Anqing Yangtze River Highway Bridge Co. Ltd. and Related Claims with its controlling shareholder, Anhui Transportation Holding Group, on 13 October 2021. The Company intends to use its own or self-financing funds of RMB4,181,244,442.59 to acquire 100% of the equity interest in Anqing Bridge Company and related claims held by Anhui Transportation Holding Group. Upon completion of the transaction, Anqing Bridge Company will become a wholly-owned subsidiary of the Company and the Company will be entitled to a total claim of RMB1,971,244,442.59 on Anqing Bridge Company. At the Twelfth Meeting of the Ninth Session of the Board of Directors and the Second Extraordinary General Meeting of 2021 held on 13 October 2021 and 20 December 2021 respectively, the Company considered and approved the "Proposal on the Company to Pay Cash to Purchase 100% Equity Interest in Anhui Anqing Yangtze River Highway Bridge Co. Ltd. and Related Claims". For details, please refer to the Company's announcement "Major and Connected Transaction: Acquisition of Equity Interest in a Company Operating a Bridge and Expressway in Anhui Province, the PRC" for H-share announcement and "Announcement on Resolutions of the Twelfth Meeting of the Ninth Session of the Board of Directors" (LIN 2021-030), "Announcement on the Acquisition of 100% Equity Interest in Anhui Anqing Yangtze River Highway Bridge Co. Ltd. (LIN 2021-031), Announcement on Resolutions of the Tenth Meeting of the Ninth Session of the Supervisory Committee (LIN 2021-032), Supplementary Announcement on the Acquisition of 100% Equity Interest in Anhui Anqing Yangtze River Highway Bridge Co. Ltd. and Related Claims and Connected Transactions (LIN 2021-033), Preliminary Announcement of the Investor Debriefing on the Acquisition of 100% Equity Interest in Anhui Anqing Yangtze River Highway Bridge Co. Ltd. and Related Claims (LIN 2021-034), Announcement on the Investor Debriefing on the Acquisition of 100% Equity Interest in Anhui Anqing Yangtze River Highway Bridge Co. Ltd. and Related Claims (LIN 2021-035).

On 28 December 2021, the Company completed the registration of industrial and commercial change in Anqing Bridge Company. After the change registration, the Company held 100% equity interest in Anqing Bridge Company and Anqing Bridge Company became a wholly-owned subsidiary of the Company. For details, please refer to the Company's H-share announcement "Completion of Major and Connected Transaction" and the A-share announcement "Announcement on Progress of the Acquisition of 100% Equity Interest in Anhui Anqing Yangtze River Highway Bridge Co. Ltd. and Related Claims" (LIN 2021-042).

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3. Items which has not been disclosed

☐ Applicable ☒ Not applicable

4. For transactions involving an agreement of performance, performance during the reporting period shall be disclosed

☐ Applicable ☒ Not applicable

(III) Significant related party transactions on common external investment

1. Items which has been disclosed without further changes

☐ Applicable ☒ Not applicable

2. Items which has been disclosed with further changes

Item overview	Indexes of announcements (being the date of uploading respective announcements on the website of the Company)
<p>The Company proposed to form a joint venture company in Hong Kong through joint contribution together with the other consortium members namely China Merchants Expressway Network & Technology Holdings Co., Ltd., China Merchants Union (BVI) Limited, Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司), Jiangsu Expressway Company Limited* (江蘇寧滬高速公路股份有限公司), and Sichuan Expressway Company Limited* (四川成渝高速公路股份有限公司), for the purpose of establishing a joint venture company to acquire 51% of the shares and the relevant portion of shareholder loans of the Turkish company ICA IC İċtař Astaldi Üçüncü Boğaz Köprüsü ve Kuzey Marmara Otoyolu Yatırım ve İşletme A.Ş., and 51% equity of Eurasia Motorway Maintenance and Operations Limited, a company incorporated in Hong Kong (i.e. the O&M Target Company). The Company proposed to contribute 48.195 million US dollars and hold 7% of the shares of the joint venture company. The matter has been deliberated and adopted at the 17th meeting of the 8th board of directors held on 20 December 2019.</p>	<p>23 December 2019 “Joint Announcement-Connected Transaction: Formation of Joint Venture”</p>

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Item overview	Indexes of announcements (being the date of uploading respective announcements on the website of the Company)
On August 5, 2021, the Company published a progress announcement that the relevant parties had not yet reached a consensus on the relevant terms of the refinancing agreement, and the preconditions for the transaction under the share purchase agreement have not been completed; On August 23, 2021, the Company published another progress announcement that the Chinese consortium planned to negotiate with the Turkey vendor on the termination agreement of the project.	5 August 2021 “Announcement on the Progress of Acquisition of Overseas Asset through Joint Venture Set up by the Company and other Parties of the Consortium”* (《關於公司與聯合體各方共同設立公司收購境外資產的進展公告》) (LIN 2021-026) 23 August 2021 “Announcement on the Progress of Acquisition of Overseas Asset through Joint Venture Set up by the Company and other Parties of the Consortium”* (《關於公司與聯合體各方共同設立公司收購境外資產的進展公告》) (LIN 2021-027).
The seventeenth meeting of the ninth session of the board of directors of the Company was convened on 27 January 2022, at which the Resolution in relation to the Termination of the Acquisition of Overseas Assets by the Company and the Parties to the Consortium was considered and approved, and the Termination Agreement In Relation to the Acquisition of 51% equity interest in ICA IC İçtaş Astaldi Üçüncü Boğaz Köprüsü ve Kuzey Marmara Otoyolu Yatırım ve İşletme A.Ş. and 51% equity interest in Eurasia Motorway Maintenance and Operations Limited* (《關於終止購買ICA IC İÇTAŞ ASTALDI ÜÇÜNCÜ BOĞAZ KÖPRÜSÜ ve Kuzey Marmara Otoyolu Yatırım ve İşletme A.Ş.以及 Eurasia Motorway Maintenance and Operations Limited 51%股份的相關股份購買協議之終止協議》) was entered into among the parties on 9 March 2022.	28 January 2022 “The Resolutions of the seventeenth Meeting of the ninth Board”* (《第九屆董事會第十七次會議決議公告》) (LIN 2022-005). 11 March 2022 “Voluntary announcement – announcement of progress of the transaction relating to the formation of a joint venture by The company and members of the consortium for the acquisition of overseas assets”
Since the parties to the SPA have decided to terminate the transactions thereunder, and neither the Company nor the other Consortium Members (as defined in the Announcement) has made any payment to the Vendor or obtained the title and operation rights of the ICA Project of the target company, the abovementioned matters will not have significant impact on the operating and financial position of the Company.	
In accordance with the resolution of the third meeting of the eighth Board of Directors in 2017, the Company would invest RMB200 million to participate in the investment and establishment of Jinshi Fund Management Company and Anhui Transportation Jinshi Merger and Acquisition Fund Partnership. The fund is divided into two phases of investment. Currently, the Company has completed the first phase of investment of the fund and invested RMB100 million. The first phase of the fund is running well.	23 September 2017 “Connected Transactions Announcement for Investment In Establishment of Fund Management Company and Initiating Merger and Acquisition Fund”* (《關於擬參股設立基金管理公司及發起成立並購基金暨關聯交易公告》) (LIN 2017-049) 14 December 2017 “Connected Transactions: Establishment of Fund Management Company and Fund Partnership”

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Item overview	Indexes of announcements (being the date of uploading respective announcements on the website of the Company)
At the ninth meeting of the ninth Board of Directors held on June 21, 2021, the Company considered and approved the resolution on optimizing the cooperation terms of Anhui Transportation Jinshi Second-phase Equity investment Fund under the original agreement framework, and set up a new partnership to sign the cooperation agreement.	22 June 2021 “Announcement of Resolutions of the Ninth (Extraordinary) Meeting of the Ninth Board of Directors”* (《第九屆董事會第九次會議(臨時)決議公告》) (LIN 2021-019)
On July 9, 2021, the Company signed the Partnership Agreement of Anhui Transportation Jinshi Equity Investment Fund Partnership (Limited Partnership) with Anhui Transportation Jinshi Private Fund Management Co., Ltd., Anhui Transportation Holding Capital Investment Co., Ltd.* (安徽交控資本投資管理有限公司) and Jinshi Investment Co., Ltd.* (金石投資有限公司), to confirm the matters related to the investment fund. The total committed capital of the phase II fund is RMB150 million, and the Company's committed investment amount was RMB99.625 million, accounting for 6.64% of the fund capital.	9 July 2021 “Announcement-Adjustment to Terms of Fund Partnership and Establishment of Phase II Fund Partnership”
The Company received notification on 27 September 2021 that Anhui Transportation Jinshi Equity Investment Fund Partnership (Limited Partnership) had completed the filing procedures with the Asset Management Association of China in accordance with the requirements of the Securities Investment Fund Law and the Provisional Measures for the Supervision and Administration of Private Investment Funds and other laws and regulations, and obtained the Certificate of Filing of Private Investment Funds.	Announcement on Completion of Registration of Anhui Transportation Jinshi Equity Investment Fund as a Private Investment Fund on 29 September 2021 (LIN 2021-029)
As of the date of this report, the Company has made a capital contribution of RMB33,208.3 thousand, representing 6.64% of the total amount of initial capital contribution for Anhui Transportation Jinshi Equity Investment Fund Partnership* (安徽交控金石股權投資基金合夥企業).	

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Item overview

Indexes of announcements (being the date of uploading respective announcements on the website of the Company)

On 29 October 2021, the tenderer, Anhui Xuancheng City Transport Bureau, issued a tender notice for the “G50 Huyu Expressway Guangde to Xuancheng Section Expansion PPP Project (the “Project”)” on the Xuancheng Public Resources Trading Information Website. Anhui Transportation Holding Group and Xuanguang Company formed a consortium to bid. The above two units have an equity interest of 1% and 99% in the consortium. The participation of Xuanguang in the bidding of the project has been considered and approved by the Company at the fourteenth meeting of the ninth session of the Board of Directors held on 19 November 2021.

On 2 December 2021, the consortium received a notice of award from the tenderer for a 30-year toll period. After winning the tender, Anhui Transportation Group and Xuanguang Company established a project company to invest, construct and operate the project in the proportion agreed at the time of the tender. Based on the proportion of equity interest, Xuanguang Company shall bear the capital of the project of approximately RMB2,729 million. In order to ensure the smooth progress of the project, the Company and Xuancheng Transportation Investment, its related party, intended to increase the investment in Xuanguang Company in proportion to their shareholdings. The Company shall increase the investment by RMB1,513.78 million and Xuancheng Transportation Investment shall increase the investment by RMB1,215.22 million. The resolution was considered and approved at the 15th meeting of the ninth session of the Board and the 2022 first extraordinary general meeting of the Company.

Announcement on Winning of the Project Tender by a Holding Subsidiary dated 4 December 2021 (LIN 2021-040)

Announcement on Resolutions of the Fifteenth Meeting of the Ninth Session of the Board of Directors on 1 January 2022 (LIN 2021-043), Announcement on Connected Transactions in relation to the Joint Establishment of a Joint Venture by a Holding Company and a Controlling Shareholder of the Company (LIN 2021-044), Announcement of Increased Investment in a Holding Subsidiary of Anhui Expressway and Connected Transactions (LIN 2021-045)

Announcement on Resolutions of the First Extraordinary General Meeting of Anhui Expressway for 2022 (LIN 2022-008) dated 26 February 2022

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3. Items which has not been disclosed

☐ Applicable ☒ Not applicable

(IV) Related debtor and creditor account

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. Items which has not been disclosed in announcements

Unit: '000 Currency: RMB

Related parties	Connected relation	The Company provides capital to related parties			Related parties provide capital to the Company		
		Initial Balance	Amount incurred	Closing Balance	Initial Balance	Amount incurred	Closing Balance
ATHC	Controlling shareholder	0	0	0	443,528	-164,428	279,100
Xuancheng Transportation Investment	Other connected	0	0	0	158,248	-74,000	84,248
Total		0	0	0	601,776	-238,428	363,348

The circumstances under which the related debt is formed

The total investment amount of ATHC and Xuancheng Transportation Investment exceeded the registered capital of Ningxuanhang Company. The difference will be recorded as long-term payables and such an amount is unsecured and without fixed repayment date.

Impact of related debts and claims

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

☐ Applicable ☒ Not applicable

(VI) Others

☐ Applicable ☒ Not applicable

XII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

(I) Entrusted management, subcontracting and leasing items

1. Entrusted management

☐ Applicable ☒ Not applicable

2. Subcontracting

☐ Applicable ☒ Not applicable

3. Leasing items

☐ Applicable ☒ Not applicable

(II) Guarantee

☐ Applicable ☒ Not applicable

The Company convened the eighteenth meeting of the fifth session of the Board on 18 August, 2010, at which the Resolution on the Provision of Guarantee for Ningxuanhang Company was considered and approved, pursuant to which the Company agreed to provide a guarantee in an aggregate amount of RMB500 million for Ningxuanhang Company, a controlling subsidiary of the Company. As of 12 April 2021, Ningxuanhang Company has repaid the bank loans described above, and the guarantee liability of the corresponding amount has been released accordingly. As of the date of this report, the balance of guarantee provided by the Company for its subsidiaries is nil.

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(III) Entrusted cash capital management

1. Entrusted Wealth Management

(1) Overall situation of Entrusted Wealth Management

☐ Applicable ☒ Not applicable

Other cases

☐ Applicable ☒ Not applicable

(2) Individual entrusted wealth management

☐ Applicable ☒ Not applicable

Other cases

☐ Applicable ☒ Not applicable

(3) Entrusted financial impairment preparation

☐ Applicable ☒ Not applicable

2. Entrusted Loans

(1) General entrusted loans

Unit: '0,000 Currency: RMB

Type	Sources of funds	Amount incurred	Undue balance	Overdue unrecovered amount
Bank	Self-owned funds	-77,832.23	43,584.00	0.00

Other information

In order to meet the capital transactions compliance requirements among enterprise legal persons, the portion in the difference between the project capital and the capital investment into Ningxuanhang Company which should be borne by the Company are injected by the Company out of its internal fund by way of entrusted loans according to the annual investment plan. As of the end of the Reporting Period, the Company has invested RMB1.214 billion by way of entrusted loans and Ningxuanhang has repaid RMB0.778 billion in 2021. As of 31 December, 2021, the outstanding balance was RMB0.436 billion.

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(2) Single Entrusted Loans

Unit: '0,000 Currency: RMB

Trustee	Type of entrusted loans	Amount of entrusted loans	Beginning date of entrusted loans	Termination date of entrusted wealth management	Source of funds	Investment of funds	Method to determine return	Annualized rate of return	Expected return (if any)	Real income or loss	Real recovery	Through a legal procedure or not	Whether have entrusted loans plan in the future
Everbright Bank Hefei Daoxianglou Branch	Bank	3,825	14 June 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	168.68	168.68	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	1,428	24 August 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	62.97	62.97	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	3,213	18 September 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	141.69	141.69	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	1,989	17 November 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	87.71	87.71	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	3,009	20 December 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	132.70	132.70	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	368	9 February 2017	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	16.23	16.23	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	6,069	13 April 2017	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	267.64	267.64	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	1,683	9 May 2017	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	74.22	74.22	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	6,477	31 August 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	317.37	317.37	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	4,029	15 September 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	197.42	197.42	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	3,927	11 October 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	192.42	192.42	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	4,437	9 November 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	217.41	217.41	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	3,130	19 December 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	153.37	153.37	Undue	Yes	No

Other information

☐ Applicable ☒ Not applicable

(3) Entrusted loan impairment provision

☐ Applicable ☒ Not applicable

3. Other cases

☐ Applicable ☒ Not applicable

(IV) Other major contracts

☐ Applicable ☒ Not applicable

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XIII. OTHER MAJOR EVENTS THAT HAVE A SIGNIFICANT IMPACT ON THE VALUE JUDGMENT AND INVESTMENT DECISIONS OF INVESTORS

Adjustment to Calculation Method and Standard of Toll Payment

According to the “Notice on the matters related to tolls for vehicles on toll roads in our province” (Wan Jiao Lu [2020] No. 162) jointly issued by the Anhui Development and Reform Commission and the Finance Department of Anhui Province jointly issued, Anhui’s toll standard was implemented for one year on a trial basis until the end of 2020. With the consent of the provincial government, the new standard was formally implemented on January 1, 2021; The period of 15% discount for freight vehicles holding Anhui Transport Card is tentatively extended for 3 years, namely from January 1, 2021 to December 31, 2023. For details, please refer to the “Announcement on Standard of Toll Charges” *《關於通行費收費標準的公告》(Lin 2020-033) published by the Company.

Preferential Policy of 5% Discount for All ETC Users

According to the requirements of the Notice on Implementing Preferential Policy for Tolls of ETC Vehicles on Toll Roads issued by the Transport Department of Anhui Province and the Anhui Development and Reform Commission, with effect from 1 July 2019, vehicles using electronic payment cards of other provinces for toll payment on toll roads in Anhui Province will be entitled to 5% discount on toll payment under the preferential policy.

Proposed Liquidation and Dissolution of Wantong Pawn

Due to the adverse industry operating environment, intensified market competition and other factors, the risks of the Company’s financial projects have gradually become prominent. In order to further optimize the industrial structure of the Company, strengthen risk management and control, and safeguard the legitimate rights and interests of the Company and shareholders, the Board approved the liquidation and dissolution of Wantong Pawn at the ninth meeting of the ninth Board of Directors held on June 21, 2021, and authorized the management of the Company to handle all matters related to the liquidation and dissolution. For details, please refer to the Company’s announcement headed “Announcement of Resolution of the Ninth (Extraordinary) Meeting of the Ninth Board of Directors” * (《第九屆董事會第九次會議(臨時)決議公告》) (Lin 2021-019)

Payment of toll for Wan R and Wan H licenses small passenger cars Passing Through Anqing Yangtze River Highway Bridge

On 24 January 2022, the People’s Government of Chizhou City, the People’s Government of Anqing City (hereinafter referred to as the “Two Municipal Governments”), Anhui Transportation Holding Group and Anqing Bridge Company signed the Cooperation Agreement on the Reduction and Exemption of Toll by Anqing Yangtze River Highway Bridge for Local Small passenger cars through Financial Subsidies. By means of financial subsidies, the Two Municipal Governments will provide financial subsidies for Wan R and Wan H licenses small passenger cars with 9 seats and below under ETC package commuting between Anqing Bridge Toll Station and Dadukou Toll Station. The subsidy is granted on the basis of RMB21 per vehicle in accordance with the relevant policies of Anhui Province on expressway toll. Vehicles that meet the subsidy conditions will be toll-free when passing through Anqing Yangtze River Highway Bridge effective for a tentative term of three years commencing from 00:00 on 25 January 2022. For details, please refer to the Company’s announcement headed “Announcement on the Questions relating to Payment of Tolls for Wan R and Wan H Licences Small Passenger Cars Passing Through Anqing Yangtze River Highway Bridge” *《關於皖R、皖H牌照小型客車行駛安慶長江公路大橋通行費繳納有關問題的公告》(Lin 2022-004).

Section VI Major Events

Change of accounting firm

Pursuant to the relevant regulations of the Anhui Provincial State-owned Assets Administration and Supervision Committee, PricewaterhouseCoopers Zhong Tian LLP, the Company's current auditors, have exceeded their engagement term, and will retire as the Company's external auditors for the year 2022. On the nineteenth meeting of the ninth session of the Board held on 28 March 2022, the Resolution on Change of Accounting Firm was approved, pursuant to which the Board proposes to appoint Ernst & Young Hua Ming LLP as the Company's financial auditors and internal control auditors for the year 2022, and resolved to submit this resolution to the Company's 2021 annual general meeting for consideration. For details, please refer to the Company's announcement dated 28 March 2022 and headed "PROPOSED CHANGE OF AUDITORS".

Events after the reporting period

Save as disclosed in this report, there were no important events affecting the Group that have occurred after the end of the reporting period and up to the date of this report.

XIV. PRE-EMPTIVE RIGHTS

Neither the Company's articles of association nor the PRC laws require the Company to offer preemptive rights to its existing shareholders for subscription of new shares according to the proportion of their shareholdings.

XV. TAX CONCESSION

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

Holders of A shares:

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

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



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Holders of H shares:

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

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

Investors of Shanghai-Hong Kong Stock Connect Program:

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

Section VII Change of Ordinary Shares and Shareholders

I. CHANGE OF ORDINARY SHARE CAPITAL

(I) Change of ordinary shares

1. Change of ordinary shares

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

The Company has issued 1,658,610,000 shares of common stock, of which 1,165,600,000 A shares are listed on the SSE accounting for about 70.28% of the Company's total shares and 493,010,000 H shares are listed on the SEHK accounting for about 29.72% of the total share capital.

2. Explanation of Change of ordinary share capital

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(II) Change of restricted shares

☐ Applicable ☒ Not applicable

II. ISSUE OF SHARES AND LISTING

(I) Issue of securities during the reporting period

☐ Applicable ☒ Not applicable

Information of Issue of securities during the reporting period (Please explain separately the bonds of different rates within the duration):

☐ Applicable ☒ Not applicable

(II) Changes in the number of ordinary shares of the Company, shareholder structure and corporate assets and liability structure of the Company

☐ Applicable ☒ Not applicable

(III) Existing Internal Employees' Shares

☐ Applicable ☒ Not applicable

Section VII Change of Ordinary Shares and Shareholders

III. SHAREHOLDERS AND EFFECTIVE CONTROLLER

(I) Number of shareholders

The total number of shareholders of ordinary shares as at the end of the reporting period	23,150
The total number of shareholders of ordinary shares at the end of the month before the date of the publication of the annual report	23,486

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

Unit: shares

Name of shareholders	Change during the reporting period	The ten largest shareholders			Shares pledged or locked up		
		Total shareholding as at the end of the year	Shareholding percentage	Number of restricted shares	Status	Number	Nature of shareholders
Anhui Transportation Holding Group Company Limited	0	524,644,220	31.63	0	Nil		State-owned shares
HKSCC NOMINEES LIMITED	-4,646,000	483,253,899	29.14	0	Not known		Overseas legal person
China Merchants Highway Network Technology Holding Company Limited	0	404,191,501	24.37	0	Nil		State-owned legal person
Hong Kong Securities Clearing Co. Ltd	10,184,684	35,003,865	2.11	0	Nil		Overseas legal person
Guolian Securities Co., Ltd	-553,371	13,346,600	0.80	0	Nil		State-owned legal person
Qingdao Liben Private Equity Management Partnership (LP) – Liben Growth No. 2 Private Equity Investment Fund	12,272,388	12,272,388	0.74	0	Nil		Other
Ding Xiuling	0	5,411,435	0.33	0	Nil		Domestic natural person
Chen Rongzhi	3,457,100	3,457,100	0.21	0	Nil		Domestic natural person
Ding Guangzhong	0	2,526,025	0.15	0	Nil		Domestic natural person
Li Min	0	2,000,000	0.12	0	Nil		Domestic natural person

Section VII Change of Ordinary Shares and Shareholders

The ten largest unrestricted shareholders			
Name of shareholders	Number of unrestricted circulating shares	Type and Number of shares	
		Type	Number
Anhui Transportation Holding Group Company Limited	524,644,220	Renminbi-denominated ordinary shares	524,644,220
HKSCC NOMINEES LIMITED	483,253,899	Overseas listed foreign shares	483,253,899
China Merchants Highway Network Technology Holding Company Limited	404,191,501	Renminbi-denominated ordinary shares	404,191,501
Hong Kong Securities Clearing Co. Ltd	35,003,865	Renminbi-denominated ordinary shares	35,003,865
Guolian Securities Co., Ltd	13,346,600	Renminbi-denominated ordinary shares	13,346,600
Qingdao Liben Private Equity Management Partnership (LP) – Liben Growth No. 2 Private Equity Investment Fund	12,272,388	Renminbi-denominated ordinary shares	12,272,388
Ding Xiuling	5,411,435	Renminbi-denominated ordinary shares	5,411,435
Chen Rongzhi	3,457,100	Renminbi-denominated ordinary shares	3,457,100
Ding Guangzhong	2,526,025	Renminbi-denominated ordinary shares	2,526,025
Li Min	2,000,000	Renminbi-denominated ordinary shares	2,000,000
The top ten shareholders of the buyback account information	Nil		
The above explanation of shareholders' entrustment voting right, entrusted voting right and abandonment of voting right	Nil		
Explanations of connected relationship between the above-mentioned shareholders or acting in concert	There is no connected relationship between the State owned Shareholders and the legal person Shareholders in the above chart. The Company does not know if there is connected relationship amongst other shareholders, or whether they belong to the persons acting in concert under the Measures for the Administration of Disclosures of Shareholder Equity Changes of Listed Companies (《上市公司股東持股變動信息披露管理辦法》).		

Description of the reinstated preferred shareholders Nil
and the number of shareholdings

Note:

1. The total number of shareholders of A shares were 23,083 and H shares were 67 as at the end of the reporting period.
2. The total number of shareholders of A shares were 23,419 and H shares were 67 at the end of the month before the date of the publication of the annual report.
3. H shares held by HKSCC NOMINEES LIMITED represent the holding of many clients.

Shareholdings and restrictions of top ten restricted shareholders

☐ Applicable ☒ Not applicable

Section VII Change of Ordinary Shares and Shareholders

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

☐ Applicable ☒ Not applicable

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

As at 31 December 2021, so far is known to, or can be ascertained after reasonable enquiry by the Directors, the persons (other than Directors, Supervisors and chief executives of the Company) who, directly or indirectly, were interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK under the provisions of section 336 of Part XV of the SFO are as follows:

Name of shareholder	Capacity	Number of shares	Type of shares	% of H shares	Pledged or locked-up
China Merchants Highway Network Technology Holding Company Limited	Interests in controlled	92,396,000(L)	H shares	18.74%	Pledged
HSBC Holdings plc	Interests in controlled corporation	98,525,221(L)	H shares	19.98%	Unknown
		99,825,933(S)		20.25%	

Note: The letter “L” denotes a long position in the share capital, the letter “S” denotes a short position in the share capital

Name of shareholder	Capacity	Number of shares	Type of shares	% of A shares	Pledged or locked-up
Anhui Transportation Holding Group	Beneficial owner	524,644,220	A shares	45.01%	No
China Merchants Highway Network Technology Holding Company Limited	Beneficial owner	404,191,501	A shares	34.68%	No

Note: Save as disclosed in this annual report, as at 31 December 2021, according to the register required to be stored under the provisions of section 336 of Part XV of the SFO, the Company has not received any notice that the persons were interested or had short position in the shares or underlying shares of the Company on 31 December 2021.

Section VII Change of Ordinary Shares and Shareholders

IV. INFORMATION OF THE CONTROLLING SHAREHOLDER AND THE EFFECTIVE CONTROLLER OF THE COMPANY

(I) The controlling shareholder of the Company

1. Legal person

Name	Anhui Transportation Holding Group Company Limited
Legal representative	Xiang Xiaolong
Date of establishment	27 April 1993
Business scope	Building, supervision, testing, design, construction, technical consultation and service of highway and related infrastructure; investment and asset management; real estate development and operation; road transportation; logistics services; expressway service area operation and management, such as tolling, maintenance, road property rights protection; advertising production and publication.
Shareholding and control of other domestic and foreign listed companies during the reporting period	As of the end of the reporting period, Anhui transportation holding group holds 695,235,600 shares of Huishang bank directly and indirectly, representing 5% of its total shares; it holds 221,032,000 shares of Anhui transport planning and design institute directly, representing 48.63% of its total shares; it holds 175,666,800 shares of Huaan securities company indirectly, representing 3.74% of its total shares; it holds 5,999,300 shares of Guotai junan securities company indirectly, representing 0.07% of its total shares.
Other information	Nil

2. Natural person

☐ Applicable ☒ Not applicable

3. Specific explanation in the case of the Company having no controlling shareholder

☐ Applicable ☒ Not applicable

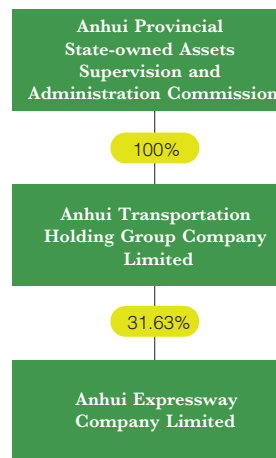
Section VII Change of Ordinary Shares and Shareholders

4. Explanation of changes of the controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

5. Block diagram on ownership and controlling relationships between the Company and the controlling shareholder

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



(II) Information of the effective controller of the Company

1. Legal person

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

2. Natural person

☐ Applicable ☒ Not applicable

3. Specific explanation in the case of the Company having no effective controller

☐ Applicable ☒ Not applicable

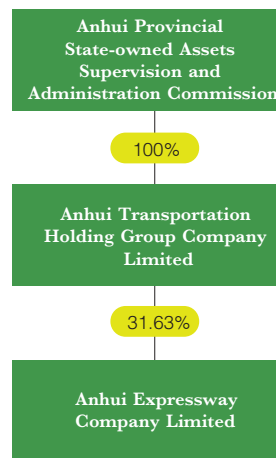
Section VII Change of Ordinary Shares and Shareholders

4. Explanation of changes of right of company control during the reporting period

☐ Applicable ☒ Not applicable

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

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



6. The effective controller controls the Company through trust or other asset management approaches.

☐ Applicable ☒ Not applicable

(III) Other information regarding the controlling shareholder and the effective controller

☐ Applicable ☒ Not applicable

V. THE TOTAL AMOUNT OF SHARES PLEDGED BY THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER AND THE PERSON(S) ACTING IN CONCERT ACCOUNTS FOR MORE THAN 80% OF THE COMPANY'S SHARES HELD BY THEM

☐ Applicable ☒ Not applicable

Section VII Change of Ordinary Shares and Shareholders

VI. OTHER LEGAL PERSON SHAREHOLDERS WHO HOLD MORE THAN 10% OF THE SHARE CAPITAL

Unit: '000,000,000 Currency: RMB

Name	Legal representative	Date of establishment	Organization code	Registered capital	Major business scope and management activities, etc.
China Merchants Highway Limited Network Technology Holding Company	Bai Jingtao	1993.12.18	91110000101717000C	61.78	General operation projects: investment, development, construction and operation management of roads, bridges, wharves, harbors and sea lanes; investment management; development and research of new technologies, new products and new materials for transportation infrastructure facilities and sales of products; sales of building materials, mechanical and electrical equipment, automobiles (other than sedans) and fittings, metal and daily necessities; economic information consultation and talent training

Note:

On 25 December 2017, shares issued by the China Merchants Highway Network Technology Holding Company Limited were listed on Shenzhen Stock Exchange (Stock Abbreviations: China Merchants Highway, Stock code: 001965).

VII. CONVERTIBLE SECURITIES

During the reporting period, the Group had not issued or granted any convertible securities, options, warrants or similar rights, and there was no exercise of such conversion or subscription rights.

VIII. PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the reporting period, the Group had not purchased, sold or redeemed any listed securities of the Company.

IX. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the Directors' knowledge, as at the date of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules.

Section VIII Report of the Supervisory Committee

In 2021, the Supervisory Committee have strictly complied with the requirements of the Company Law, the Articles of Association of the Company and the Rules of Procedures of Supervisory Committee, performed its duties prudently and exercised its authority independently according to law in order to ensure the regular operation of the Company and to protect the interests of the shareholders and the Company.

The major works of the Supervisory Committee during the reporting period include: through holding meetings of the Supervisory Committee, attending general meetings and Board meetings, understanding and supervising the legality and reasonableness of the acts of the Directors and other senior management in daily management and in operational decision-making; examining carefully the business performance and financial condition of the Company, discussing and reviewing the financial reports to be submitted to the general meeting by the Board; supervising, examining and coordinating the development, execution and improvement of the Company's internal control. The details are as follows:

I. CONVENING OF MEETINGS OF THE SUPERVISORY COMMITTEE

In 2021, the Supervisory Committee held 9 meetings, the notice, convening and resolutions of which were in accordance with the statutory procedures and the Articles of Association of the Company. It attended 11 Board meetings and 3 shareholders' general meetings. During the reporting period, there was no matters in which the Supervisor representative of the Company negotiates with or sues the Directors.

II. PERSONNEL CHANGES OF THE BOARD OF SUPERVISORS

Due to work adjustment, Mr. Xu Zhen resigned as chairman of the Supervisory Committee. The Company held the seventh Meeting of the ninth Supervisory Committee on 21 May 2021 and elected Mr. Cheng Xijie as the new chairman of the Supervisory Committee.

Due to job change, Mr. Chen Jiping resigned from the post of employee representative Supervisor. An employee representative meeting of the Company was held on 17 June 2021, in which Mr. Wu Changming was elected as the new employee representative Supervisor of the ninth Supervisory Committee.

Due to job change, Mr. Wu Changming resigned from the post of employee representative supervisor. An employee representative meeting of the Company was held on 5 January 2022, in which Ms. Li Huairu was elected as the new employee representative Supervisor of the ninth Supervisory Committee.

The above-mentioned personnel changes of the board of supervisors comply with the provisions of the Company Law and the Articles of association and other regulations. The relevant personnel have the qualification of supervisors and have the necessary professional ability and professional quality to perform their duties.

III. THE SUPERVISORY OPINIONS ISSUED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee examined and supervised relevant important items such as the regular reports approved by the Board of Directors and the shareholders' meeting, regulatory and management of internal control, etc. in 2021 and expressed the following opinions:



Section VIII Report of the Supervisory Committee

1. Compliance with laws in operation

During the reporting period, the Supervisors attended all shareholders' meetings and Board meetings as non-voting delegates, performed careful supervision and inspection on the procedures of convening these meetings, subject matter of resolutions, signing of written resolutions in relation to the aforementioned meetings, and conducted effective supervision in the whole process on the management behavior of Directors and senior management and the implementation of decisions by the Company.

The Supervisory Committee is of the view that the Company has made business decisions in strict accordance with relevant laws and regulations, operated in accordance with the norm, constantly improved the internal control system, and further improved the corporate governance level; the Directors and senior management were able to perform their duties and implement resolutions passed at general meetings with honesty and diligence, in accordance with the relevant laws and regulations and from the perspective of maintaining the overall interests of the Company and shareholders as a whole; there were no violation of regulations and laws by the Directors and senior management, nor was there abuse of power or damage to the interests of the Company, its shareholders and employees.

2. Financial condition of the Group

During the reporting period, the Supervisory Committee conscientiously performs its function of financial inspection and inspects and supervises the implementation of the Company's financial system and business activities review. The Supervisory Committee carefully examined the 2021 consolidated financial statements prepared by the Company and considered that the financial statements accurately reflected the financial situation, operation results and cash-flows of the Group in 2021 in compliance with the provision of the relevant laws, regulations and the Articles of Association.

3. Connected transactions of the Group

The Supervisory Committee reviewed all connected transactions of the Company during the year and forms the opinion that all daily connected transactions in the year were reviewed and performed in strict accordance with the legal procedures. Directors associated with the relevant transactions abstained from voting. The actual transaction amount of the daily connected transaction in 2021 is within the approved limit. The aforesaid connected transactions are normal operational business of the Company out of production and operational needs. The prices of the connected transactions were fair, reasonable and the transactional approval procedures were in compliance with the law and regulations. The transaction price reflects the principle of equitability and fairness. No act which is damaging to the interests of the Company and shareholders was reported.

In 2021, the Supervisory Committee reviewed and approved major related party transactions such as the cash acquisition of 100% equity and related shareholder's loan of Anhui Anqing Yangtze River Highway Bridge Co., Ltd., the Company's investment in the PPP project for reconstruction and expansion of the Guangde Xuancheng section of G50 Huyu Expressway, and considered that the above transactions were to further expand and strengthen the main business of the Company's roads and bridges, increase the Company's operating income and promote the sustainable development of the Company, In line with the Company's overall interests and long-term development goals, it is conducive to improving the Company's overall competitiveness and profitability. The relevant transactions followed the principle of equal negotiation, the price was fair and did not harm the interests of the Company and all shareholders.

Section VIII Report of the Supervisory Committee

4. Self-evaluation report on internal control

The Supervisory Committee has conscientiously reviewed the “self-evaluation report on the internal control of 2021” issued by the Board and is of the view that: The internal control system of the Company was sound and its implementation was effective, complied with the requirements of relevant national laws and regulations, complied with the regulatory requirements of the securities regulatory authorities on the management of the internal control system of listed companies and the actual operation of the Company. The report gives an objective and fair view of the actual situation of the establishment, perfection and internal control of the Company. No significant defects with regard to the design and implementation of internal control system were observed.

IV. MAIN WORK POINTS IN 2022

In 2022, the Supervisory Committee will strictly comply with the requirements of relevant laws, regulations and rules, strengthen the implementation of the supervision function, fulfill its duties, further promote the improvement of the corporate governance structure and the standard of operation and management, and seriously safeguard the legitimate rights and interests of the Company and its shareholders. The details are as follows:

- (1) **Do a solid job in daily supervision.** Hold meetings of the Supervisory Committee according to the actual needs of the Company, and do a good job in the review of various topics; Conduct serious investigation and study on various topics and put forward reasonable suggestions in time through non-voting attendance at Board meetings; According to the relevant requirements of the regulatory authorities of listed companies, conscientiously complete various special audit, inspection, supervision and evaluation activities, and issue special inspection opinions.
- (2) **Strengthen supervision over the Company’s property disposal, acquisition and merger, related transactions and other major matters.** With financial supervision as the core, inspect the company’s related acquisitions and related transactions in accordance with the law, timely understand and master the company’s operation and financial status, and effectively prevent and defuse risks.
- (3) **Strengthen the self-improvement of the Supervisory Committee.** Earnestly study the relevant laws and regulations, and actively take part in the training course organized by regulators, improve professional quality, continuously improve the way of supervision, enhance supervision efficiency to protect the sustainable and healthy development of the Company.

Cheng Xijie

Chairman of the Supervisory Committee

Hefei, Anhui, the PRC
28 March 2022



Independent Auditor's Report

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

OPINION

What we have audited

The consolidated financial statements of Anhui Expressway Company Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 6 to 94, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.



Independent Auditor's Report (continued)

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

Independent Auditor's Report (continued)

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

Key Audit Matter

How our audit addressed the Key Audit Matter

Accounting treatments on concession intangible assets

Refer to Note 4 “Critical accounting estimates and judgements” and Note 5 “Concession intangible assets” to the consolidated financial statements

As at 31 December 2021, total concession intangible assets amounted to approximately RMB 13,207,681 thousand, which accounted for 66% of total assets. For the year ended 31 December 2021, the additions and amortisation of concession intangible assets amounted to approximately RMB 108,518 thousand and RMB 738,294 thousand respectively.

Construction costs including capitalised borrowing costs are initially recognised as concession intangible assets.

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

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

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

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

Independent Auditor's Report (continued)

Key Audit Matter

How our audit addressed the Key Audit Matter

Accounting treatments on concession intangible assets (continued)

The concession intangible assets are stated at the fair value of the construction service provided less accumulated amortisation and impairment losses. Where the carrying amount of the concession intangible assets is greater than its estimated recoverable amount, it is written down to its recoverable amount, which also requires significant judgements and assumptions to be made during management's impairment assessment.

We focus on accounting treatments on concession intangible assets because of the significance of such assets to the consolidated financial statements, which requires significant time and resource during our audit, together with the involvement of significant management's judgements and assumptions.

- assessed the reasonableness of amortisation years;
- recalculated the amortisation charges of concession intangible assets for the year;
- assessed the management's impairment review on concession intangible assets (including the method and key assumptions used in the assessment).

We found that the initial recognition and subsequent measurement including amortisation and management's impairment assessment of concession intangible assets are supported by the evidence we obtained.



Independent Auditor's Report (continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the Company's 2021 annual report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including the corporate governance (but does not include the consolidated financial statements and our auditor's report thereon) prior to the date of this auditor's report. The remaining other information, including the important notice, definitions, corporate profile and main financial indicators, management discussion and analysis, environmental and social responsibility, major events, change of shares and shareholders, report of the supervisory committee, documents available for inspection, appendix and the other sections to be included in the annual report, is expected to be made available to us after that date.

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

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

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

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Independent Auditor's Report (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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



Independent Auditor's Report (continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Chung Bor.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2022

Consolidated balance sheet

As at 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

		As at 31 December	
	Note	2021	2020 (Restated)
ASSETS			
Non-current assets			
Concession intangible assets	5	13,207,681	13,805,195
Right-of-use assets	6	6,808	7,571
Property, plant and equipment	7	1,232,704	1,377,427
Investment properties	8	370,239	400,095
Intangible assets	9	418	2,580
Investment in associates	11	136,892	136,982
Deferred income tax assets	24	107,096	92,736
Financial assets at fair value through profit or loss ("financial assets at FVPL")	13	304,213	259,326
Financial assets at fair value through other comprehensive income ("financial assets at FVOCI")	12	115,138	118,326
		15,481,189	16,200,238
Current assets			
Inventories	15	5,399	7,121
Other current assets		14,699	4,666
Receivables and prepayments	14	176,629	1,196,418
Financial assets at FVPL	13	–	1,104,490
Time deposits with original maturity over three months	16	927,635	321,683
Cash and cash equivalents	16	3,359,918	1,973,718
		4,484,280	4,608,096
Total assets		19,965,469	20,808,334
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary share capital	17	1,658,610	1,658,610
Share premium	17	1,415,593	1,415,593
Other reserves	18	(728,178)	518,952
Retained earnings		9,078,629	7,948,104
		11,424,654	11,541,259
Non-controlling interests	10(g)	555,169	637,193
Total equity		11,979,823	12,178,452

Consolidated balance sheet (continued)

As at 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

		As at 31 December	
	Note	2021	2020 (Restated)
Non-current liabilities			
Long-term payables	23	294,500	4,663,369
Borrowings	21	4,726,409	1,641,975
Deferred income tax liabilities	24	41,069	45,340
Deferred income	19	126,783	72,061
		5,188,761	6,422,745
Current liabilities			
Trade and other payables	20	2,154,283	1,323,481
Current income tax liabilities		215,824	256,810
Provision	22	77,844	39,371
Borrowings	21	348,934	587,475
		2,796,885	2,207,137
Total liabilities		7,985,646	8,629,882
Total equity and liabilities		19,965,469	20,808,334

The notes on pages 155 to 239 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 149 to 239 were approved by the Board of Directors on 28 March 2022 and were signed on its behalf by:

Director (項小龍)

Director (陶文勝)

Consolidated income statement

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December	
		2021	2020 (Restated)
Revenue	26	4,029,476	3,015,554
Cost of sales	28	(1,722,488)	(1,635,053)
Gross profit		2,306,988	1,380,501
Other income and gains – net	27	200,162	165,405
Administrative expenses	28	(137,292)	(110,965)
Net impairment reversal/(losses) on financial assets	29	1,230	(1,737)
Operating profit		2,371,088	1,433,204
Finance costs	31	(254,808)	(250,580)
Share of loss of associates	11	(90)	(1,560)
Profit before income tax		2,116,190	1,181,064
Income tax expenses	32	(573,077)	(365,809)
Profit for the year		1,543,113	815,255
Attributable to:			
Owners of the Company		1,511,965	867,549
Non-controlling interests		31,148	(52,294)
		1,543,113	815,255
Basic and diluted earnings per share (expressed in RMB per share)	33	0.9116	0.5231

The notes on pages 155 to 239 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

		Year ended 31 December	
	Note	2021	2020 (Restated)
Profit for the year		1,543,113	815,255
Other comprehensive (loss)/income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in value of financial assets at FVOCI, net of tax	12, 24	(2,391)	1,534
Total comprehensive income for the year		1,540,722	816,789
Attributable to:			
Owners of the Company		1,509,574	869,083
Non-controlling interests		31,148	(52,294)
		1,540,722	816,789

The notes on pages 155 to 239 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

		Attributable to owners of the Company					
	<i>Note</i>	Ordinary share capital <i>(Note 17)</i>	Share premium <i>(Note 17)</i>	Other reserves	Retained earnings	Non-controlling interests	Total
Balance at 1 January 2020 (originally stated)		1,658,610	1,415,593	35,040	7,669,056	831,105	11,609,404
Effect of business combination under common control		–	–	483,000	(207,643)	–	275,357
Balance at 1 January 2020 (restated)		1,658,610	1,415,593	518,040	7,461,413	831,105	11,884,761
Comprehensive income							
Profit/(loss) for the year (restated)		–	–	–	867,549	(52,294)	815,255
Other comprehensive loss (restated)							
“– Fair value income on financial assets at FVOCI, net of tax”	12, 24	–	–	1,534	–	–	1,534
Total comprehensive income/(loss) (restated)		–	–	1,534	867,549	(52,294)	816,789
Transactions with owners							
Dividends relating to 2019	34	–	–	–	(381,480)	–	(381,480)
Dividends paid to non-controlling interests of subsidiaries relating to 2019		–	–	–	–	(141,618)	(141,618)
Others	18	–	–	(622)	622	–	–
Balance at 31 December 2020 (restated)		1,658,610	1,415,593	518,952	7,948,104	637,193	12,178,452
Balance at 1 January 2021		1,658,610	1,415,593	518,952	7,948,104	637,193	12,178,452
Comprehensive income							
Profit for the year		–	–	–	1,511,965	31,148	1,543,113
Other comprehensive income							
“– Fair value loss on financial assets at FVOCI, net of tax”	12, 24	–	–	(2,391)	–	–	(2,391)
Total comprehensive income		–	–	(2,391)	1,511,965	31,148	1,540,722
Transactions with owners							
Dividends relating to 2020	34	–	–	–	(381,480)	–	(381,480)
Dividends paid to non-controlling interests of subsidiaries relating to 2020		–	–	–	–	(113,172)	(113,172)
Debt conversion	23	–	–	965,301	–	–	965,301
Acquisition of a subsidiary under common control	18	–	–	(2,210,000)	–	–	(2,210,000)
Others	18	–	–	(40)	40	–	–
Balance at 31 December 2021		1,658,610	1,415,593	(728,178)	9,078,629	555,169	11,979,823

The notes on pages 155 to 239 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

		Year ended 31 December	
	Note	2021	2020 (Restated)
Cash flows from operating activities			
Cash generated from operations	36	2,373,609	1,706,109
Interest paid		(138,209)	(93,655)
Income tax paid		(631,896)	(273,136)
Net cash generated from operating activities		1,603,504	1,339,318
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(66,504)	(290,940)
Purchase of intangible assets	9	(333)	(93)
Capital injection to associates	11	–	(3,000)
Net increase in restricted cash	16	(606,000)	(119,891)
Purchase of financial assets at FVPL	3.3	(3,033,208)	(5,720,000)
Proceeds from disposal of financial assets at FVPL	3.3	4,135,536	5,083,178
Proceeds from disposal of property, plant and equipment		13,622	1,648
Interest received		55,292	34,964
Dividends received from an associate		18,357	44,819
Dividends received from financial assets at FVPL		32,544	5,314
Dividends received from financial assets at FVOCI		6,291	12,583
Net cash generated from/(used in) investing activities		555,597	(951,418)
Cash flows from financing activities			
Proceeds from bank borrowings		3,777,000	405,000
Proceeds from long-term payables	23	55,969	225,776
Repayments of bank borrowings		(915,496)	(283,447)
Repayments of long-term payables	23	(2,090,656)	(153,320)
Dividends paid to the non-controlling interests		(113,172)	(141,618)
Dividends paid to the Company's shareholders	34	(381,480)	(381,480)
Acquisition of a subsidiary under common control		(1,105,000)	–
Net cash used in financing activities		(772,835)	(329,089)
Net increase in cash and cash equivalents		1,386,266	58,811
Cash and cash equivalents at beginning of the year		1,973,718	1,915,160
Exchange losses on cash and cash equivalents		(66)	(253)
Cash and cash equivalents at end of the year		3,359,918	1,973,718

The notes on pages 155 to 239 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

1 GENERAL INFORMATION

Anhui Expressway Company Limited (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 15th August 1996 as a joint stock limited company. The Company and its subsidiaries (the “Group”) are principally engaged in the construction, operation, management and development of the toll roads and associated service sections in the Anhui Province. Besides, the Group has commenced to operate pawn business since 2012.

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

As at 31 December 2021, the Group’s toll roads and concession period granted are shown as follows:

Toll road	Length kilometres	Concession periods granted
Hening Expressway (i)	134	From 16 August 1996 to 15 August 2031
National Trunk 205 Tianchang Section	30	From 1 January 1997 to 31 December 2026
Xuanguang Expressway	67	From 25 July 1998 to 24 July 2028
Gaojie Expressway	110	From 1 October 1999 to 30 September 2029
Lianhuo Expressway Anhui Section	54	From 1 January 2003 to 30 June 2032
Xuanguang Expressway Nanhuan Section	17	From 27 March 2002 to 24 July 2027
Ninghuai Expressway Tianchang Section	14	From 18 December 2006 to 17 June 2032
Guangci Expressway	14	From 20 July 2004 to 20 July 2029
Ningxuanhang Expressway Xuancheng to Ningguo Section	46	From 8 September 2013 to 7 September 2043
Ningxuanhang Expressway Ningguo to Qianjiuguan Section	40	From 19 December 2015 to 18 December 2045
Ningxuanhang Expressway Liqiao to Xuancheng Section (ii)	27	From 30 December 2017 to 29 December 2022
Yuewu Expressway Anhui Section	46	From 31 December 2015 to 30 December 2045
Anqing Yangtze River Bridge	6	From 26 December 2004 to 25 December 2033

- (i) The expansion project of Hening Expressway was officially opened to traffic in December 2019 and the temporary granted concession period for the expansion is 5 years since the end of original concession period (15 August 2026). Concession intangible assets are amortised over 25 years since January 2020 temporarily before the formal concession period is granted, which is estimated by the Group and will be determined according to future assessment and relevant provisions.
- (ii) In 2017, Ningxuanhang Expressway Liqiao to Xuancheng Section was officially opened to traffic. The length of toll road is 27 kilometres and the temporary granted concession period is 5 years starting from 30 December 2017. Concession intangible assets are amortised over 30 years temporarily before the formal granted concession period is granted, which is estimated by the Group and will be determined according to future assessment and relevant provisions.

These consolidated financial statements are presented in thousand of Renminbi (“RMB’000”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2022.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The preparation of financial statements in conformity with HKFRSs 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.

In December 2021, the Company acquired 100% equity interest of Anhui Anqing Yangtze River Expressway Bridge Limited Liability Company (“安徽安慶長江公路大橋有限責任公司”, “AQDQ”) from Anhui Transportation Holding Group Co., Ltd. (“安徽省交通控股集團有限公司”, “ATHC”, parent company of the Company, formerly named “Anhui Expressway Holding Co., Ltd.”). The consideration of this business combination under common control was RMB 2,200,000 thousand. For this business combination under common control, the financial information of the Company and that of AQDQ have been combined, by using the pooling of interests method, as if the Company had acquired AQDQ from the beginning of the earliest financial period presented. The net assets of the Company and AQDQ are combined using the existing book values from the controlling party’s perspective. No amount is recognised in consideration for goodwill or excess of the Company’s interest in the net fair value of AQDQ’s identifiable assets, liabilities and contingent liabilities over the cost of acquisition at the time of common control combination. The difference between the consolidation and book value of AQDQ at the time of common control combination is taken to the reserves of the Company. Accordingly, the comparative figures of this consolidated financial information have been restated.

2.1.1 Changes in accounting policies and disclosures

(a) *New amendments of HKFRSs effective in 2021 adopted by the Group*

The following new amendments of HKFRSs have been adopted by the Group for the first time for its financial year beginning on 1 January 2021:

- Amendments to HKFRS 16 regarding Covid-19-related rent concessions
- Amendments to HKAS 9, HKFRS 39, HKFRS 7, HKFRS 4 and HKFRS 16 regarding Interest Rate Benchmark Reform – phase 2

The amendments listed above did not have any impact on the consolidated financial statements of the Group.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) *New standard, amendments and interpretation of HKFRSs issued but are not yet effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group*

A number of new standard, amendments and interpretation of HKFRSs which are relevant to the Group's operations are effective for the financial year beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements. The Group intends to adopt them no later than the respective effective dates of these new standard and amendments. These new standard and amendments are set out below:

- HKFRS 17 “Insurance Contracts” and amendments to HKFRS 17, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HKAS 16 regarding Property, Plant and Equipment: Proceeds before intended use, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKAS 3 regarding Reference to the Conceptual Framework, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKAS 37 regarding Onerous Contracts – Cost of Fulfilling a Contract, effective for annual accounting periods beginning on or after 1 January 2022
- Annual Improvements to HKFRSs 2018–2020, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKAS 1 regarding classification of liabilities as current or non-current, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HKAS 1 and HKFRS Practice Statement 2 regarding Disclosure of Accounting Policies, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HKAS 8 regarding Definition of Accounting Estimates, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HKAS 12 regarding Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HKFRS 10 and HKAS 28 regarding sale or contribution of assets between an investor and its associate or joint venture. The amendments were originally intended to be effective for annual accounting periods beginning on or after 1 January 2016. The effective date has now been deferred/removed

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policies and disclosures (Continued)

(b) New standard and amendments of HKFRSs issued but are not yet effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group (Continued)

- Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5), effective for annual accounting periods beginning on or after 1 January 2022
- Hong Kong Interpretation 5 (2020) “Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”, effective only when an entity applies the Amendments to HKAS 1

The Group is assessing the full impact of these new standard and amendments. According to the preliminary assessment, none of these is expected to have a significant impact on the consolidated financial statements of the Group.

2.2 Subsidiaries

2.2.1 Consolidation

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

(a) Business combinations

(i) Business combinations under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount in the consolidated financial statements of the controlling party prior to the combination common control. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to merger reserve. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) *Business combinations (Continued)*

(ii) *Business combinations not under common control*

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

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

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

(c) *Disposal of subsidiaries*

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

2.2.2 Separate financial statements

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

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

Impairment testing of the investments in subsidiaries is also required according to Note 2.10.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates (Continued)

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

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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 Strategic Development and Investment Committee that makes strategic decisions.

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Segment reporting (Continued)

The revenue, profit or loss and assets of the pawn services business were much less than 10% of the relevant combined totals. The Group considered that it is not meaningful to treat the pawn services business as separate reportable operating segment and since there are no other significant businesses other than the toll road services, no segment information is presented in these consolidated financial statements.

The Group is domiciled in Anhui Province, the PRC. Its revenue is generated from Anhui Province, the PRC. As at 31 December 2021 and 2020, all non-current assets of the Group are located in the PRC.

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets at FVOCI are recognised in other comprehensive income.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Service concession arrangements

The Group has entered into contractual service arrangements with local government authorities (“the Grantor”) for its participation in the construction, development, financing, operation and maintenance of various toll road and bridge infrastructures. Under these arrangements, the Group carries out the construction or upgrade work of toll roads and bridge for the granting authorities from the Grantor and receives in exchange of a right to operate the toll roads and bridge concerned and entitlement to the toll collection from users of the toll road and bridge services (the “Service Concessions”). The Group recorded the assets under the Service Concessions, including toll roads, bridge 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, bridge 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 and operation services under the Service Concessions in accordance with HKFRS 15. Please refer to Note 2.24(b) and (d) for details.

Concession intangible assets are stated at cost, that is, the fair value of the consideration in exchange for the construction services provided under the service concession arrangements, 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 2.10).

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

The pricing right of above toll roads and bridge 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 and bridge it manages. Please refer to Note 2.22 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 and bridge services.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

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

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

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

Buildings	11 to 30 years
Safety, communication and signalling equipment	10 years
Toll stations and ancillary equipment	7 years
Motor vehicles	9 years
Other machinery and equipment	6 to 9 years

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income and 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.

2.8 Investment properties

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties (Continued)

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

Investment properties	25 or 30 years
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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 2.10).

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

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

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

2.9 Intangible assets – acquired computer software licenses

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

2.10 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. Other assets that are tested 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.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets at FVPL are expensed in profit or loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

2.11.3 Measurement (Continued)

(a) Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other gains when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.11.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories

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

2.13 Other receivables

Other receivables mainly consist of pawn loans due from customers for operation of pawn business, toll roads income receivable from expressway fee settlement centres, which collect tolls from customers and then settle with the Group. If collection of 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.

Other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.11.4 for a description of the Group's impairment policies on financial assets which are applicable to other receivables.

2.14 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital

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

2.16 Trade and other payables

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

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

Notes to the consolidated financial statements (continued)

*For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Borrowings

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

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

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

2.18 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.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred income 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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 income tax liabilities are not recognised if they arise from the initial recognition of goodwill, and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

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

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income 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.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Government grants

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

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

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

2.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

Each company of the Group contributes on a monthly basis to defined contribution plans in the PRC based on a percentage of the relevant employee's monthly salaries. In addition, the employees of the Group also enter into supplementary pension scheme on a voluntary basis. The Group is required to make annual contributions to an independent fund management company equivalent to the basic monthly salary, subject to certain ceiling, in respect of its employees. The Group's contributions to defined contributions plans are expensed as incurred. Such contribution vests immediately after being made, thus no forfeited contribution may be used by the employer to reduce the level of existing contribution. 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 years.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Provisions

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

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

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

2.23 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Notes to the consolidated financial statements (continued)

*For the year ended 31 December 2021
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (Continued)

The Group leases lands. 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 the lease and recognised as right-of-use assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise vehicles.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of land leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases.

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, where total income and expenses associated with the construction contract and the progress towards complete satisfaction of the performance obligation can be determined reliably. The progress towards complete satisfaction of the performance obligation is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (Continued)

(c) Dividend income

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

(d) Service income

Service income is recognised when the service has been rendered.

(e) Rental income

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

(f) Interest income from pawn loans to customers

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

2.25 Dividend distribution

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

2.26 Enterprise safety fund

According to the regulations of the PRC, the Group is required to accrue 1% of its toll income of prior year as enterprise safety fund from 1 January 2004 onwards unless the accrued balance exceeds 1.5% of toll income of prior year. The fund can only be used for improvements of the safety of its toll roads and bridge. Accruals to the fund are treated as an appropriation to reserves, which will be transferred to retained earnings when the related expenses are incurred.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

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

(a) Foreign exchange risk

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

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

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	As at 31 December	
	2021 HKD	2020 HKD
Cash and cash equivalents	2,219	2,258
Trade and other payables	29	30
	2,248	2,288

At 31 December 2021, if RMB had strengthened/weakened by 10% against HKD with all other variables held constant, post-tax profit for the year would have been RMB 179 thousand lower/higher (31 December 2020: RMB 182 thousand).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group's credit risk mainly arises from deposits with banks and other receivables (including pawn loans to customers).

(i) Deposits with banks

The table below shows the cash at bank balances (including time deposits with original maturity over three months) of the Group as at 31 December 2021 and 2020:

Counterparties	As at 31 December	
	2021	2020
Major financial institutes	4,287,553	2,295,401

The Group has policies to place its deposits only with major financial institutions. As at 31 December 2021 and 2020, most of cash was deposited with major financial institutions in Mainland China and Hong Kong. The Group's management does not expect any material loss from non-performance by these counterparties.

(ii) Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables (including pawn loans to customers). Except for pawn loans and the other receivable due from Xuancheng People's Government, other receivables are mainly due from related parties and government, and are considered be low credit risk where they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The Group considered there is an increase in credit risk on the other receivable due from Xuancheng People's Government due to its long ageing, the Company classified the other receivable as non-performing and recognised lifetime expected credit losses amounted to RMB 15,026 thousand, 50% of its gross carrying amount, as at 31 December 2021.

The closing impairment allowances for other receivables as at 31 December 2021 and 2020 reconcile to the opening impairment allowances as follows:

	Other receivables	
	2021	2020
Beginning of the year	(37,178)	(100,989)
Impairment loss reversed/(accrued) (Note 29)	1,230	(1,737)
Other receivables written-off as uncollectible	–	65,548
End of the year	(35,948)	(37,178)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Other financial assets at amortised cost (Continued)

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

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

- Real estate;
- Forest rights;
- Equity instruments, mainly equity interests in unlisted companies which are typically related to the borrowers; and
- Accounts receivable and other property rights.

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

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

Notes to the consolidated financial statements (continued)

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Other financial assets at amortised cost (Continued)

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

	As at 31 December	
	2021	2020
Pawn loans to customers		
– Real estate backed pawn loans	28,579	53,380
– Accounts receivable backed pawn loans	–	2,000
	28,579	55,380
Less: Impairment allowances		
– Real estate backed pawn loans	(20,005)	(29,949)
– Accounts receivable backed pawn loans	–	(2,000)
	(20,005)	(31,949)
	8,574	23,431

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Other financial assets at amortised cost (Continued)

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

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

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

	As at 31 December	
	2021	2020
Pawn loans to customers:		
– Real estate backed pawn loans	8,574	23,431

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

Pawn loans to customers (Note 14(b)) are summarised as follows:

	As at 31 December	
	2021	2020
Not past due	–	9,880
Impaired	28,579	45,500
	28,579	55,380
Less: Impairment allowances	(20,005)	(31,949)
	8,574	23,431

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

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

The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents, together with adequate bank borrowing facilities disclosed in Note 21.

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

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
At 31 December 2021					
Bank borrowings, including interest (Note 21)	543,591	1,167,218	1,621,709	3,146,594	6,479,112
Trade and other payables, excluding other taxation payables, staff salaries and welfare, advance rent receipts, current portion of long-term payables and interest payable (Note 20)	1,975,407	–	–	–	1,975,407
Long-term payables, including interest and current portion (Note 23)	99,764	56,412	25,589	276,450	458,215
	2,618,762	1,223,630	1,647,298	3,423,044	8,912,734

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
At 31 December 2020					
Bank borrowings, including interest (Note 21)	667,560	544,442	370,808	1,130,416	2,713,226
Trade and other payables, excluding other taxation payables, staff salaries and welfare, advance rent receipts, current portion of long-term payables and interest payable (Note 20)	1,148,113	–	–	–	1,148,113
Long-term payables, including interest and current portion (Note 23)	108,756	1,136,269	407,356	3,213,522	4,865,903
	1,924,429	1,680,711	778,164	4,343,938	8,727,242

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from pawn loans to customers, bank borrowings and long-term payables.

Pawn loans to customers bearing fixed interest rate expose the Group to fair value interest risk. Contractual interest rate re-pricing is matched with maturity date of each pawn loan granted to customer. As at 31 December 2021, maturity dates of pawn loans to customers are all within six months. Therefore the fair value of pawn loans to customers approximated their carrying amount.

Bank borrowings issued at floating rates expose the Group to cash flow interest rate risk. During 2021 and 2020, the Group's bank borrowings at floating rate were denominated in RMB. As at 31 December 2021, the Group's bank borrowings to the extent of RMB 4,615,343 thousand (31 December 2020: RMB 1,394,450 thousand) were issued at floating rates. As at 31 December 2021, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB 12,758 thousand (2020: RMB 6,451 thousand) higher or lower.

As at 31 December 2021, the Group didn't have long-term payables (31 December 2020: RMB 4,140,462 thousand) at floating rate. As at 31 December 2020, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB 15,763 thousand higher or lower. As at 31 December 2021, the Group's long-term payables of RMB 66,330 thousand (including current portion of long-term payables) (31 December 2020: RMB 133,769 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 23.

3.2 Capital risk management

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (Continued)

The gearing ratio of the Group at 31 December 2021 and 2020 were as follows:

	As at 31 December	
	2021	2020
Total borrowings (Note 21)	5,075,343	2,229,450
Long-term payables (Note 23)	360,830	4,733,161
Less: cash and cash equivalents (Note 16)	(3,359,918)	(1,973,718)
Net debts	2,076,255	4,988,893
Total equity	11,979,823	12,178,452
Total capital	14,056,078	17,167,345
Gearing ratio	14.77%	29.06%

3.3 Fair value estimation

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

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

The following table presents the Group's financial assets that are measured at fair value at 31 December 2021 and 2020.

At 31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVPL	–	–	304,213	304,213
Financial assets at FVOCI	–	–	115,138	115,138
	–	–	419,351	419,351

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

At 31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVPL	–	–	1,363,816	1,363,816
Financial assets at FVOCI	–	–	118,326	118,326
	–	–	1,482,142	1,482,142

The following table presents the changes in level 3 instruments for the year ended 31 December 2021 and 2020:

	Financial assets at FVOCI	Financial assets at FVPL	Total
Year ended 31 December 2020			
Opening balance	315,531	422,317	737,848
Acquisition	–	5,720,000	5,720,000
Disposals	–	(5,083,178)	(5,083,178)
Reclassification	(199,250)	199,250	–
Gains recognised in profit or loss (Note 27)	–	105,427	105,427
Gains recognised in other comprehensive income	2,045	–	2,045
Closing balance	118,326	1,363,816	1,482,142
Year ended 31 December 2021			
Opening balance	118,326	1,363,816	1,482,142
Acquisitions	–	3,033,208	3,033,208
Disposals	–	(4,135,536)	(4,135,536)
Gains recognised in profit or loss (Note 27)	–	42,725	42,725
Gains recognised in other comprehensive income	(3,188)	–	(3,188)
Closing balance	115,138	304,213	419,351

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

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

	Fair value as at 31 December 2021	Valuation technique	Unobservable input	Range (weighted average)
Financial assets at FVPL	304,213	Market comparable approach	Price/Earnings	57.4~70.2/ (63.8)
Financial assets at FVOCI	100,138	Income approach	Discount rate	13.3%~11.8%/ (13.5%)
Financial assets at FVOCI	15,000	Market comparable approach	Price/Book value	10~13/(11.5)
	419,351			

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Estimation of amortisation periods of concession intangible assets

The Group amortises the concession intangible assets using the straight-line method over the concession periods granted (Note 1). The concession periods are approved by the Grantor therefore the Group does not have renewal or termination option for the concession periods. For those toll roads without formal concession period granted, the Group's management determines the estimated granted concession periods based on the historical experience.

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) 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 HKFRS 15 using the percentage of completion method.

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

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

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

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

Group's management determines the deferred tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. Management revisits the assumptions and profit projections by the balance sheet date. If the final assumptions and profit were to be differed from management's current estimates, the Group would account for the change prospectively. Details of the Group's unrecognised tax losses and deductible temporary difference have been disclosed in Note 24.

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.

(e) 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 2021 of RMB 77,844 thousand had been provided at the present value of expenditures expected to be incurred the Group to settle the obligations at the balance sheet date (Note 22).

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.

(f) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting periods.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(g) Impairment of long-term assets

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

5 CONCESSION INTANGIBLE ASSETS

	As at 31 December	
	2021	2020
Cost	23,341,039	23,211,463
Accumulated amortisation	(10,133,358)	(9,406,268)
Net book amount	13,207,681	13,805,195

	Year ended 31 December	
	2021	2020
Opening net book amount	13,805,195	14,557,493
Additions	108,518	81,737
Transfer in from property, plant and equipment (Note 7)	39,894	4,863
Transfer out to property, plant and equipment (Note 7)	(3,459)	(19,256)
Adjustment of cost	–	(69,956)
Disposals	(4,173)	–
Amortisation charges (Note 28)	(738,294)	(749,686)
Closing net book amount	13,207,681	13,805,195

As at 31 December 2021, the toll roads under the Service Concessions and their respective concession periods granted are disclosed in Note 1.

All of the Group's lands under the Service Concessions are located in Anhui Province, the PRC and are held on lease terms of 25 to 30 years from the dates of acquisition, and expiring from 2026 to 2045.

As at 31 December 2021, the Group's concession intangible assets of RMB 188,673 thousand (31 December 2020: RMB 81,637 thousand) are still under construction. Those constitute property, plant and equipment upon completion are transferred out.

Notes to the consolidated financial statements (continued)

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5 CONCESSION INTANGIBLE ASSETS (CONTINUED)

No borrowing costs have been capitalised in 2021 (2020: Nil).

Amortisation expenses of RMB 738,294 thousand have been charged in “cost of sales” (2020: RMB 749,686 thousand).

As at 31 December 2021, certain land use right certificates for Ninghuai expressway Tianchang section, the expansion part of Hening expressway, Ningxuanhang expressway Xuancheng to Ningguo section and one toll station in Guangde have not yet been obtained.

6 RIGHT-OF-USE ASSETS

The Group’s right-of-use assets represented prepaid lease payments for land use rights, and their net book value are analysed as follows:

	As at 31 December	
	2021	2020
Cost	22,039	22,039
Accumulated amortisation	(15,231)	(14,468)
Net book amount	6,808	7,571

	Year ended 31 December	
	2021	2020
Opening net book amount	7,571	8,334
Amortisation charges (Note 28)	(763)	(763)
Closing net book amount	6,808	7,571

All of the Group’s right-of-use assets are located in Anhui Province, the PRC and are held on lease terms of 30 years from the dates of acquisition, and expiring in 2035.

Amortisation expenses of RMB 763 thousand (2020: RMB 763 thousand) have been charged in “cost of sales”.

Notes to the consolidated financial statements (continued)

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(All amounts in Renminbi thousand unless otherwise stated)

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Safety, communication and signalling equipment	Toll stations and ancillary equipment	Motor vehicles	Other machinery and equipment	Construction in progress	Total
At 1 January 2020							
Cost	829,372	1,245,251	379,780	94,966	379,477	73,835	3,002,681
Impairment	–	–	(3,671)	–	–	–	(3,671)
Accumulated depreciation	(246,035)	(827,593)	(209,027)	(76,041)	(274,645)	–	(1,633,341)
Net book value	583,337	417,658	167,082	18,925	104,832	73,835	1,365,669
Year ended 31 December 2020							
Opening net book amount	583,337	417,658	167,082	18,925	104,832	73,835	1,365,669
Additions	–	1,278	1,741	1,562	6,805	236,877	248,263
Disposals	(4,869)	(1,225)	(1,206)	(247)	(501)	–	(8,048)
Adjustment of cost	(16,836)	(11,741)	(1,149)	–	(2,646)	–	(32,372)
Transfers	(2,017)	12,474	15,742	–	3,144	(29,343)	–
Transfer in from concession intangible assets (Note 5)	–	7,160	8,536	–	3,560	–	19,256
Transfer out to concession intangible assets (Note 5)	–	–	–	–	–	(4,863)	(4,863)
Transfer in from investment properties (Note 8)	2,112	–	–	–	–	–	2,112
Transfer out to investment properties (Note 8)	(41,033)	–	–	–	–	–	(41,033)
Transfer out to intangible assets (Note 9)	–	(476)	–	–	–	(2,085)	(2,561)
Depreciation (Note 28)	(28,110)	(66,337)	(33,955)	(5,323)	(35,271)	–	(168,996)
Closing net book amount	492,584	358,791	156,791	14,917	79,923	274,421	1,377,427
At 31 December 2020							
Cost	745,757	1,213,288	393,143	89,155	376,427	274,421	3,092,191
Impairment	–	–	(3,671)	–	–	–	(3,671)
Accumulated depreciation	(253,173)	(854,497)	(232,681)	(74,238)	(296,504)	–	(1,711,093)
Net book value	492,584	358,791	156,791	14,917	79,923	274,421	1,377,427
Year ended 31 December 2021							
Opening net book amount	492,584	358,791	156,791	14,917	79,923	274,421	1,377,427
Additions	228	2,434	2,262	6,869	8,785	45,926	66,504
Disposals	(3,551)	(2,299)	–	(527)	(581)	–	(6,958)
Adjustment of cost (i)	–	(3)	(3,761)	–	–	–	(3,764)
Transfers	(3,011)	25,045	19,039	381	13,211	(54,665)	–
Transfer in from concession intangible assets (Note 5)	–	3,459	–	–	–	–	3,459
Transfer out to concession intangible assets (Note 5)	(1,957)	–	–	–	–	(37,937)	(39,894)
Transfer in from investment properties (Note 8)	7,436	–	–	–	–	–	7,436
Transfer out to intangible assets (Note 9)	–	–	(1,278)	–	–	(804)	(2,082)
Depreciation (Note 28)	(31,607)	(57,408)	(37,961)	(4,555)	(37,893)	–	(169,424)
Closing net book amount	460,122	330,019	135,092	17,085	63,445	226,941	1,232,704
At 31 December 2021							
Cost	739,261	1,187,728	360,043	81,122	383,281	226,941	2,978,376
Accumulated depreciation	(279,139)	(857,709)	(224,951)	(64,037)	(319,836)	–	(1,745,672)
Net book value	460,122	330,019	135,092	17,085	63,445	226,941	1,232,704

Notes to the consolidated financial statements (continued)

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7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (i) In 2021, the reduction of cost of safety, communication and signalling equipment is due to the final account of Guangci Expressway as issued by independent accountants that the certificated actual construction costs of the aforesaid project are lower than the previous recognised amounts by RMB 3 thousand and the reduction of cost of toll stations and ancillary equipment is due to the final account of toll station construction project of Yuewu Expressway Anhui section that the actual construction costs of the aforesaid project are lower than the previous recognised amounts by RMB 3,761 thousand.

Depreciation expenses of RMB 161,242 thousand (2020: RMB 159,257 thousand) have been charged in “cost of sales”; depreciation expenses of RMB 8,182 thousand (2020: RMB 9,739 thousand) have been charged in “administrative expenses”.

8 INVESTMENT PROPERTIES

	Buildings
At 1 January 2020	
Cost	601,895
Accumulated amortisation	(215,781)
Net book amount	386,114
Year ended 31 December 2020	
Opening net book amount	386,114
Disposals	(5,782)
Transfer in from property, plant and equipment (Note 7)	41,033
Transfer out to property, plant and equipment (Note 7)	(2,112)
Amortisation expenses (Note 28)	(19,158)
Closing net book amount	400,095
At 31 December 2020	
Cost	645,078
Accumulated amortisation	(244,983)
Net book amount	400,095
Year ended 31 December 2021	
Opening net book amount	400,095
Disposals	(1,704)
Transfer out to property, plant and equipment (Note 7)	(7,436)
Amortisation expenses (Note 28)	(20,716)
Closing net book amount	370,239
At 31 December 2021	
Cost	632,722
Accumulated amortisation	(262,483)
Net book amount	370,239

Notes to the consolidated financial statements (continued)

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(All amounts in Renminbi thousand unless otherwise stated)

8 INVESTMENT PROPERTIES (CONTINUED)

Amortisation expenses of RMB 20,716 thousand (2020: RMB 19,158 thousand) have been charged in “cost of sales”.

The fair values for the investment properties of the Group as at 31 December 2021 totalled RMB 606,121 thousand (31 December 2020: RMB 624,384 thousand).

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

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

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

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

	Year ended 31 December	
	2021	2020
Rental income (Note 26)	59,090	56,604
Direct operating expenses from property that generated rental income	(20,966)	(19,408)
	38,124	37,196

Notes to the consolidated financial statements (continued)

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9 INTANGIBLE ASSETS

	Acquired computer software licenses
At 1 January 2020	
Cost	27,518
Accumulated amortisation	(22,573)
Net book amount	4,945
Year ended 31 December 2020	
Opening net book amount	4,945
Additions	113
Transfer in from property, plant and equipment (Note 7)	2,561
Amortisation expenses (Note 28)	(5,039)
Closing net book amount	2,580
At 31 December 2020	
Cost	30,272
Accumulated amortisation	(27,692)
Net book amount	2,580
Year ended 31 December 2021	
Opening net book amount	2,580
Additions	333
Transfer in from property, plant and equipment (Note 7)	2,082
Amortisation expenses (Note 28)	(4,577)
Closing net book amount	418
At 31 December 2021	
Cost	32,899
Accumulated amortisation	(32,481)
Net book amount	418

Amortisation expenses of RMB 4,577 thousand (2020: RMB 5,039 thousand) have been charged in “administrative expenses”.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

10 SUBSIDIARIES

The following is a list of the subsidiaries at 31 December 2021:

Name	Place of establishment and kind of legal entity	Principal activities and place of operation	Paid in, issued and fully paid capital ('000)	Proportion of equity interest directly held by the Company and the Group (%)	Proportion of equity interest held by non-controlling interests (%)
Xuan Guang Expressway Company Limited (“宣廣高速公路有限責任公司”, “Xuan Guang”) (a)	The PRC, limited liability company	Management and operation of expressway in Anhui province, the PRC	RMB111,760	55.47%	44.53%
Anhui Ningxuanhang Expressway Investment Company Limited (“安徽 宣杭高速公路投資有限公司”, “Ningxuanhang”) (b)	The PRC, limited liability company	Management and operation of expressway in Anhui province, the PRC	RMB300,000	51.00%	49.00%
Xuancheng Guangci Expressway Co., Ltd. (“宣城市廣祠高速公路有限責任公司”, “Guangci”) (c)	The PRC, limited liability company	Management and operation of expressway in Anhui province, the PRC	RMB56,800	55.47%	44.53%
Wan Tong Pawn (d)	The PRC, limited liability company	Pawn, small loan and related services in Anhui province, the PRC	RMB157,500	71.43%	28.57%
Anhui Expressway (H.K.) Limited (“安徽皖通高速公路股份(香港)有限公司”, “AEHK”) (e)	Hong Kong, limited company	Management and operation of expressway outside Mainland China	HKD2,400	100.00%	–
AQDQ (f)	The PRC, limited liability company	Management and operation of expressway in Anhui province, the PRC	RMB 150,000	100.00%	–

(a) Xuan Guang

Xuan Guang is an equity joint venture established by the Company and Xuancheng Communication Investment Co., Ltd. (“宣城市交通投資有限公司”, “XCIC”, formerly named “Xuancheng Highway Management Company”) in July 1998 with an operating period of 30 years. The Company invested 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, which is interest free, represented the Company’s share of the total investment in Xuan Guang in excess of the Company’s share of its registered capital. According to the joint venture contract, annual distribution (the “distribution”) equalling net profit plus amortisation of its concession intangible assets and depreciation of its fixed assets (the “amortisation and depreciation”) are to be made wholly to the Company till the total distribution received by the Company equal to its long-term loan to Xuan Guang. Thereafter, the distribution will be shared by the Company and XCIC in proportion to their respective contributions to Xuan Guang’s registered capital. The net profit portion of the distribution received is accounted for as dividend income while the amortisation and depreciation portion of the distribution received is accounted for as repayments to the long-term loan advanced to Xuan Guang. At 31 December 2021, the carrying amount of interest-free long term payable is RMB 66,330 thousand.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

10 SUBSIDIARIES (CONTINUED)

(a) Xuan Guang (Continued)

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

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

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

According to the contracts, agreements and board resolution mentioned above, for the year ended 31 December 2021, the net profit portion of the distribution attributable to the Company amounted to RMB 200,760 thousand (2020: RMB 110,278 thousand). The net profit portion of the distribution attributable to XCIC amounted to RMB 161,166 thousand (2020: RMB 88,528 thousand).

(b) Ningxuanhang

Ningxuanhang is an equity joint venture established by the Company and Xuancheng Communication Construction Co., Ltd. ("宣城市交通建設投資有限公司", "XCCC") in April 2008 with an operating period of 30 years. The original registered capital of Ningxuanhang was RMB 100,000 thousand. The Company and XCCC's equity interests in Ningxuanhang were 70% and 30% respectively.

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

Pursuant to a capital injection agreement among the Company, ATHC and XCIC dated 20 August 2012, the Company made cash contribution of RMB 129,362 thousand to Ningxuanhang in the forms of paid-in capital of RMB 83,000 and capital surplus of RMB 46,362 thousand; ATHC made cash contribution of RMB 182,353 thousand to Ningxuanhang in the forms of paid-in capital of RMB 117,000 thousand and capital surplus of RMB 65,353 thousand. After the cash contribution, the Company, ATHC and XCIC's equity interests in Ningxuanhang changed to 51%, 39% and 10%, respectively.

The Company, ATHC and XCIC also provided funding to Ningxuanhang in the form of long-term payables and the balance are RMB 801,840 thousand, RMB 279,100 thousand and RMB 15,400 thousand respectively at 31 December 2021 (2020: RMB 1,679,662 thousand, RMB 443,528 thousand and RMB 15,400 thousand).

The interest rate of interest bearing long-term loans ranged from 4.41% to 4.90% in 2021 (2020: 4.41% to 6.15%) per annum.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

10 SUBSIDIARIES (CONTINUED)

(b) Ningxuanhang (Continued)

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

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

For the year ended 31 December 2021, the net loss attributable to the Company amounted to RMB 180,409 thousand (2020: RMB 173,392 thousand); the net loss attributable to ATHC amounted to RMB 137,960 thousand (2020: RMB 132,595 thousand); the net loss attributable to XCIC amounted to RMB 35,373 thousand (2020: RMB 33,998 thousand).

(c) Guangci

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

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

For the year ended 31 December 2021, the net profit attributable to the Company amounted to RMB 49,927 thousand (2020: RMB 30,804 thousand). The net profit portion of the distribution attributable to XCIC amounted to RMB 40,080 thousand (2020: RMB 24,728 thousand).

(d) Wan Tong Pawn

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

10 SUBSIDIARIES (CONTINUED)

(d) Wan Tong Pawn (Continued)

In December 2020, Hua Tai transferred 28.75% equity interests of Wan Tong Pawn to Anhui Hua Rei Packaging Co., Ltd. (“安徽华瑞包装有限公司”, “Hua Rei”) at the consideration of RMB 18,866 thousand. After the equity transaction, the total registered capital of Wan Tong Pawn is still RMB 157,500 thousand. The Company and Hua Rei held 71.43% and 28.57% equity interests in Wan Tong Pawn respectively.

For the year ended 31 December 2021, the net profit attributable to the Company amounted to RMB 8,088 thousand (2020: RMB 2,606 thousand); the net profit attributable to minority shareholder amounted to RMB 3,235 thousand (2020: RMB 1,042 thousand).

(e) AEHK

As at 30 September 2013, AEHK was set up in Hong Kong. The registered capital of AEHK is HKD 2,400 thousand, and the Company held 100% equity interests of AEHK. In 2015, the Company finished capital injection to AEHK. As at 31 December 2021, AEHK is still in pre-operation stage.

(f) AQDQ

AQDQ was incorporated in the PRC in April 2000 as a limited liability company. Pursuant to a share transfer agreement in 2005 entered in by ATHC and Anqing People Government, ATHC acquired 100% interests in AQDQ from Anqing People Government in 2005. After the acquisition, AQDQ became the wholly owned subsidiary of ATHC. The total registered capital of AQDQ was RMB 150,000 thousand.

Pursuant to the Financial Support Agreement and the supplementary agreement entered in by AQDQ and ATHC, ATHC will provide financial support to AQDQ based on its operating demands.

On 13 October 2021, ATHG and the Company entered into the acquisition agreement, pursuant to which the Company acquired the AQDQ equity and the loan in the aggregate sum due and owing by AQDQ to ATHG, the amount are RMB 2,210,000 thousand and RMB 1,852,228 thousand, respectively, effective of 24 December 2021. After the acquisition, AQDQ has become a wholly owned subsidiary of the Company.

(g) Material non-controlling interests

As at 31 December 2021 and 2020, the analysis of non-controlling interests is as follow:

	As at 31 December	
	2021	2020
Non-controlling interests attributable to		
– Xuan Guang	329,544	256,893
– Ningxuanhang	75,185	248,518
– Guangci	125,285	109,862
– Wan Tong Pawn	25,155	21,920
	555,169	637,193

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

10 SUBSIDIARIES (CONTINUED)

(g) Material non-controlling interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet

	Xuan Guang		Ningxuanhang		Guangci		Wan Tong Pawn	
	2021	2020	2021	2020	2021	2020	2021	2020
Current								
Assets	351,384	246,002	122,230	84,764	168,980	120,011	89,979	82,612
Liabilities	(125,786)	(175,578)	(338,596)	(626,452)	(14,403)	(18,041)	(1,937)	(5,990)
Total current net assets/(liabilities)	225,598	70,424	(216,366)	(541,688)	154,577	101,970	88,042	76,622
Non-current								
Assets	579,931	627,126	4,157,760	4,355,795	128,715	144,772	–	97
Liabilities	(8,807)	(63,978)	(3,817,016)	(3,335,987)	(1,916)	–	–	–
Total non-current net assets	571,124	563,148	340,744	1,019,808	126,799	144,772	–	97
Net assets	796,722	633,572	124,378	478,120	281,376	246,742	88,042	76,719

Summarised statement of comprehensive income

	Xuan Guang		Ningxuanhang		Guangci		Wan Tong Pawn	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	659,128	480,515	120,217	127,779	139,342	95,584	447	5,981
Profit/(loss) before income tax	482,902	265,700	(355,909)	(340,556)	120,012	74,045	11,323	3,648
Income tax charged	(120,976)	(66,894)	2,167	571	(30,004)	(18,513)	–	–
Profit/(loss) for the year	361,926	198,806	(353,742)	(339,985)	90,008	55,532	11,323	3,648
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income/(loss)	361,926	198,806	(353,742)	(339,985)	90,008	55,532	11,323	3,648
Total comprehensive income/(loss) allocated to non-controlling interests	161,166	88,528	(173,333)	(166,593)	40,080	24,728	3,235	1,042
Dividends paid to non-controlling interests	88,514	111,833	–	–	24,658	29,785	–	–

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

10 SUBSIDIARIES (CONTINUED)

(g) Material non-controlling interests (Continued)

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

Summarised cash flows

	Xuan Guang		Ningxuanhang		Guangci		Wan Tong Pawn	
	2021	2020	2021	2020	2021	2020	2021	2020
Cash flows from operating activities								
Cash generated from/(used in) operations	378,984	420,483	(52,769)	55,719	117,511	108,871	14,427	18,490
Interest paid	–	–	(156,385)	(147,838)	–	–	–	–
Income tax paid	(148,283)	(43,876)	–	–	(30,096)	(17,188)	–	–
Net cash generated from/(used in) operating activities	230,701	376,607	(209,154)	(92,119)	87,415	91,683	14,427	18,490
Net cash (used in)/generated from investing activities	(2,880)	(3,718)	(3,434)	(39,420)	1,070	675	–	–
Net cash (used in)/generated from financing activities	(272,775)	(325,141)	257,254	112,661	(55,373)	(66,888)	–	–
Net (decrease)/increase in cash and cash equivalents	(44,954)	47,748	44,666	(18,878)	33,112	25,470	14,427	18,490
Cash and cash equivalents at beginning of the year	98,463	50,715	38,141	57,019	61,243	35,773	51,956	33,466
Cash and cash equivalents at end of the year	53,509	98,463	82,807	38,141	94,355	61,243	66,383	51,956

11 INVESTMENT IN ASSOCIATES

	Year ended 31 December	
	2021	2020
Beginning of the year	136,982	135,542
Additions	–	3,000
Share of associates' results:		
– Profit before income tax	24,363	28,136
– Income tax expense	(6,096)	(6,957)
– Dividends declared (Note 27)	(18,357)	(22,739)
End of the year	136,892	136,982

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

11 INVESTMENT IN ASSOCIATES (CONTINUED)

As at 31 December 2021, the Group's interest in associates which are unlisted and measured using the equity method, is as follows:

Name	Particulars of issued capital held	Principal place of business/country of incorporation	% of interest held
Anhui Expressway Advertisement Co., Ltd. (“安徽高速傳媒有限公司”, “AEAC”)	Equity capital	The PRC	38%
Anhui Transportation Information Industry Co., Ltd. (“安徽交控信息產業有限公司”, “ATII”)			
(a)	Equity capital	The PRC	10%
Eurasia Pearl Investment Holdings (HK) Limited (“亞歐明珠(香港)投資控股有限公司”, “EPIH”)			
(b)	Equity capital	Hong Kong	7%

- (a) ATII was established by the Company, ATHC, China Merchants New Intelligence Technology Co., Ltd. (“招商新智科技有限公司”), Shanghai Unionpay Enterprise Investment Co., Ltd. (“上海銀聯創業投資有限公司”), Anhui Expressway Network Operations Co., Ltd. (“安徽省高速公路聯網運營有限公司”, “AENO”) and Anhui Transport Consulting & Design Institute Co., Ltd. (“安徽省交通規劃設計研究總院股份有限公司”, “ATCD”) in June 2019. The total registered capital of ATII was RMB 60,000 thousand.

As at 31 December 2021, the Company invested RMB 6,000 thousand and held 10% equity interest in ATII. One of the seven directors of the board of directors of ATII is nominated by the Company, thereby the Company is able to exercise significant influence over ATII.

- (b) On April 2020, AEHK, Cornerstone Holdings Limited (“佳選控股有限公司”), Best Investment Holdings (HK) Limited, Zhejiang Expressway International (Hong Kong) Company Limited (“浙江滬杭甬國際(香港)有限公司”), Jiangsu Expressway International (Hong Kong) Company Limited (“江蘇寧滬國際(香港)有限公司”), CSI SCE Investment Holding Limited (“信成香港投資有限公司”) form the EPIH. The registered capital of EPIH is USD 10. As at 31 December 2021, the Group has paid USD 0.7 and held 7% of the equity interest in EPIH. One of the six directors of the board of directors of EPIH is nominated by the Group, thereby the Group is able to exercise significant influence over EPIH.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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11 INVESTMENT IN ASSOCIATES (CONTINUED)

Set out below is the summarised financial information of AEAC and ATII. EPIH is in pre-operation stage as at 31 December 2021.

Summarised balance sheet

	AEAC		ATII	
	As at 31 December		As at 31 December	
	2021	2020	2021	2020
Current				
Assets	272,587	231,799	139,092	91,252
Liabilities	(128,962)	(97,302)	(84,304)	(32,805)
Total current net assets	143,625	134,497	54,788	58,447
Non-current				
Assets	197,540	209,043	17,946	6,470
Liabilities	—	—	(235)	(544)
Total non-current net assets	197,540	209,043	17,711	5,926
Net assets	341,165	343,540	72,499	64,373

Summarised statement of comprehensive income

	AEAC		ATII	
	Year ended 31 December		Year ended 31 December	
	2021	2020	2021	2020
Revenue	132,415	128,496	105,263	71,731
Profit for the year	45,747	54,752	8,835	3,733
Total comprehensive income for the year	45,747	54,752	8,835	3,733
Dividends	48,122	59,838	709	—

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

11 INVESTMENT IN ASSOCIATES (CONTINUED)

Reconciliation of summarised financial information

	AEAC		ATH	
	Year ended 31 December		Year ended 31 December	
	2021	2020	2021	2020
Beginning of the year	343,540	348,626	64,373	30,640
Investment by shareholders	–	–	–	30,000
Profit for the year	45,747	54,752	8,835	3,733
Dividends distribution	(48,122)	(59,838)	(709)	–
End of the year	341,165	343,540	72,499	64,373
The Group's share in %	38%	38%	10%	10%
Equity interest in associates	129,643	130,545	7,250	6,437

12 FINANCIAL ASSETS AT FVOCI

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

Equity investments at FVOCI comprise the following individual investments:

	Equity interests in unlisted companies and limited partnerships ("LP"s)					Total
	AXFG (a)	AXCM (a)	WTMC (b)	ATZFM (c)	ATGFM (d)	
At 1 January 2021	75,309	25,222	15,000	1,056	1,739	118,326
Fair value gains on financial assets at FVOCI recognised in OCI	(3,366)	(612)	–	246	544	(3,188)
At 31 December 2021	71,943	24,610	15,000	1,302	2,283	115,138

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

12 FINANCIAL ASSETS AT FVOCI (CONTINUED)

- (a) As at 31 December 2021, the Company held 6.62% equity interests in Anhui Xin'an Financial Group Co., Ltd. (“安徽新安金融集團股份有限公司”, “AXFG”) with a fair value of RMB 71,943 thousand (31 December 2020: 6.62% and fair value of RMB 75,309 thousand) and 6.62% equity interests in Anhui Xin'an Capital Operation Management Co., Ltd. (“安徽新安資本運營管理股份有限公司”, “AXCM”) with a fair value of RMB 24,610 thousand (31 December 2020: 6.62% and fair value of RMB 25,222 thousand), which were designated as financial assets at FVOCI.

In 2021, dividend of RMB 6,292 thousand was declared and paid by AXFG, dividend of RMB 10,380 thousand was declared but not paid by AXCM.

- (b) As at 31 December 2021, the Company held 10% equity interests in Hefei Wan Tong Microcredit Co., Ltd. (“合肥市皖通小額貸款有限公司”, “WTMC”), which was designated as financial assets at FVOCI.
- (c) As at 31 December 2021, the Company invested RMB 375 thousand and held 2.50% equity interest in Anhui Transportation Zhaoshang Private Fund Management Co., Ltd. (“安徽交控招商私募基金管理有限公司”, “ATZFM”). The Company has no control or significant influence over ATZFM and the investment was designated as financial assets at FVOCI.
- (d) As at 31 December 2021, the Company invested RMB 375 thousand and held 2.50% equity interest in Anhui Transportation Goldstone Private Fund Management Co., Ltd. (“安徽交控金石私募基金管理有限公司”, “ATGFM”). Since the Company has no control or significant influence over ATGFM and the investment was designated as financial assets at FVOCI.
- (e) Amounts recognised in profit or loss and OCI

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

	Year ended 31 December	
	2021	2020
(Losses)/gains recognised in OCI (Note 18) – related to equity investments	(3,188)	2,045
Dividends from equity investments at FVOCI recognised in profit or loss in other gains – related to investments held at the end of the year (Note 27)	16,672	–

- (f) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

All of the financial assets at FVOCI are denominated in RMB.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

13 FINANCIAL ASSETS AT FVPL

	As at 31 December	
	2021	2020
Non-current assets		
Investments in LPs		
– ATGBF (a)	139,911	135,233
– ATZIIF (b)	131,292	124,093
– ATGEIF (c)	33,010	–
	304,213	259,326
Current assets		
Structured deposits	–	1,104,490
	304,213	1,363,816

- (a) As at 31 December 2021, the Company invested RMB 99,625 thousand and held 6.64% of the interest in Anhui Transportation Goldstone Buy-out Fund LP (“安徽交控金石並購基金合夥企業(有限合夥)”, “ATGBF”). As a limited partner, the Company does not engage in management or decision-making of ATGBF.

In 2021, dividend of RMB 14,612 thousand was declared and paid by ATGBF.

- (b) As at 31 December 2021, the Company invested RMB 99,625 thousand and held 6.64% of the interest in Anhui Transportation Zhaoshang Industry Investment Fund LP (“安徽交控招商產業投資基金(有限合夥)”, “ATZIIF”). As a limited partner, the Company does not engage in management or decision-making of ATZIIF.

In 2021, dividend of RMB 17,932 thousand was declared and paid by ATZIIF.

- (c) As at 31 December 2021, the Company invested RMB 33,208 thousand and held 6.64% of the interest in Anhui Transportation Goldstone Equity Investment Fund LP (“安徽交控金石股權投資基金合夥企業(有限合夥)”, “ATGEIF”). As a limited partner, the Company does not engage in management or decision-making of ATGEIF.

- (d) Amounts recognised in profit or loss

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

	Year ended 31 December	
	2021	2020
Fair value gains on debt instruments at FVPL (Note 27)	42,725	105,427
Dividends from investments at FVPL recognised in profit or loss in other gains – related to investments held at the end of the year (Note 27)	32,544	5,314

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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14 RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2021	2020
Other receivables		
– Toll roads income receivable (a)	84,302	1,097,709
– Interest receivable	30,653	2,365
– Receivables for construction	30,051	30,051
– Pawn loans to customers (b)	28,579	55,380
– Dividends receivable	10,380	–
– Receivables from disposal of property, plant and equipment	–	9,498
– Others	28,045	37,284
	212,010	1,232,287
Less: Provision for impairment of pawn loans (b)	(20,005)	(31,949)
Provision for impairment of others (c)	(15,943)	(5,229)
	176,062	1,195,109
Prepayments		
– Prepaid expenses	567	1,309
	176,629	1,196,418

The ageing analysis of the other receivables is as follows:

	As at 31 December	
	2021	2020
Within 1 year	146,403	436,873
Between 1 and 2 years	1,688	407,374
Between 2 and 3 years	1,737	311,708
Over 3 years	62,182	76,332
	212,010	1,232,287

- a) As at 31 December 2021, toll roads income receivables mainly represented receivable from AENO of RMB 81,795 thousand (31 December 2020: AENO RMB 55,300 thousand and ATHC 1,039,992 thousand) for uncollected toll roads income.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

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14 RECEIVABLES AND PREPAYMENTS (CONTINUED)

(b) Pawn loans to customers

At 31 December 2021 and 2020, the analysis of pawn loans to customers is as follows:

	As at 31 December	
	2021	2020
Pawn loans to customers		
– Principal	28,579	55,380
– Interest	–	–
	28,579	55,380
Less: Impairment allowances	(20,005)	(31,949)
Pawn loans to customers, net	8,574	23,431

Pawn loans to customers are arising from the Group's pawn loans business. The loan periods granted to customers are six months and bore fixed interest rates ranging from 10.92% to 12.00% for the year ended 31 December 2021 (2020: 10.92% to 15.00%) per annum. The Group ceased interest accrual once pawn loans were over due.

Reconciliation of provision account for loss on pawn loans to customers is as follows:

	Year ended 31 December	
	2021	2020
Beginning of the year	(31,949)	(97,690)
Impairment loss reversed (Note 29)	11,944	1,605
Pawn loans written-off as uncollectible	–	64,136
End of the year	(20,005)	(31,949)

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

	Year ended 31 December	
	2021	2020
Beginning of the year	(5,229)	(3,299)
Impairment loss recognised (Note 29)	(10,714)	(3,342)
Other receivables written-off as uncollectible	–	1,412
End of the year	(15,943)	(5,229)

As at 31 December 2021 and 2020, all other receivables balances were denominated in RMB.

As at 31 December 2021 and 2020, the fair values of the other receivables of the Group approximated their carrying amounts.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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15 INVENTORIES

	As at 31 December	
	2021	2020
Materials and spare parts	5,399	7,300
Less: provision of write-down	–	(179)
	5,399	7,121

16 CASH AND CASH EQUIVALENTS AND TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

	As at 31 December	
	2021	2020
Cash at bank and on hand	4,287,553	2,295,401
Less: time deposits with original maturity over three months	(927,635)	(321,683)
Cash and cash equivalents	3,359,918	1,973,718

The weighted average interest rate per annum on cash at bank in 2021 was approximately 2.83% (2020: 2.23%).

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

	As at 31 December	
	2021	2020
RMB	4,285,334	2,293,143
HKD (RMB equivalents)	2,219	2,258
	4,287,553	2,295,401

17 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 2020	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	–	–	–	–	–
At 31 December 2020	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	–	–	–	–	–
At 31 December 2021	1,165,600	493,010	1,658,610	1,415,593	3,074,203

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

18 OTHER RESERVES

	Capital surplus	Statutory surplus reserve fund (Note 35(a))	Discretionary surplus reserve fund	Enterprise safety fund	Merger reserve (a)	Excess of the consideration over carrying amount of the non-controlling interests acquired (b)	Fair value change of financial assets at FVOCI, net of tax	Total
Balance at 1 January 2020 (originally stated)	2,243	955,881	658	47,339	(186,362)	(710,116)	(74,603)	35,040
Effect of business combination under common control	–	–	–	–	483,000	–	–	483,000
Balance at 1 January 2020 (restated)	2,243	955,881	658	47,339	296,638	(710,116)	(74,603)	518,040
Usage of enterprise safety fund	–	–	–	(622)	–	–	–	(622)
Changes in fair value of financial assets at FVOCI, net of tax (Note 12)	–	–	–	–	–	–	1,534	1,534
Balance at 31 December 2020	2,243	955,881	658	46,717	296,638	(710,116)	(73,069)	518,952
Debt conversion	–	–	–	–	965,301	–	–	965,301
Acquisition of a subsidiary under common control	–	–	–	–	(2,210,000)	–	–	(2,210,000)
Usage of enterprise safety fund	–	–	–	(40)	–	–	–	(40)
Changes in fair value of financial assets at FVOCI, net of tax (Note 12)	–	–	–	–	–	–	(2,391)	(2,391)
Balance at 31 December 2021	2,243	955,881	658	46,677	(948,061)	(710,116)	(75,460)	(728,178)

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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18 OTHER RESERVES (CONTINUED)

For the requirement in respect of the appropriation of enterprise safety fund, please refer to Note 2.26.

- (a) The merger reserve as at 31 December 2021 and 2020 represented the excess of consideration over the Company's share of paid-in capital and capital surplus of Guangci and AQDQ acquired under common control.

(i) Merger reserve from acquisition of Guangci (Note 10(c))

	As at 31 December 2021 and 2020
The Company's share of paid-in capital of Guangci	28,968
Less: consideration paid to the then equity owner for acquisition of Guangci under common control	(215,330)
Merger reserve	(186,362)

(ii) Merger reserve from acquisition of AQDQ (Note 10(f))

AQDQ and ATHC entered into a debts conversion agreement on 26 July 2021 (the "Agreement"). According to the Agreement, long-term payables with amount of RMB 965,301 thousand was converted to shareholders' investment and recorded in capital reserve to RMB 1,298,301 thousand.

	As at 31 December 2021 and 2020
The Company's share of paid-in capital of AQDQ	150,000
The Company's Capital Surplus of AQDQ	1,298,301
Less: consideration paid to the then equity owner for acquisition of AQDQ under common control	(2,210,000)
Merger reserve	(761,699)

- (b) The reserve of excess of the consideration over carrying amount of the non-controlling interests acquired represented RMB 699,147 thousand arising from acquisition of 49% equity interests of Gaojie Expressway in 2006 and RMB 10,969 thousand arising from acquisition of 4.47% equity interests of Guangci in 2012.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

19 DEFERRED INCOME

	As at 31 December	
	2021	2020
Government grants	126,783	72,061

Deferred income represents government grants relating to assets and is amortised over 7 to 30 years (Note 2.20).

Amortisation of RMB 9,241 thousand (2020: RMB 3,771 thousand) has been charged in “other income and gains – net” (Note 27). Amortisation of RMB 242 thousand (2020: RMB 1,208 thousand) has been deducted from “finance costs”.

20 TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
Payable for the acquisition of AQDQ	1,105,000	–
Trade payables – payables on acquisition of concession intangible assets	775,612	1,030,444
Current portion of long-term payables (Note 23)	66,330	69,792
Deposits for construction projects	63,698	68,032
Advance rent receipts	37,245	39,002
Staff salaries and welfare	28,731	29,058
Interest payable	25,514	14,971
Other taxation payables	21,056	22,545
Service fee payable for collection of toll roads income	7,376	4,776
Service fee payable for upgrading of online toll platform	–	10,729
Others	23,721	34,132
	2,154,283	1,323,481

As at 31 December 2021, trade and other payables of RMB 430,371 thousand (2020: RMB 400,400 thousand) were aged over one year. These payables were mainly payables on acquisition of concession intangible assets which will be settled after construction completion and current portion of long-term payables.

As at 31 December 2021 and 2020, the fair values of trade and other payables, except for staff salaries and welfare, other taxation payables and advance from customers approximated their carrying amounts.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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21 BORROWINGS

	As at 31 December 2021		As at 31 December 2020	
	Interest rate per annum	Amount	Interest rate per annum	Amount
Long-term bank borrowings				
Denominated in RMB				
– guaranteed and unsecured (a)	3.35%-3.45%	1,837,000	4.41%-4.90%	464,229
– pledged (b)	1.20%-4.90%	3,238,343	1.20%-4.90%	1,470,221
		5,075,343		1,934,450
Less: current portion				
Denominated in RMB				
– guaranteed and unsecured (a)	3.35%-3.45%	(187,400)	4.41%-4.90%	(176,054)
– pledged (b)	1.20%-4.90%	(161,534)	1.20%-4.90%	(116,421)
		(348,934)		(292,475)
Non-current borrowings		4,726,409		1,641,975
Short-term bank borrowings				
Denominated in RMB				
– unsecured (a)	–		3.05%-3.75%	245,000
– pledged (b)	–		3.915%	50,000
		–		295,000
Current portion of long-term borrowings		348,934		292,475
Current borrowings		348,934		587,475
Total borrowings		5,075,343		2,229,450

- (a) Bank borrowings of RMB 1,837,000 thousand were guaranteed by the Company as at 31 December 2021 (2020: Bank borrowings of RMB 191,556 thousand were guaranteed by XCIC, a non-controlling interest of subsidiaries; RMB 228,000 thousand were guaranteed by the ATHC; RMB 239,673 thousand were guaranteed by the Company and RMB 50,000 thousand were guaranteed by the Ningxuanhang).
- (b) As at 31 December 2021, bank borrowings of RMB 460,000 thousand was pledged by estimated future toll roads cash inflow from the completion of reform and expansion of Hening Expressway (2020: RMB 540,000 thousand), bank borrowings of RMB 792,484 thousand was pledged by estimated future toll roads cash inflow from Ningxuanhang Expressway Liqiao to Xuancheng Section (2020: RMB 870,221 thousand), bank borrowings of RMB 1,527,650 thousand was pledged by estimated future toll roads cash inflow from Ningxuanhang Expressway Xuancheng to Ningguo Section (2020: RMB 110,000 thousand), and bank borrowings of RMB 458,209 thousand was pledged by estimated future toll roads cash inflow from Ningxuanhang Expressway Ningguo to Qianqiuguan Section (2020: RMB Nil).

Notes to the consolidated financial statements (continued)

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21 BORROWINGS (CONTINUED)

As at 31 December 2021 and 2020, the Group's borrowings are repayable as follows:

	As at 31 December	
	2021	2020
Within 1 year	348,934	587,475
Between 1 and 2 years	383,938	210,483
Between 2 and 5 years	1,798,780	507,007
Over 5 years	2,543,691	924,485
	5,075,343	2,229,450

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

	As at 31 December	
	2021	2020
Expiring within one year	3,153,000	1,595,000

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

	As at 31 December	
	2021	2020
Within 1 year	4,615,343	1,689,450

As at 31 December 2021 and 2020, the fair values of current and non-current borrowings approximated their carrying amounts as the discounting impact is not significant.

22 PROVISION – MAINTENANCE/RESURFACING OBLIGATIONS (NOTE 4(E))

Balance at 31 December 2019	43,602
Reversal of provision	(4,231)
Balance at 31 December 2020	39,371
Accrual of provision	38,473
Balance at 31 December 2021	77,844

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23 LONG-TERM PAYABLES

	Year ended 31 December	
	2021	2020
Long-term payables to XCIC (Note 10(a)(b))		
Beginning of the year	149,169	202,692
Additions – interest-bearing loans	–	10,000
Repayments	(74,000)	(74,000)
Amortisation – charged to income statement (Note 31)	6,561	10,477
End of the year	81,730	149,169
Long-term payables to ATHC (Note 10(b))		
Beginning of the year	4,583,992	4,357,964
Additions – interest-bearing loans	55,969	215,776
Repayments	(2,016,656)	(79,320)
Debt conversion (a)	(965,301)	–
Converted to deferred income	(3,108)	(31,446)
Offset against other receivables	(1,480,885)	(10,220)
Amortisation – charged to income statement (Note 31)	105,089	131,238
End of the year	279,100	4,583,992
Long-term payables – total	360,830	4,733,161
Less: current portion of long-term payables (Note 20)	(66,330)	(69,792)
	294,500	4,663,369

(a) Debt conversion

AQDQ and ATHC entered into a debts conversion agreement on 26 July 2021 (the “Agreement”). According to the agreement, long-term payables with amount of RMB 965,301 thousand was converted to shareholders’ investment and recorded in capital reserve.

As at 31 December 2021, the carrying amount of long-term interest-free payables were RMB 66,330 thousand (2020: RMB 133,769 thousand) (Note 10). The carrying amount of long-term interest-bearing payables were RMB 294,500 thousand (2020: RMB 4,599,390 thousand), and the principal of the payables were repayable from 2023 to 2028 (2020: 2023 to 2045) with the interest rate ranged from 4.75% to 4.90% (2020: 4.35% to 5.19%).

Notes to the consolidated financial statements (continued)

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23 LONG-TERM PAYABLES (CONTINUED)

(a) Debt conversion (Continued)

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

	Carrying amounts		Fair values	
	As at 31 December		As at 31 December	
	2021	2020	2021	2020
Long-term payables to ATHC	279,100	4,583,992	279,100	4,583,992
Long-term payables to XCIC	81,730	149,169	82,252	151,023
	360,830	4,733,161	361,352	4,735,015

The fair values of long-term payables are based on cash flows discounted using 4.75%, the annual five-year borrowing interest rate published by the People's Bank of China for long-term bank loans as at 31 December 2021 (2020: 4.75%).

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

	As at 31 December	
	2021	2020
Long-term payables to ATHC	279,100	4,583,992
Long-term payables to XCIC	84,248	158,248
	363,348	4,742,240

24 DEFERRED TAX ASSETS AND LIABILITIES

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

As at 31 December 2021	As at 31 December	
	2020	2019
Deferred tax assets:		
– Deferred tax to be realised after more than 12 months	90,297	82,961
– Deferred tax to be realised within 12 months	59,160	50,104
	149,457	133,065

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24 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	As at 31 December	
	2021	2020
Deferred tax liabilities:		
– Deferred tax to be settled after more than 12 months	(77,616)	(77,488)
– Deferred tax to be settled within 12 months	(5,814)	(8,181)
	(83,430)	(85,669)

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

Deferred income tax assets	Accounting for government grants	Provision	Accrued bonus	Accounting for interest bearing shareholder's loans	Fair value change of financial assets at FVOCI	Provision for impairment of other receivables	Impairment of assets	Amortisation difference between accounting and tax regulations	Tax loss carried forward	Total
Balance at 1 January 2020	11,035	9,471	6,341	16,443	24,867	165	963	–	52,215	121,500
Deferred taxation charged to income statement	6,980	(1,424)	–	(655)	–	712	–	–	6,463	12,076
Deferred taxation charged to other comprehensive income	–	–	–	–	(511)	–	–	–	–	(511)
Balance at 31 December 2020	18,015	8,047	6,341	15,788	24,356	877	963	–	58,678	133,065
Deferred taxation charged to income statement	11,027	10,913	–	(656)	–	(807)	(963)	20,273	(24,192)	15,595
Deferred taxation charged to other comprehensive income	–	–	–	–	797	–	–	–	–	797
Balance at 31 December 2021	29,042	18,960	6,341	15,132	25,153	70	–	20,273	34,486	149,457

Deferred income tax liabilities	Valuation of assets and depreciation – toll roads	Valuation and amortisation of toll roads related land use rights	Accounting for interest-free long-term payables	Amortisation difference between accounting and tax regulations	Fair value change of financial assets at FVPL	Difference between accounting and tax regulations of borrowings	Others	Total
Balance at 1 January 2020	(14,628)	(2,266)	(12,361)	(49,610)	(579)	–	(501)	(79,945)
Deferred taxation charged to income statement	633	91	2,887	4,271	(13,763)	–	157	(5,724)
Balance at 31 December 2020	(13,995)	(2,175)	(9,474)	(45,339)	(14,342)	–	(344)	(85,669)
Deferred taxation charged to income statement	633	91	1,907	4,271	(771)	(3,903)	10	2,238
Balance at 31 December 2021	(13,362)	(2,084)	(7,567)	(41,067)	(15,113)	(3,903)	(334)	(83,430)

Notes to the consolidated financial statements (continued)

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24 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The unrecognised deferred income tax of loss and deductible temporary differences are set out as follows:

	As at 31 December	
	2021	2020
Deductible temporary differences	49,026	41,471
Tax loss	1,592,949	1,501,788
	1,641,975	1,543,259

Deferred income tax assets aren't recognised for tax loss that the realisation of the related tax benefit through future taxable profits is not probable. The expire date of the carrying forward of these tax loss are set out as follows:

	As at 31 December	
	2021	2020
2021	–	240,386
2022	221,403	221,403
2023	311,484	311,484
2024	328,806	328,806
2025	403,475	399,709
2026	327,781	–
	1,592,949	1,501,788

Offsetting of deferred income tax assets and liabilities:

	As at 31 December	
	2021	2020
Deferred tax assets	(42,361)	(40,329)
Deferred tax liabilities	42,361	40,329

The net carrying amounts of deferred income assets and liabilities taking into consideration the offsetting of balances are set out as follows:

	As at 31 December	
	2021	2020
Deferred tax assets	107,096	92,736
Deferred tax liabilities	(41,069)	(45,340)

Notes to the consolidated financial statements (continued)

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25 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

Financial assets	As at 31 December	
	2021	2020
Financial assets at amortised cost		
– Other receivables (Note 14)	176,062	1,195,109
– Cash and cash equivalents (Note 16)	3,359,918	1,973,718
– Time deposits with original maturity over three months (Note 16)	927,635	321,683
Financial assets at FVOCI (Note 12)	115,138	118,326
Financial assets at FVPL (Note 13)	304,213	1,363,816
	4,886,943	4,972,652

Financial liabilities	As at 31 December	
	2021	2020
Liabilities at amortised cost		
– Trade and other payables (Note 20) (i)	2,000,921	1,163,084
– Borrowings (including current portion) (Note 21)	5,075,343	2,229,450
– Long-term payables (including current portion) (Note 23)	360,830	4,733,161
	7,437,094	8,125,695

(i) Excluding non-financial liabilities (staff salaries and welfare, advance rent receipts, current portion of long-term payables and other taxation payables).

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the year is the carrying amount of each class of financial assets mentioned above.

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26 REVENUE

	Year ended 31 December	
	2021	2020
Toll income from toll roads operation	3,831,092	2,722,668
Service income from management of toll roads	10,779	119,864
Revenue from construction or upgrade work under Service		
Concessions	108,518	81,737
Rental income	59,090	56,604
– from toll gas stations (a)	32,437	30,928
– from toll road service sectors (b)	11,941	9,076
– from other investment properties	14,712	16,600
Service income from roads emergency assistance	17,783	25,907
Interest income from pawn loans to customers	447	5,981
Others	1,767	2,793
	4,029,476	3,015,554

- (a) Pursuant to a lease agreement with Anhui Expressway Petrochemical Co., Ltd. (“安徽省高速石化有限公司”, “AEPC”), a subsidiary of ATHC, the Company’s gas stations were leased to AEPC with annual rental fee of RMB 19,418 thousand. The lease period was expired by 31 December 2021 and was renewed until 31 December 2022.

Pursuant to a lease agreement with AEPC, Ningxuanhang’s gas station was leased to AEPC with annual rental fee of RMB 2,414 thousand. The lease period will be expired by 31 December 2023.

Pursuant to a lease agreement with AEPC, AQDQ’s gas stations were leased to AEPC with annual rental fee of RMB 1,492 thousand. The lease period is from 1 January 2016 to 30 December 2045.

- (b) Pursuant to a lease agreement with Anhui Yida Toll Road Service Sector Management Co., Ltd. (“安徽省驛達高速公路服務區經營管理有限公司”, “YTMC”), a subsidiary of ATHC, the Company’s toll road service sectors were leased to YTMC with annual rental fee of RMB 9,143 thousand. The lease period is from 1 January 2020 to 30 April 2022.

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

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27 OTHER INCOME AND GAINS – NET

	Year ended 31 December	
	2021	2020
Other income		
– Interest income	84,695	31,393
– Dividend income (Notes 11, 12, 13)	67,573	28,053
– Government grants relating to profits	621	3,920
– Amortisation of government grants relating to assets (Note 19)	9,241	3,771
	162,130	67,137
Other gains – net		
– Fair value gains on financial assets at FVPL (Note 13)	42,725	105,427
– Net (losses)/gains from disposal of property, plant and equipment	(2,834)	3,099
– Losses from disposal of investment properties	(1,704)	(5,782)
– Losses from disposal of concession intangible assets	(4,173)	–
– Others	4,018	(4,476)
	38,032	98,268
Other income and gains – net	200,162	165,405

28 EXPENSES BY NATURE

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

	Year ended 31 December	
	2021	2020
Depreciation and amortisation expenses (Notes 5, 6, 7, 8, 9)	933,774	943,642
Employee benefit expenses (Note 30)	401,274	349,740
Repair and maintenance expenses	253,896	204,600
Costs for outsourced construction or upgrade work under the Service Concessions (Note 2.6)	108,518	81,737
Taxes and surcharges	30,536	22,819
Auditor's remuneration		
– Annual audit services	2,200	2,100
– Other audit services	1,100	–
Others	128,482	141,380
	1,859,780	1,746,018

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29 NET IMPAIRMENT REVERSAL/(LOSSES) ON FINANCIAL ASSETS

	Year ended 31 December	
	2021	2020
Impairment reversal for pawn loans to customers (Note 14(b))	11,944	1,605
Impairment losses for other receivables (Note 14(c))	(10,714)	(3,342)
	1,230	(1,737)

30 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2021	2020
Salaries and wages	275,842	252,662
Social security and housing benefits	70,591	48,006
Supplementary pension insurance	19,698	14,358
Termination benefits	—	8,189
Other welfares	35,143	26,525
	401,274	349,740

As at 31 December 2021, the number of employees of the Group was 2,058 (2020: 2,301).

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for 2021 include one executive director, one supervisor and three chief executives (2020: one executive director, three supervisors and one chief executive), whose emoluments are reflected in Note 41.

31 FINANCE COSTS

	Year ended 31 December	
	2021	2020
Interest expenses	254,808	250,580
Including: amortisation of long-term payables (Note 23)	111,650	141,715
	254,808	250,580

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

32 TAXATION

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

	Year ended 31 December	
	2021	2020
Current taxation – CIT (a)	590,910	372,161
Deferred taxation charged to the consolidated income statement (Note 24)	(17,833)	(6,352)
	573,077	365,809

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

The Company, its subsidiaries and associates 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, its subsidiaries (except AEHK), and associates is 25%. And the CIT rate applicable to AEHK is 16.5% (the Hong Kong profits tax rate).

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

Pursuant to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation, where the Company declares dividend in or after 2008 and beyond out of the cumulative retained earnings as of 31 December 2007 (i.e. 2007 retained earnings), such dividends earned by the foreign shareholders are exempted from WHT; For dividend which arises from the Company’s profit earned after 1 January 2008, WHT is levied on the foreign institute shareholders. Pursuant to the new CIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from 1 January 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. The Company will fulfill the obligation of WHT in 2022 for dividends related to 2021 which will be paid to foreign shareholders.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

32 TAXATION (CONTINUED)

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

	Year ended 31 December	
	2021	2020
Profit before income tax	2,116,190	1,181,064
Tax calculated at domestic tax rates applicable to profits in the respective countries	529,048	295,266
Expenses not deductible for tax purpose	1,748	809
Income not subject to income tax	(8,735)	(5,297)
Tax adjustment made after tax filing by tax bureau	–	560
Recognition of previously unrecognised deductible temporary differences	(23,652)	–
Deductible temporary differences not recognised as deferred tax assets during the year	6,185	96
Utilisation of previously unrecognised deductible temporary differences	(4,297)	(16,387)
Tax losses and deductible temporary differences not recognised as deferred income tax assets during the year	81,945	99,927
Others	(9,165)	(9,165)
Tax charges	573,077	365,809

33 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners 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	
	2021	2020
Profit attributable to equity holders of the Company	1,511,965	867,549
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.9116	0.5231

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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34 DIVIDENDS

The dividends paid during the years ended 31 December 2021 and 2020 were RMB 381,480 thousand (RMB 0.23 per share) and RMB 381,480 thousand (RMB 0.23 per share) respectively. A final dividend in respect of 2021 of RMB 0.55 per share, amounting to a total dividend of RMB 912,236 thousand was proposed at the Board meeting on 28 March 2022. These consolidated financial statements do not reflect this proposed final dividend payable and the amount of which are as below:

	Year ended 31 December	
	2021	2020
Proposed final dividend of RMB 0.55 (2020: RMB 0.23) per ordinary share	912,236	381,480

35 APPROPRIATION

(a) Statutory surplus reserve fund

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

The balance of statutory surplus reserve has reached 50% of the Company's share capital. As a result, the Company did not appropriate statutory surplus reserve fund in 2021 in accordance with the PRC Company Law.

(b) Dividends distribution

According to the Articles of Association of the Company, the dividends distribution by the Company to its shareholders is based on the lower of the retained earnings in the Company's statutory financial statements and in the Company's financial statements prepared in accordance with HKFRSs. As at 31 December 2021, the retained earnings in the Company's financial statements prepared in accordance with HKFRSs amounted to RMB 9,263,334 thousand, which was higher than the retained earnings reflected in the Company's statutory financial statements.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

36 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operating activities

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

	Year ended 31 December	
	2021	2020
Profit before income tax	2,116,190	1,181,064
Adjustments for:		
Amortisation of concession intangible assets (Note 5)	738,294	749,686
Depreciation of property, plant and equipment (Note 7)	169,424	168,996
Depreciation of investment properties (Note 8)	20,716	19,158
Amortisation of right-of-use assets (Note 6)	763	763
Amortisation of intangible assets (Note 9)	4,577	5,039
Impairment reversal for pawn loans to customers (Note 29)	(11,944)	(1,605)
Impairment losses for other receivables (Note 29)	10,714	3,342
Impairment reversed for inventory	(179)	(1)
Net loss/(gain) on disposal of property, plant and equipment (Note 27)	2,834	(3,099)
Loss on disposal of investment properties (Note 27)	1,704	5,782
Loss on disposal of concession intangible assets (Note 27)	4,173	–
Share of loss of associates (Note 11)	90	1,560
Dividend income (Note 27)	(67,573)	(28,053)
Fair value gains on financial assets at FVPL (Note 27)	(42,725)	(105,427)
Interest income (Note 27)	(84,695)	(31,369)
Interest expenses (Note 31)	254,808	250,580
	3,117,171	2,216,416
Decrease/(increase) in inventories	1,722	(767)
Addition of concession intangible assets (Note 5)	(108,518)	(81,737)
Adjustment of cost of concession intangible assets (Note 5)	–	69,956
Increase in receivables and prepayments	(466,387)	(238,457)
Decrease in other operating liabilities	(208,852)	(255,071)
Increase/(decrease) in provision	38,473	(4,231)
Cash generated from operating activities	2,373,609	1,706,109

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

36 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Non-cash financing activities

	Year ended 31 December	
	2021	2020
Long-term payables offset against other receivables	1,480,885	10,220
Debt conversion	965,301	–
Long-term payables converted to deferred income	3,108	31,446
	2,449,294	41,666

(c) Net debts reconciliation

	Year ended 31 December	
	2021	2020
Cash and cash equivalents	3,359,918	1,973,718
Borrowings – repayable within 1 year	(348,934)	(587,475)
Borrowings – repayable after 1 year	(4,726,409)	(1,641,975)
Long-term payables – repayable within 1 year	(66,330)	(69,792)
Long-term payables – repayable after 1 year	(294,500)	(4,663,369)
Net debts	(2,076,255)	(4,988,893)
Cash and cash equivalents	3,359,918	1,973,718
Gross debt – fixed interest rate	(2,591,500)	(1,293,928)
Gross debt – floating interest rate	(2,778,343)	(5,534,914)
Gross debt – interest free	(66,330)	(133,769)
Net debts	(2,076,255)	(4,988,893)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

36 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Net debts reconciliation (Continued)

	Cash and cash equivalents	Borrowings due within 1 year	Borrowings due after 1 year	Long-term payables due within 1 year	Long-term payables due after 1 year	Total
Net debts as at 1 January 2020	1,915,160	(295,199)	(1,812,698)	(168,612)	(4,392,044)	(4,753,393)
Net cash flows	58,811	283,447	(405,000)	153,320	(225,776)	(135,198)
Foreign exchange adjustments	(253)	–	–	–	–	(253)
Interest expenses	–	–	–	–	(141,715)	(141,715)
Other non-cash movements	–	(575,723)	575,723	(54,500)	96,166	41,666
Net debts as at 31 December 2020	1,973,718	(587,475)	(1,641,975)	(69,792)	(4,663,369)	(4,988,893)
Net cash flows	1,386,266	587,475	(3,448,979)	74,000	1,960,687	559,449
Foreign exchange adjustments	(66)	–	–	–	–	(66)
Interest expenses	–	–	15,611	–	(111,650)	(96,039)
Other non-cash movements	–	(348,934)	348,934	(70,538)	2,519,832	2,449,294
Net debts as at 31 December 2021	3,359,918	(348,934)	(4,726,409)	(66,330)	(294,500)	(2,076,255)

37 COMMITMENTS

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

	As at 31 December	
	2021	2020
Contracted but not provided for		
– Concession intangible assets	70,471	146,589
– Property, plant and equipment	68,716	58,296
	139,187	204,885

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

38 RELATED PARTY TRANSACTIONS

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

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

(a) Name of related party and relationship

Name	Relationship with the Group
ATHC	Parent company
ALEC	Subsidiary of ATHC
AEPC	Subsidiary of ATHC
YTMC	Subsidiary of ATHC
WTMC	Subsidiary of ATHC
AENO	Subsidiary of ATHC
ATCD	Subsidiary of ATHC
ATZFM	Significantly influenced by ATHC
ATGFM	Significantly influenced by ATHC
XCIC	Non-controlling interest of Xuan Guang, Ningxuanhang and Guangci
AEAC	Associate
ATII	Associate
Anhui Transportation Construction Management Co., Ltd. ("安徽省交控建設管理有限公司", "ATCMC")	Subsidiary of ATHC
Hefei Bangning Property Management Co., Ltd. ("合肥市邦寧物業管理有限公司", "BNMC")	Subsidiary of ATHC
Anhui Expressway Experiment Research Centre Co., Ltd. ("安徽省高速公路試驗檢測科研中心有限公司", "AERC")	Subsidiary of ATHC
Anhui Transportation Engineering Group Co., Ltd. (formerly named Anhui Gaolu Construction Co., Ltd.) ("安徽交控工程 集團有限公司", 原名"安徽省高路建設有限公司", "ATEGC")	Subsidiary of ATHC
Anhui Expressway Finance Lease Co., Ltd. ("安徽高速融資租賃有限公司", "AWFC")	Subsidiary of ATHC
Anhui Qixing Project Testing Co., Ltd. ("安徽省七星工程測試有限公司", "AQPT")	Subsidiary of ATHC
Anhui Huanyu Highway Construction Development Co., Ltd. ("安徽省環宇公路建設開發有限責任公司", "AHHCD")	Subsidiary of ATHC
Anhui Zhongxing Project Management Co., Ltd. ("安徽省中興工程監理有限公司", "AZPMC")	Subsidiary of ATHC
Anhui Jiaoyun Group Automobile Sales Co., Ltd ("安徽交運集團汽車銷售有限公司", "AJASC")	Subsidiary of ATHC
Anhui Transportation United Card Holding Co., Ltd. ("安徽交通一卡通控股有限公司", "ATUCC")	Subsidiary of ATHC1
Anhui Transportation Capital Investment Management Co., Ltd. ("安徽交控資本投資管理有限公司", "ATCIM")	Subsidiary of ATHC

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

38 RELATED PARTY TRANSACTIONS (CONTINUED)

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

Name	Relationship with the Group
Anhui Expressway Qingfeng Media Co., Ltd. ("安徽高速清風傳媒有限公司", "AEQMC")	Subsidiary of ATHC
Anhui Wangqian Expressway Co., Ltd. ("安徽望潛高速公路有限公司", "AWQEC")	Subsidiary of ATHC
Anhui Yangji Expressway Co., Ltd. ("安徽省揚績高速公路有限公司", "AYEC")	Subsidiary of ATHC
Anhui Liguang Expressway Co., Ltd. ("安徽省溧廣高速公路有限公司", "ALGEC")	Subsidiary of ATHC
Anhui Wuyan Expressway Co., Ltd. ("安徽省蕪雁高速公路有限公司", "AWEC")	Subsidiary of ATHC
Anhui Shengxuan Municipal Garden Engineering Co., Ltd. ("安徽省盛軒市政園林工程有限公司", "ASGEC")	Subsidiary of ATHC
Anhui Traffic Survey and Design Institute Co., Ltd. ("安徽省交通勘察設計院有限公司", "ATSDC")	Subsidiary of ATHC
Anhui Jinggong Construction General Co., Ltd. ("安徽省經工建設集團有限公司", "AJCG")	Subsidiary of ATHC

(b) Related party transactions

Save as disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2021 and 2020, the Group had the following significant transactions with related parties:

(i) Service income from management of toll roads

	Year ended 31 December	
	2021	2020
ATHC	9,236	88,800
ALEC	585	—
AYEC	208	12,727
AWQEC	142	4,229
ALGEC	104	14,108
AWEC	47	—
	10,322	119,864

(ii) Service expense for management of toll roads

	Year ended 31 December	
	2021	2020
ATHC	—	10,022

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
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38 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (Continued)

(iii) Rental income

	Year ended 31 December	
	2021	2020
AEPC	28,728	27,546
YTMC	11,258	8,990
ATHC	5,465	5,994
ATCMC	1,682	1,085
ALEC	587	557
AWFC	421	421
ATCIM	329	329
WTMC	212	212
ATZFM	100	100
ATGFM	100	100
AWQEC	27	27
BNMC	18	21
ATCD	7	3
ATII	–	66
	48,934	45,451

(iv) Purchase, construction, testing service and property management

	Year ended 31 December	
	2021	2020
ATEGC	119,875	146,970
AJCG	19,754	6,768
ATCD	13,546	12,083
ATII	6,805	1,734
AJASC	6,791	–
BNMC	3,243	3,233
AEAC	2,810	–
ASGEC	2,708	5
AERC	2,164	5,253
AHHCD	750	5,865
ATSDC	509	–
AZPMC	480	2,492
AQPT	350	2,087
AEQMC	236	–
ATHC	–	915
	180,021	187,405

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

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38 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (Continued)

(iv) Purchase, construction, testing service and property management (Continued)

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

(v) Rental expenses

	Year ended 31 December	
	2021	2020
XCIC	500	500

(vi) Toll roads income received on behalf of the Group

	Year ended 31 December	
	2021	2020
AENO	3,352,003	2,362,762
ATHC	466,396	320,375
	3,818,399	2,683,137

(vii) Service fee for the collection of toll roads income

	Year ended 31 December	
	2021	2020
ATUCC	13,948	—
AENO	8,976	16,116
	22,924	16,116

(viii) Service fee for the upgrading of online toll platform

	Year ended 31 December	
	2021	2020
AENO	2,303	10,116

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (Continued)

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

	Year ended 31 December	
	2021	2020
ATHC	118,946	151,058
XCIC	2,258	1,878
	121,204	152,936

(x) Key management compensation

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

	Year ended 31 December	
	2021	2020
Salaries and other short-term employee benefits	4,959	3,930

(c) Related party balances

(i) Other receivables (excluding current portion of loans to subsidiaries)

	As at 31 December 2021		As at 31 December 2020	
	Book value	Provision for impairment	Book value	Provision for impairment
AENO	81,795	(185)	55,300	(165)
YTMC	193	(1)	193	(1)
ALGEC	110	(1)	—	—
ATHC	—	—	1,039,992	(3,107)
	82,098	(187)	1,095,485	(3,273)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances (Continued)

(ii) Trade payables

	As at 31 December	
	2021	2020
ATEGC	109,583	112,652
ATCD	20,006	14,218
AJCG	13,908	319
AHHCD	6,418	6,521
AERC	2,112	2,930
AZPMC	1,979	3,898
AQPT	1,007	1,358
ATII	394	1,129
AEAC	394	63
ATSDC	350	—
ASGEC	86	5
AJASC	57	—
BNMC	5	—
ATHC	—	608
	156,299	143,701

(iii) Other payables

	As at 31 December	
	2021	2020
AEPC	36,965	38,452
ATHC	17,648	12,074
YTMC	4,620	6,335
ATUCC	4,240	—
AENO	3,136	14,892
ATEGC	1,993	6,036
AJCG	1,623	—
XCIC	1,364	624
ATCMC	526	831
ATCD	192	859
ALEC	109	107
WTMC	100	100
ATCIM	86	86
ASGEC	40	—
AQPT	31	1,847
AWFC	30	30
AZPMC	26	16
ATGFM	17	17
AWQEC	2	2
BNMC	—	19
	72,748	82,327

Notes to the consolidated financial statements (continued)

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38 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances (Continued)

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

	As at 31 December	
	2021	2020
ATHC	279,100	4,583,992
XCIC	81,730	149,169
	360,830	4,733,161

As at 31 December 2021 and 2020, amounts due from and due to the related parties as aforementioned, except for long-term payables to XCIC and ATHC as disclosed in Note 23, mainly arose from the above transactions and payments made by the Group and related parties on behalf of each other. These amounts are unsecured, interest-free and are repayable within 1 year.

39 EVENTS AFTER THE BALANCE SHEET DATE

- (a) Pursuant to a resolution of the Board of Meeting on 28 March 2022, a cash dividend of RMB 912,236 thousand was proposed for the year ended 31 December 2021. Please refer to Note 34 for details.
- (b) On 31 December 2021, Xuan Guang and ATHC entered into the agreement (the “Agreement”) in relation to the formation of Anhui Guangxuan Expressway Company Limited (“安徽省廣宣高速公路有限公司”, “Guang Xuan”) for the Public-Private-Partnership project (the “PPP Project”) relating to the reconstruction and expansion of the G50 Shanghai-Chongqing Expressway Guangde to Xuancheng Section, with a registered capital of RMB 400,000 thousand, Xuan Guang will make a capital contribution in the amount of RMB 396,000 thousand, respectively, representing 99% of the equity interests of Guang Xuan. For the purpose of carrying out the PPP Project, Xuancheng Transportation Bureau (“宣城市交通運輸局”), ATHC and Xuan Guang have entered into the investment agreement in relation to the investment in the PPP Project, the capital commitment of approximately RMB 2,756,000 thousand. According to the Agreement, the total capital commitment of approximately RMB 2,756,000 thousand will be made by Xuan Guang and ATHC in proportion to their respective equity interest in Guang Xuan, Xuan Guang will make a capital contribution in the amount of RMB 2,729,000 thousand. The Agreement was authorized and approved by the Xuan Guang's shareholders meeting on 25 February 2022.

For the purpose of investing the PPP Project, the Company, XCIC and Xuan Guang have agreed, pursuant to the Capital Increase Agreement, to provide project capital by capital contribution to the capital reserve of Xuan Guang. The Company and XCIC shall pay up and contribute capital contribution in total approximately RMB 2,729,000 thousand in Xuan Guang's capital reserve in accordance to the proportion of their equity interest in Xuan Guang being 55.47% and 44.53%, respectively. The Company shall therefore pay up and contribute capital contribution of approximately RMB1,514,000 thousand, respectively to the capital reserve of Xuan Guang. The Capital Increase Agreement was authorized and approved by the Company and XCIC's shareholders meetings on 25 February 2022.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

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40 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY

ASSETS	As at 31 December	
	2021	2020
Non-current assets		
Concession intangible assets	5,993,612	6,256,380
Right-of-use assets	6,808	7,571
Property, plant and equipment	750,528	816,972
Investment properties	296,172	314,397
Intangible assets	408	1,954
Investments in subsidiaries	2,715,604	1,432,521
Loans to subsidiaries	2,414,068	1,679,662
Investment in associates	24,999	24,999
Deferred income tax assets	41,573	17,882
Financial assets at FVPL	304,213	259,326
Financial assets at FVOCI	115,138	118,326
	12,663,123	10,929,990
Current assets		
Inventories	2,593	3,061
Receivables and prepayments	450,466	132,014
Financial assets at FVPL	—	1,104,491
Time deposits with original maturity over three months	926,000	320,000
Cash and cash equivalents	3,047,284	1,717,820
	4,426,343	3,277,386
Total assets	17,089,466	14,207,376

Notes to the consolidated financial statements (continued)

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40 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY (CONTINUED)

EQUITY AND LIABILITIES	As at 31 December	
	2021	2020
Equity attributable to owners of the Company		
Ordinary share capital	1,658,610	1,658,610
Share premium	1,415,593	1,415,593
Other reserves (a)	(42,467)	867,268
Retained earnings (a)	9,263,334	8,234,793
Total equity	12,295,070	12,176,264
Liabilities		
Non-current liabilities		
Borrowings	2,029,600	460,000
Deferred income	50,798	24,486
	2,080,398	484,486
Current liabilities		
Trade and other payables	2,180,226	1,033,382
Current income tax liabilities	196,812	214,466
Provisions	69,560	23,778
Borrowings	267,400	275,000
	2,713,998	1,546,626
Total liabilities	4,794,396	2,031,112
Total equity and liabilities	17,089,466	14,207,376

The balance sheet of the Company was approved by the Board of Directors on 28 March 2022 and was signed on its behalf by:

Director (項小龍)

Director (陶文勝)

Notes to the consolidated financial statements (continued)

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40 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY (CONTINUED)

(a) Reserves movements of the Company

	Retained earnings	Other reserves
Balance at 1 January 2020	7,546,568	866,356
Profit for the year	1,069,083	—
Dividends paid relating to 2019	(381,480)	—
Usage of enterprise safety fund	622	(622)
Changes in fair value of financial assets at FVOCI, net of tax	—	1,534
Balance at 31 December 2020	8,234,793	867,268
Profit for the year	1,409,981	—
Dividends paid relating to 2020	(381,480)	—
Usage of enterprise safety fund	40	(40)
Acquisition of a subsidiary under common control	—	(907,304)
Changes in fair value of financial assets at FVOCI, net of tax	—	(2,391)
Balance at 31 December 2021	9,263,334	(42,467)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

41 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executives' emoluments

The remuneration of every director and chief executive is set out below:

For the year ended 31 December 2021:

Name	Fees	Salaries	Contribution to retirement benefit scheme	Discretionary bonus and other benefits	Total
Executive directors					
Mr. Xiang Xiaolong	-	-	-	-	-
Mr. Yang Xiaoguang	-	-	-	-	-
Mr. Chen Jiping (i)	-	252	34	-	286
Mr. Tao Wensheng* (i)	-	126	45	-	171
Mr. Tang Jun (i) (resigned)	-	302	34	-	336
Mr. Xie Xinyu (i) (resigned)	-	126	11	-	137
Non-executive directors					
Mr. Yang Xudong	-	-	-	-	-
Mr. Du Jian	-	-	-	-	-
Independent directors					
Mr. Liu Hao	80	-	-	-	80
Mr. Zhang Jianping	80	-	-	-	80
Ms. Fang Fang	120	-	-	-	120
Supervisors					
Mr. Cheng Xijie (ii)	-	-	-	-	-
Mr. Wu Changming (ii)	-	422	75	-	497
Mr. Jiang Yue	-	-	-	-	-
Mr. Xu Zhen (ii) (resigned)	-	197	-	-	197
Mr. Chen Jiping (ii) (resigned)	-	339	45	-	384
Chief executives					
Mr. Li Huimin	-	591	79	-	670
Ms. Deng Ping	-	416	73	-	489
Ms. Dong Huihui	-	515	76	-	591
Mr. Tang Jun (iii) (resigned)	-	-	-	-	-
Mr. Huang Yu (iii)	-	267	53	-	320
Mr. Zhang Xianxiang (iii)	-	186	48	-	234
Mr. Xie Xinyu (iii)	-	339	28	-	367
	280	4,078	601	-	4,959

(i) Mr. Chen Jiping and Mr. Tao Wensheng were appointed as executive directors on 16 July 2021. Mr. Tang Jun and Mr. Xie Xinyu resigned from the position on 11 June 2021.

(ii) Mr. Cheng Xijie was appointed as supervisor on 21 May 2021 and Mr. Wu Changming was appointed as supervisor on 16 July 2021. Mr. Xu Zhen resigned from the position on 21 May 2021 and Mr. Chen Jiping resigned from the position on 16 July 2021.

(iii) Mr. Huang Yu, Mr. Zhang Xianxiang and Mr. Xie Xinyu were appointed as chief executive on 22 January, 28 April and 11 June 2021. Mr. Tang Jun resigned from the position on 11 June 2021.

* In 2021, Mr. Tao Wensheng also acted as the chief executive of the Company.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(All amounts in Renminbi thousand unless otherwise stated)

41 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executives' emoluments (Continued)

The remuneration of every director and chief executive is set out below:

For the year ended 31 December 2020:

Name	Fees	Salaries	Contribution to retirement benefit scheme	Discretionary bonus and other benefits	Total
Executive directors					
Mr. Xiang Xiaolong (i)	–	–	–	–	–
Mr. Yang Xiaoguang (ii)	–	–	–	–	–
Mr. Tang Jun* (ii)	–	102	29	–	131
Mr. Xie Xinyu*	–	533	64	–	597
Mr. Xu Zhen (ii) (resigned)	–	255	35	–	290
Mr. Chen Dafeng (ii) (resigned)	–	–	–	–	–
Non-executive directors					
Mr. Yang Xudong	–	–	–	–	–
Mr. Du Jian	–	–	–	–	–
Independent directors					
Mr. Liu Hao	80	–	–	–	80
Mr. Zhang Jianping (iii)	30	–	–	–	30
Ms. Fang Fang (iii)	45	–	–	–	45
Mr. Jiang Yifan (iii) (resigned)	75	–	–	–	75
Mr. Jiang Jun (iii) (resigned)	50	–	–	–	50
Supervisors					
Mr. Xu Zhen (iv)	–	166	18	–	184
Mr. Chen Jiping (iv)	–	178	21	–	199
Mr. Jiang Yue	–	–	–	–	–
Mr. Dai Hui (iv) (resigned)	–	516	62	–	578
Ms. Chen Yuping (iv) (resigned)	–	–	–	–	–
Chief executives					
Mr. Li Huimin	–	533	64	–	597
Mr. Chen Jiping (v) (resigned)	–	355	43	–	398
Ms. Deng Ping (v)	–	102	27	–	129
Ms. Dong Huihui	–	482	65	–	547
	280	3,222	428	–	3,930

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021
(All amounts in Renminbi thousand unless otherwise stated)

41 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executives' emoluments (Continued)

- (i) Mr. Xiang Xiaolong was appointed as executive director on 4 February 2020.
- (ii) Mr. Yang Xiaoguang and Mr. Tang Jun were appointed as executive directors on 17 August 2020. Mr. Xu Zhen and Mr. Chen Dafeng resigned from the position on 17 August 2020.
- (iii) Mr. Zhang Jianping and Ms. Fang Fang were appointed as independent directors on 17 August 2020. Mr. Jiang Yifan and Mr. Jiang Jun resigned from the position on 17 August 2020.
- (iv) Mr. Xu Zhen and Mr. Chen Jiping were appointed as supervisors on 17 August 2020. Mr. Dai Hui and Ms. Chen Yuping resigned from the position on 17 August 2020.
- (v) Ms. Deng Ping was appointed as chief executive on 24 June 2020. Mr. Xu Zhen and Mr. Chen Jiping resigned from the position on 17 June 2020

* In 2020, Mr. Tang Jun and Mr. Xie Xinyu also acted as the chief executive of the Company.

Those directors and supervisors who did not receive any remuneration from the Group during 2021 also have positions in the Company's two largest shareholders (ATHC and China Merchants Huajian Highway Investment Co., Ltd.) who borne all of their remuneration and did not recharge any amount to the Group. Same for 2020. Save as disclosed above, there was no arrangement under which a director or supervisor has waived or agreed to waive any emoluments.

(b) Directors' retirement benefits

There is no retirement benefits by a defined benefit pension plan operated by the Group.

(c) Directors' termination benefits

There is no directors' termination benefits operated by the Group.

(d) Consideration provided to third parties for making available directors' services

For the years ended 31 December 2021 and 2020, no consideration was provided to third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

For the years ended 31 December 2021 and 2020, there were no loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors.

Documents Available for Inspection

Directory of documents Available for Inspection	The original copy of the annual report signed by the Chairman;
Directory of documents Available for Inspection	The accountant's report, signed by the legal representative, director in charge of accounting work, and director in charge of accounting firm and stamped with corporate seal;
Directory of documents Available for Inspection	The original copy of auditor's report, sealed by PricewaterhouseCoopers Zhong Tian LLP, signed by the registered accountant; the financial statement prepared in accordance with the PRC Accounting Standards; the original copy of auditor's report signed by PricewaterhouseCoopers and the financial statement prepared in accordance with the Hong Kong Accounting Standards;
Directory of documents Available for Inspection	The original copies of corporate documents and announcements published in the Shanghai Securities News and China Securities Journal;
Directory of documents Available for Inspection	The Articles of Association.

Chairman: Xiang Xiaolong

The date of the approval of the board: 28 March 2022

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	8	12	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	6	1	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	3	1	Commencing from 1 January 2003 to 30 June 2032
Guangci Expressway	14	4	–	1	Commencing from 20 July 2004 to 20 July 2029
Ninghuai Expressway Tianchang Section	14	6	1	1	Commencing from 18 December 2006 to 17 June 2032
Ningxuanhang Expressway Anhui Section	117	4	6	3	
Anqing Yangtze River Expressway Bridge	6	4	1	0	Commencing from 26 December 2004 to 25 December 2033
Yuewu Expressway Anhui Section	46	4	2	1	Commencing from 31 December 2015 to 30 December 2045

Note:

- On 8 September 2013, the section of Xuancheng to Ningguo of Ningxuanhang Expressway Anhui Section was officially opened to traffic. The length of toll road is 46 kilometres and the temporary granted concession period is starting from 8 September 2013 and ending to 7 September 2043. In December 2015, the section of Ningguo to Qianqiuguan of Ningxuanhang Expressway was officially opened to traffic. The length of toll road is 40 kilometres and the temporary granted concession period is starting from 19 December 2015 to 18 December 2045.
- In December 2017, the section of Liqiao to Xuancheng of Ningxuanhang Expressway was officially opened to traffic. The length of toll road is 31 kilometres and the temporary granted concession period is 5 years starting from December 2017 to December 2022. The formal granted concession period will be determined according to future assessment and relevant provisions.



Appendix

Hening Expressway (G40 Hushan Expressway Hening Section)

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

The New Tianchang Section of National Trunk 205

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

Ninghuai Expressway Tianchang Section

Ninghuai Expressway Tianchang Section is an important road section of Ninghuai Expressway, with a whole length of 13.989km, and has the standard of dual carriageway six-lane expressway. It was completed and opened to traffic on 18 December 2006. The road runs through Tianchang city east of Anhui Province, starting from the terminal of the Jiangsu Nanjing Section of Ninghuai Expressway in Tianchang city, and ending at the Jiangsu Huaian Section of the Ninghuai Expressway. It is an important part in the key highway and national “7918” expressway network from Changchun to Shenzhen and an important highway driving 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 Jiezdun Expressway, with a length of approximately 110km, is a 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 Hefei-Anqing Highway and terminates at the border between Hunan and Anhui at Jiezdun, Susong County, Anhui Province. It further runs westward to link up with cities like Wuhan, Chongqing and Chengdu and is an important trunk road that links up the central and western region with the southeastern coastal region.

Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section)

The Xuanzhou to Guangde Expressway is an existing dual carriageway four-lane expressway located in the southeastern part of Anhui Province with total mileage of 84km constructed in two phases. The 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 Nyalam in Tibet. National Trunk 318 is a key transport artery, linking the coastal regions with the inland and the western boarder of the PRC.

Guangci Expressway (G50 Huyu Expressway Guangci Section)

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

Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section)

Lianhuo Expressway Anhui Section is a 54km long dual carriage four-lane expressway, part of the “Two Verticals and Two Horizontals” National Trunk between Lianyungang in Jiangsu and Korgas in Xinjiang. Connecting with the highways located in Henan and Jiangsu Province and the expressways between Beijing and Fuzhou, it plays an important role in China’s politics, economy, military affairs and National Truck Networks.

Ningxuanhang Expressway Anhui Section

Ningxuanhang Expressway is a 117km long dual carriage four-lane expressway with asphalt concrete road surface, which starts at Jinshankou at the border between Anhui and Jiangsu, passing through Xuancheng and Ningguo, terminates at Qianqiuguan at the boarder between Anhui and Zhejiang. 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 be constructed by three sections, the first is Xuancheng to Ningguo section with a total length of 46 km, the second is Gaochun to Xuancheng section with a total length of 31 km and the third is Ningguo to Qianqiuguan section with a total length of 40 km.

Anqing Yangtze River Expressway Bridge

Anqing Yangtze River Expressway Bridge starts from the Dadukou interchange hub in the south, crossing the Yangtze River waterway and ends at Longmianshan South Road in the north. The total length of the line is 5,985.66 metres, and the main bridge is 1,040 metres. The bridge is designed as a two-way four-lane highway. It is one of the important projects listed in the Plan for Layout of Pathways Crossing the Mainline of Yangtze River (2020–2035) by the National Development and Reform Commission of the PRC. The Anqing Bridge connects Dongzhi County of Chizhou City and Yixiu District of Anqing City. The Anqing Bridge borders Anqing-Dongzhi Expressway (S27 in the Anhui expressway network) to the south, Hefei-Anqing Expressway (G42 in the national expressway network) to the north, with Shanghai-Chongqing Expressway (G50 in the national expressway network) passing through. The Anqing Bridge is an important part of the “four lengthwise expressways (四縱)” of the “four lengthwise and eight transverse (四縱八橫)” expressway network in Anhui Province as well as the transportation hub of He’an Expressway and Anjing Expressway (Anqing-Jingdezhen), connecting the Beijing-Tianjin-Hebei region, the Central Henan City Cluster, the middle reaches of Yangtze River City Cluster, the Pearl River Delta City Cluster and the Western Taiwan Straits City Cluster.

Yuewu Expressway Anhui section

Yuewu Expressway Anhui section begins at the Liuqian Expressway with the total length of 46.26 kilometres, ending at the Dafengshu Mountain at the provincial boundary between Anhui Province and Hubei Province, bridging the Wuying Expressway in Hubei Province. It adopts a two-way four-lane expressway standard. Passing through the hinterland of Dabie Mountain, there are 10 tunnels and 33 bridges, with a bridge-to-tunnel ratio of 57.2%. This project was appraised as the 2015 “Green Highway” thematic project by the Ministry of Transport of the PRC. Yuewu Expressway is an important part of the Lishui-Wuhan Expressway as planned by the Central Government of the PRC. It is an express route connecting the central and eastern regions of China, and also one of the most convenient inter-provincial regional main lines connecting Anhui Province and Hubei Province. It was awarded the title of “Safe Transportation” demonstration project in 2015.

Appendix

II. TOLL RATES FOR EXPRESSWAYS

(I) Toll Rates for Expressways

Ninghuai Expressway Tianchang Section excluded

1. Toll Rates for Passenger Vehicles

Use the current toll rates for passenger vehicles. In accordance with the relevant regulations on the classification of passenger vehicles in “Vehicle classification of the toll for highway”, the 8 and 9 passenger vehicles had been adjusted from “type 2” to “type 1”, and had implemented the charging standard of class 1 buses.

Passenger Vehicles type	Vehicles classification	Approved passengers capacity	Toll rates (RMB/vehicle km)
Type 1	Microbus, minibus	≤9	0.45
Type 2	medium bus	10-19	
	passenger/car trailer combination	—	
Type 3	motorbus	≤39	1.1
Type 4		≥40	1.3

2. Toll Rates for Goods vehicles

Vehicle type classification	JT/T489–2019 Standard of Classification	Toll rates (RMB/km)
Type 1	With 2 axles, the vehicles length is less than 6,000mm and the maximum allowable total mass is less than 4,500kg	0.45
Type 2	With 2 axles, the vehicles length is not less than 6,000mm or the maximum allowable total mass is not less than 4,500kg	0.90
Type 3	With 3 axles	1.35
Type 4	With 4 axles	1.70
Type 5	With 5 axles	1.85
Type 6	With 6 axles	2.20

For goods vehicles with more than six axles, on the basis of the toll rates for goods vehicles of type 6, the toll rates shall be determined according to a factor of 1.1 for each additional axle; the toll rates for goods vehicles with 10 axles and above shall be implemented according to the toll rates for goods vehicles with 10 axles.

3. Toll Rates for Special Motor Vehicle

The toll rates for expressway special motor vehicle shall be charged according to the toll rates for the same type of goods vehicles.

Toll Rates for Ninghuai Expressway Tianchang Section (charged according to the toll rates of Jiangsu Province)

1. Toll Rates for Passenger vehicles

Passenger Vehicles type	Approved passengers capacity	Toll rates (RMB/vehicle km)
Type 1	≤9	0.45
Type 2	10-19	0.675
Type 3	20-39	0.90
Type 4	≥40	0.90

2. Toll Rates for Goods vehicles

Goods vehicles type	Total axles (including suspension axle)	Length and maximum allowable total mass	Toll rates (RMB/vehicle km)
Type 1	2	The vehicle length is less than 6,000mm and the maximum allowable total mass is less than 4,500kg	0.45
Type 2	2	The vehicle length is not less than 6,000mm or the maximum allowable total mass is not less than 4,500kg	1.05
Type 3	3		1.57
Type 4	4		1.90
Type 5	5		1.94
Type 6	6		2.32

Appendix

(II) Toll Rates for Standard Highways

1. Toll Rates for Passenger Vehicles of the New Tianchang Section of National Trunk 205

Passenger Vehicles type	Vehicles classification	Approved passengers capacity	Toll rates (RMB/vehicle km)
Type 1	Microbus, minibus	≤9	10
Type 2	medium bus	10-19	
	passenger/car trailer combination	—	0.8
Type 3		≤39	12
Type 4	motorbus	≥40	24

2. Toll Rates for Goods vehicles of the New Tianchang Section of National Trunk 205

Vehicle type classification	JT/T489-2019 Standard of Classification	Toll rates (RMB/vehicle per trip)
Type 1	With 2 axles, the vehicle length is less than 6,000mm and the maximum allowable total mass is less than 4,500kg	10
Type 2	With 2 axles, the vehicle length not be less than 6,000mm or the maximum allowable total mass not be less than 4,500kg	20
Type 3	With 3 axles	30
Type 4	With 4 axles	40
Type 5	With 5 axles	50
Type 6	With 6 axles	60

For goods vehicles with more than six axles, on the basis of the toll rates for goods vehicles of type 6, the toll rates shall be RMB10 per vehicle per trip; the toll rates for goods vehicles with 10 axles and above shall be implemented according to the toll rates for goods vehicles with 10 axles.

(III) Additional toll standards for extra-large bridges/tunnels (charged according to vehicle (axle) type classification, effective from 0:00 a.m 1 January 2020)

According to the Notice of the Anhui Department of Transport, Anhui Development and Reform Commission and Anhui Department of Finance on the Issuance of the Adjustment Plan of Vehicle Toll Method for Toll Roads in Anhui Province (Wan Jiao Lu [2019] No. 144), "Grand bridges and tunnels on motorways with bridge lengths greater than 1,000 metres and tunnel lengths greater than 3,000 metres will be subject to additional tolls. The additional charge is calculated by the proportion of the actual mileage of the vehicle in that motorway project to the total mileage of the road, and is collected per vehicle per trip by type together with the motorway toll." Taking into account the actual tolling of the project, the Lixuan Expressway and the Anhui section of the Yuewu Expressway are each subject to an additional toll for one grand bridge and tunnel.

– The additional toll rates applicable to Lixuan Expressway and Yuewu Expressway Anhui Section

Vehicle type classification	JT/T489-2019 Standard of Classification			Additional Toll Rates (RMB/vehicle per trip)
	Passenger Vehicles (Vehicles classification and Approved passengers capacity)		Goods vehicles	
Type 1	Microbus minibus	≤9	With 2 axles, the vehicle length is less than 6,000mm and the maximum allowable total mass is less than 4,500kg	10
Type 2	medium bus	10-19	With 2 axles, the vehicle length is not less than 6,000mm or the maximum allowable total mass is not less than 4,500kg	15
Type 3	passenger/car trailer – combination	–		
Type 3	motorbus	≤39	3 axles	20
Type 4		≥40	4 axles	25
Type 5	–	–	5 axles	30
Type 6	–	–	6 axles	30

Goods vehicles of type 5 or above shall be implemented to charge according to the additional toll rates for type 5.

(IV) Toll Rates for the Yangtze river highway bridges

– Toll Rates for passenger vehicles of Anqing Yangtze river Expressway Bridge

Passenger Vehicles	Vehicles classification	Approved passengers capacity	Toll rates (RMB/vehicle km)
Type 1	Microbus,minibus	≤9	20
	medium bus	10-19	40
Type 2	passenger/car trailer combination	—	
Type 3	motorbus	≤39	60
Type 4		≥	80

– Toll Rates for Goods vehicles of Anqing Yangtze river Expressway Bridges

Vehicle type classification	Standard of Classification	Toll rates (RMB/time)
Type 1	With 2 axles. The length of the vehicle is less than 6,000mm and the maximum allowable total mass is less than 4,500kg	20
Type 2	With 2 axles. The length of the vehicle is not less than 6,000mm or the maximum allowable total mass is not less than 4,500kg	30
Type 3	With 3 axles	45
Type 4	With 4 axles	70
Type 5	With 5 axles	75
Type 6	With 6 axles	100

For trucks with more than six axles: based on the charging standard for Class 6 trucks, for each additional axle, the charging standard is determined by a factor of 1.1. For trucks with 10 axles and above, the charging standard for trucks with 10 axles shall be adopted according to the standard for trucks with 10 axles.

INFORMATION DISCLOSURE INDEX

Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
	H share announcement -Terms of reference for the strategic development and investment committee		22 January 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement - Appointment of finance director		22 January 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement - Continuing connected transactions:		22 January 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	Entrusted management agreements			Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-001	Announcement on resolutions of the 5th meeting of the 9th session of the Board of Directors	China Securities Journal, The Shanghai Securities News	23 January 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-002	Announcement on the appointment of finance director of the Company	China Securities Journal, The Shanghai Securities News	23 January 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement-Supplemental announcement Continuing connected transactions: Entrusted Management agreements		10 February 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement -Date of board meeting		15 March 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-003	Preinform announcement on holding the 2020 annual performance briefing	China Securities Journal, The Shanghai Securities News	20 March 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement - 2020 annual results announcement		28 March 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-004	Announcement on resolutions of the 6th meeting of the 9th session of the Board of Directors	China Securities Journal, The Shanghai Securities News	29 March 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-005	Announcement of the resolutions of the 4th meeting of the 9th Supervisory Committee	China Securities Journal, The Shanghai Securities News	29 March 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-006	Announcement on the 2020 annual profit distribution plan	China Securities Journal, The Shanghai Securities News	29 March 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-007	The announcement of estimated ordinary connected transactions of 2021	China Securities Journal, The Shanghai Securities News	29 March 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-008	Announcement on renewal of domestic auditor in 2021	China Securities Journal, The Shanghai Securities News	29 March 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-009	Announcement on the convening of the 2020 annual performance briefing	China Securities Journal, The Shanghai Securities News	30 March 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement - Continuing Connected Transaction: lease of operating rights of gas stations		8 April 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement - Resignation of chairman of supervisory committee and nomination of candidate for new supervisor		12 April 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Appendix

Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
Lin 2021-010	Announcement on the resignation of the chairman of the Board of Supervisors	China Securities Journal, The Shanghai Securities News	13 April 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement-Date of board meeting		14 April 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement-Notice of the 2020 annual general meeting		20 April 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-011	Notice of 2020 annual general meeting	China Securities Journal, The Shanghai Securities News	21 April 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-012	Announcement on resolutions of the 7th meeting of the 9th session of the Board of Directors	China Securities Journal, The Shanghai Securities News	29 April 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-013	Announcement on participating in 2021 investor collective reception day of listed companies in Anhui province	China Securities Journal, The Shanghai Securities News	14 May 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement- Voting results at annual general meeting held on 21 May 2021 and change of supervisor		21 May 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-014	Announcement of the resolutions of the 2020 annual general meeting	China Securities Journal, The Shanghai Securities News	22 May 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-015	Announcement of the resolutions of the 7th meeting of the 9th Supervisory Committee	China Securities Journal, The Shanghai Securities News	22 May 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement- (1) Resignation of director and general manager; and (2) Appointment of general manager and nomination of candidate for new director		11 June 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement - List of directors and their roles and functions		11 June 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-016	Announcement on resolutions of the 8th meeting of the 9th session of the Board of Directors	China Securities Journal, The Shanghai Securities News	15 June 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-017	Announcement on resignation of directors and general manager and nomination of directors and appointment of general manager	China Securities Journal, The Shanghai Securities News	15 June 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement - Change of employee representative supervisor		17 June 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-018	Announcement on Change of employee representative supervisor	China Securities Journal, The Shanghai Securities News	18 June 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement - (1) Resignation of director and executive deputy general manager; and (2) Nomination of candidate for new director		21 June 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement -List of directors and their roles and functions		21 June 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-019	Announcement on resolutions of the 9th meeting of the 9th session of the Board of Directors (interim)	China Securities Journal, The Shanghai Securities News	22 June 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn

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Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
Lin 2021-020	Announcement on resignation of directors and deputy general manager and nomination of new director candidates	China Securities Journal, The Shanghai Securities News	22 June 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement - Notice of the 2021 first extraordinary general meeting		25 June 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement - Continuing connected transactions: grouting work contracts		25 June 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement - Continuing connected transactions: asphalt pavement maintenance work contracts		25 June 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-021	Notice of the 2021 first extraordinary general meeting	China Securities Journal, The Shanghai Securities News	26 June 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement - Continuing connected transactions: pavement preventive maintenance work contracts		8 July 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement -Adjustment to terms of fund partnership and establishment of phase II fund partnership		9 July 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-022	Announcement on the progress of participating in the investment and establishment of the phase II of Anhui Transportation Jinshi Equity Investment Fund	China Securities Journal, The Shanghai Securities News	10 July 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-023	Announcement of implementation of 2020 dividend distribution plan	China Securities Journal, The Shanghai Securities News	14 July 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement - Voting results of the 2021 first extraordinary general meeting held on 16 July 2021 and appointment of directors and member of the board committees		16 July 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement - List of directors and their roles and functions		16 July 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement - Continuing connected transactions : entering into new network services agreements		16 July 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-024	Announcement of the resolutions of the 2021 first extraordinary general meeting	China Securities Journal, The Shanghai Securities News	17 July 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-025	Announcement on resolutions of the 10th meeting of the 9th session of the Board of Directors	China Securities Journal, The Shanghai Securities News	17 July 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn

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Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
Lin 2021-026	Announcement on the progress of acquisition of overseas asset through joint venture set up by the Company and other members of the consortium H share announcement-Date of board meeting	China Securities Journal, The Shanghai Securities News	5 August 2021 16 August 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-027	Announcement on the progress of acquisition of overseas asset through joint venture set up by the Company and other members of the consortium H share announcement - Announcement of interim results for the six months ended 30 June 2021	China Securities Journal, The Shanghai Securities News	23 August 2021 29 August 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-028	Announcement on resolutions of the 11th meeting of the 9th session of the Board of Directors H share announcement - Continuing connected transactions: maintenance general contracting contracts	China Securities Journal, The Shanghai Securities News	30 August 2021 17 September 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-029	Announcement on completion of registration of Anhui transportation Jinshi Equity Investment Fund as a private investment fund H share announcement - Major and connected transaction: acquisition of interest in a company operating a bridge and an expressway in Anhui Province, the PRC	China Securities Journal, The Shanghai Securities News	29 September 2021 14 October 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-030	Announcement on resolutions of the 12th meeting of the 9th session of the Board of Directors	China Securities Journal, The Shanghai Securities News	15 October 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-031	Announcement on the acquisition of 100% equity interest in Anhui Anqing Yangtze River Expressway Bridge Co. Ltd.	China Securities Journal, The Shanghai Securities News	15 October 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-032	Announcement on resolutions of the 10th meeting of the 9th session of the Supervisory Committee	China Securities Journal, The Shanghai Securities News	15 October 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-033	Supplementary announcement on the acquisition of 100% equity interest in Anhui Anqing Yangtze River Expressway Bridge Co. Ltd. and related claims and connected transactions H share announcement-Date of board meeting	China Securities Journal, The Shanghai Securities News	16 October 2021 18 October 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-034	Preliminary announcement of the investor Debriefing on the acquisition of 100% equity interest in Anhui Anqing Yangtze River Expressway Bridge Co. Ltd. and related claims	China Securities Journal, The Shanghai Securities News	20 October 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn

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Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
Lin 2021-035	Announcement on the investor briefing on the acquisition of 100% equity interest in Anhui Anqing Yangtze River Expressway Bridge Co. Ltd. and related claims	China Securities Journal, The Shanghai Securities News	22 October 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement- Continuing connected transactions: design and construction general contracting agreements		28 October 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-036	Announcement on resolutions of the 13th meeting of the 9th session of the Board of Directors	China Securities Journal, The Shanghai Securities News	29 October 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-037	Related transaction announcement about service area upgrade and transformation project	China Securities Journal, The Shanghai Securities News	29 October 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-038	Announcement on the shareholders return plan of Anhui Expressway Company Limited (2021-2023)	China Securities Journal, The Shanghai Securities News	19 November 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement - Notice of extraordinary general meeting		30 November 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-039	Notice of the 2021 second extraordinary general meeting	China Securities Journal, The Shanghai Securities News	1 December 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-040	Announcement on winning of the project tender by a holding subsidiary	China Securities Journal, The Shanghai Securities News	4 December 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement - Voting results at the extraordinary general meeting held on 20 December 2021		20 December 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-041	Announcement of the resolutions of the 2021 second extraordinary general meeting	China Securities Journal, The Shanghai Securities News	21 December 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement - Completion of major and connected transaction		28 December 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement - Continuing connected transaction pursuant to rule 14A.60 of the Listing Rules		29 December 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Appendix

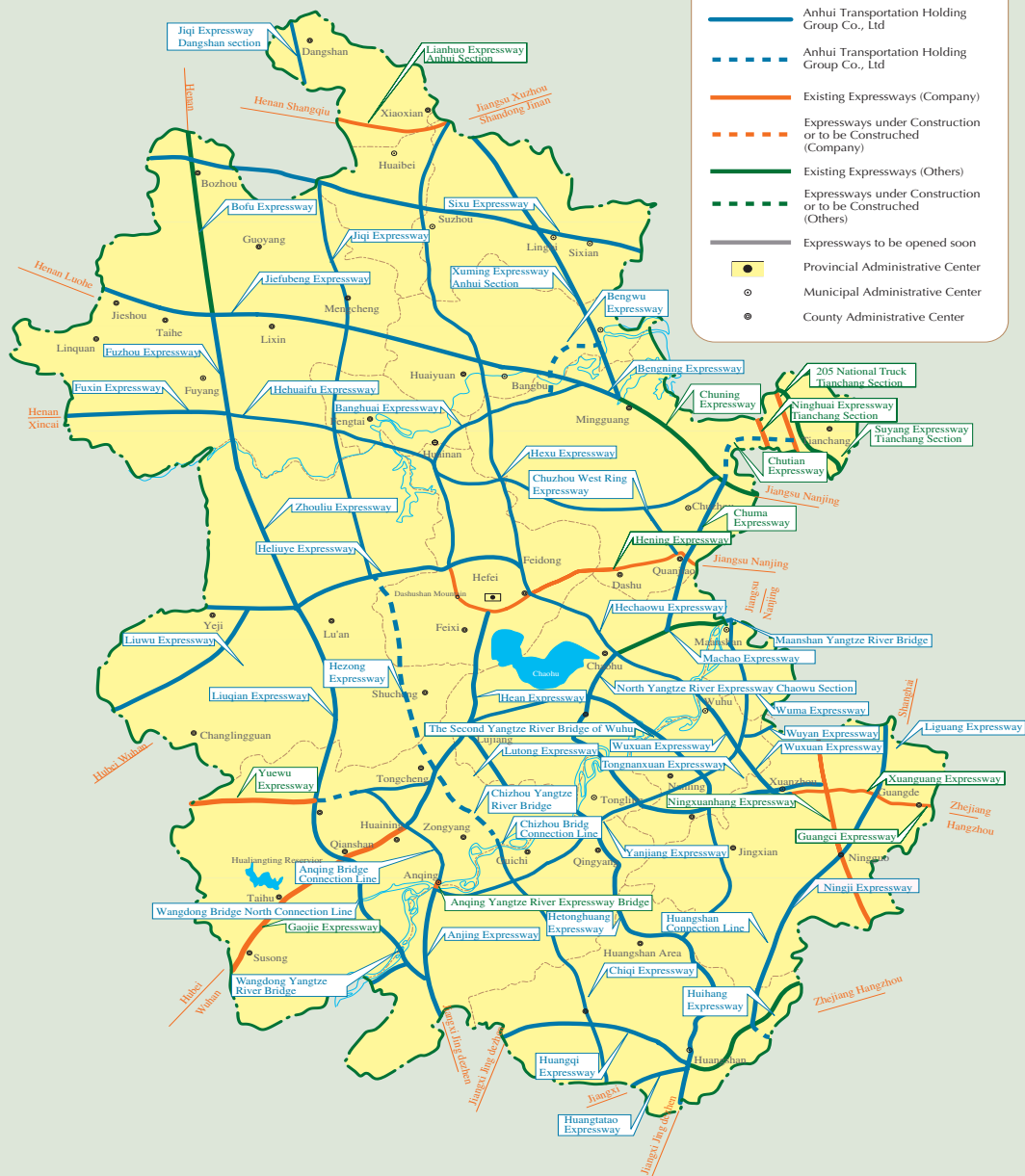
Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
Lin 2021-042	Announcement on progress of the acquisition of 100% equity interest in Anhui Anqing Yangtze River Expressway Bridge Co. Ltd. and related claims	China Securities Journal, The Shanghai Securities News	29 December 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H share announcement -Discloseable and connected transaction - formation of a joint venture company and capital contribution		31 December 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement - Continuing connected transaction: lease of operating rights of gas stations		31 December 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H share announcement -Continuing connected transactions: entering into new network services agreements		31 December 2021	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Lin 2021-043	Announcement on resolutions of the 15th meeting of the 9th session of the Board of Directors	China Securities Journal, The Shanghai Securities News	1 January 2022	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-044	Announcement on connected transactions in relation to the joint establishment of a joint venture by a holding company and a controlling shareholder of the Company	China Securities Journal, The Shanghai Securities News	1 January 2022	Website of The Shanghai Stock Exchange: www.sse.com.cn
Lin 2021-045	Announcement of increased investment in a holding subsidiary of Anhui Expressway and connected transactions	China Securities Journal, The Shanghai Securities News	1 January 2022	Website of The Shanghai Stock Exchange: www.sse.com.cn

National Trunk Highways



Appendix

The Map of the Highway Network of Anhui Province





Anhui Expressway Company Limited