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**安徽皖通高速公路股份有限公司**

**ANHUI EXPRESSWAY COMPANY LIMITED**

*(incorporated in the People's Republic of China with limited liability as a joint stock company)*

**(Stock Code: 995)**

## **2020 ANNUAL RESULTS ANNOUNCEMENT**

The board of directors (the “Board”) of Anhui Expressway Company Limited (the “Company”) is pleased to present the audited results of the Company and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2020 (the “Reporting Period”) prepared in accordance with Hong Kong Financial Reporting Standards, together with the comparative figures of 2019. They are as follows. The audit committee of the Company has reviewed the annual results for the financial year 2020:

# I. FINANCIAL HIGHLIGHTS

*(All amounts in Renminbi thousand unless otherwise stated)*

## Consolidated income statement

### For the year ended 31 December 2020

*(All amounts in Renminbi thousand unless otherwise stated)*

	Year ended 31 December	
	2020	2019
<b>Revenue</b>	<b>2,714,269</b>	4,640,431
Cost of sales	<u>(1,408,077)</u>	<u>(3,000,344)</u>
<b>Gross profit</b>	<b>1,306,192</b>	1,640,087
Other income and gains – net	<b>162,485</b>	121,910
Administrative expenses	<b>(102,616)</b>	(99,471)
Net impairment reversal on financial assets	<u><b>814</b></u>	<u>2,838</u>
<b>Operating profit</b>	<b>1,366,875</b>	1,665,364
Finance costs	<b>(119,343)</b>	(118,832)
Share of (loss)/profit of associates	<u><b>(1,560)</b></u>	<u>3,610</u>
<b>Profit before income tax</b>	<b>1,245,972</b>	1,550,142
Income tax expenses	<u><b>(382,162)</b></u>	<u>(498,180)</u>
<b>Profit for the year</b>	<u><b>863,810</b></u>	<u>1,051,962</u>
<b>Attributable to:</b>		
Owners of the Company	<b>916,104</b>	1,089,855
Non-controlling interests	<u><b>(52,294)</b></u>	<u>(37,893)</u>
	<u><b>863,810</b></u>	<u>1,051,962</u>
Basic and diluted earnings per share (expressed in RMB per share)	<u><b>0.5523</b></u>	<u>0.6571</u>

**Consolidated statement of comprehensive income****For the year ended 31 December 2020**

(All amounts in Renminbi thousand unless otherwise stated)

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
<b>Profit for the year</b>	<b>863,810</b>	<b>1,051,962</b>
<b>Other comprehensive income/(loss):</b>		
<i>Items that will not be reclassified</i>		
<i>subsequently to profit or loss</i>		
Change in value of financial assets at FVOCI, net of tax	<u>1,534</u>	<u>(15,577)</u>
<b>Total comprehensive income for the year</b>	<b><u>865,344</u></b>	<b><u>1,036,385</u></b>
<b>Attributable to:</b>		
Owners of the Company	<b>917,638</b>	<b>1,074,278</b>
Non-controlling interests	<b><u>(52,294)</u></b>	<b><u>(37,893)</u></b>
	<b><u>865,344</u></b>	<b><u>1,036,385</u></b>

**Consolidated balance sheet****As at 31 December 2020**

(All amounts in Renminbi thousand unless otherwise stated)

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Concession intangible assets	<b>10,617,626</b>	11,219,787
Right-of-use assets	<b>7,571</b>	8,334
Property, plant and equipment	<b>1,164,810</b>	1,126,224
Investment properties	<b>396,056</b>	381,919
Intangible assets	<b>2,068</b>	3,812
Investment in associates	<b>136,982</b>	135,542
Deferred income tax assets	<b>19,387</b>	34,686
Financial assets at fair value through profit or loss ("financial assets at FVPL")	<b>259,326</b>	–
Financial assets at fair value through other comprehensive income ("financial assets at FVOCI")	<b>118,326</b>	315,531
	<b>12,722,152</b>	13,225,835
<b>Current assets</b>		
Inventories	<b>6,160</b>	5,678
Other current assets	<b>4,666</b>	3,213
Receivables and prepayments	<b>159,438</b>	206,163
Financial assets at FVPL	<b>1,104,490</b>	422,317
Time deposits with original maturity over three months	<b>321,683</b>	201,792
Cash and cash equivalents	<b>1,967,754</b>	1,905,261
	<b>3,564,191</b>	2,744,424
<b>Total assets</b>	<b>16,286,343</b>	15,970,259

**Consolidated balance sheet (Continued)****As at 31 December 2020**

(All amounts in Renminbi thousand unless otherwise stated)

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Ordinary share capital	<b>1,658,610</b>	1,658,610
Share premium	<b>1,415,593</b>	1,415,593
Other reserves	<b>35,952</b>	35,040
Retained earnings	<b>8,204,302</b>	7,669,056
	<b>11,314,457</b>	10,778,299
<b>Non-controlling interests</b>	<b>637,193</b>	831,105
<b>Total equity</b>	<b>11,951,650</b>	11,609,404
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term payables	<b>522,905</b>	392,500
Borrowings	<b>1,641,975</b>	1,812,698
Deferred income tax liabilities	<b>20,960</b>	25,747
Deferred income	<b>24,486</b>	26,409
	<b>2,210,326</b>	2,257,354
<b>Current liabilities</b>		
Trade and other payables	<b>1,244,863</b>	1,611,403
Current income tax liabilities	<b>256,810</b>	157,785
Provision	<b>35,219</b>	39,114
Borrowings	<b>587,475</b>	295,199
	<b>2,124,367</b>	2,103,501
<b>Total liabilities</b>	<b>4,334,693</b>	4,360,855
<b>Total equity and liabilities</b>	<b>16,286,343</b>	15,970,259

## Notes:

### 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.

#### 1.1 Changes in accounting policies and disclosures

*(a) New amendments and interpretation of HKFRSs effective in 2020 adopted by the Group*

The following new amendments and interpretation of HKFRSs have been adopted by the Group for the first time for its financial year beginning on 1 January 2020:

- Amendments to HKAS 1 and HKAS 8 regarding definition of material
- Amendments to HKFRS 3 regarding definition of a business
- Amendments to HKFRS 7, HKFRS 9 and HKAS 39 regarding hedge accounting
- Revised Conceptual Framework for Financial Reporting

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

***(b) New standard and amendments of HKFRSs issued but are not yet effective for the financial year beginning on 1 January 2020 and have not been early adopted by the Group***

A number of new standard and amendments of HKFRSs which are relevant to the Group's operations are effective for the financial year beginning after 1 January 2020 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:

- Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 regarding interest rate benchmark reform – phase 2, effective for annual accounting periods beginning on or after 1 January 2021
- Annual Improvements to HKFRSs 2018–2020, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKFRS 3, HKAS 16 and HKAS 37 regarding narrow-scope amendments, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKFRS 16 regarding Covid-19-related rent concessions, effective for annual accounting periods beginning on or after 1 June 2020
- Amendments to AG 5 “Merger Accounting for Common Control Combinations”, 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
- HKFRS 17 “Insurance Contracts” and amendments to HKFRS 17, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HK Int 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

- 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

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 REVENUE

	Year ended 31 December	
	2020	2019
Toll income from toll roads operation	<b>2,411,624</b>	2,752,083
Service income from management of toll roads	<b>131,709</b>	119,944
Revenue from construction or upgrade work under Service		
Concessions	<b>81,737</b>	1,694,008
Rental income	<b>54,518</b>	51,107
– from toll gas stations (a)	<b>29,436</b>	23,534
– from toll road service sectors (b)	<b>9,076</b>	10,726
– from other investment properties	<b>16,006</b>	16,847
Service income from roads emergency assistance	<b>25,907</b>	15,026
Interest income from pawn loans to customers	<b>5,981</b>	4,226
Others	<b>2,793</b>	4,037
	<b>2,714,269</b>	4,640,431

- (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 Anhui Transportation Holding Group Co, Ltd.\*, (“安徽省交通控股集團有限公司”, “ATHC”) the Company’s gas stations were leased to AEPC with annual rental fee of RMB25,890 thousand. The lease period will expire on 31 March 2021.

Pursuant to a lease agreement with AEPC, Ningxuanhang Company’s gas station was leased to AEPC with annual rental fee of RMB1,207 thousand. The lease period expired on 31 December 2020.

- (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 RMB8,963 thousand starting from year 2020, which will increase by 2% each year. The lease period was from 1 January 2020 to 30 April 2022.



Pursuant to a lease agreement with YTMC, Guangci Company's toll road service sectors were leased to YTMC with annual rental fee of RMB1,800 thousand. The lease period was from 1 August 2009 to 20 July 2029.

Pursuant to a lease agreement with YTMC, Ningxuanhang Company's toll road service sectors was leased to YTMC. The lease period was from 1 January 2018 to 31 December 2020.

### 3 FINANCE COSTS

	Year ended 31 December	
	2020	2019
Interest expenses	119,343	125,903
Including: amortisation of long-term payables	10,477	18,222
Less: capitalised interest expenses	—	(7,071)
	<u>119,343</u>	<u>118,832</u>

### 4 TAXATION

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

	Year ended 31 December	
	2020	2019
Current taxation – CIT (a)	372,161	455,764
Deferred taxation charged to the consolidated income statement	<u>10,001</u>	<u>42,416</u>
	<u>382,162</u>	<u>498,180</u>

#### (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 in 2021 rate is 5%. The Company will fulfill the obligation of WHT in 2021 for dividends related to 2020 which will be paid to foreign shareholders.

**(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:**

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
Profit before income tax	<b>1,245,972</b>	1,550,142
Tax calculated at domestic tax rates applicable to profits in the respective countries	<b>311,493</b>	387,536
Expenses not deductible for tax purpose	<b>935</b>	157
Income not subject to income tax	<b>(5,297)</b>	(9,578)
Tax adjustment made after tax filing by tax bureau	<b>560</b>	244
Deductible temporary differences not recognised as deferred tax assets during the year	<b>96</b>	1,558
Utilisation of previously unrecognised deductible temporary differences	<b>(16,387)</b>	(6,558)
Tax losses and deductible temporary differences not recognised as deferred income tax assets during the year	<b>99,927</b>	133,986
Others	<b>(9,165)</b>	(9,165)
Tax charges	<b>382,162</b>	498,180

## 5 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	
	2020	2019
Profit attributable to equity holders of the Company	916,104	1,089,855
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	<u>0.5523</u>	<u>0.6571</u>

## 6 DIVIDENDS

The dividends paid during the years ended 31 December 2020 and 2019 were RMB381,480 thousand (RMB0.23 per share) and RMB414,653 thousand (RMB0.25 per share) respectively. A final dividend in respect of 2020 of RMB0.23 per share, amounting to a total dividend of RMB381,480 thousand was proposed at the Board meeting on 26 March 2021. These consolidated financial statements do not reflect this proposed final dividend payable and the amount of which are as below:

	Year ended 31 December	
	2020	2019
Proposed final dividend of RMB0.23 (2019: RMB0.23) per ordinary share	<u>381,480</u>	<u>381,480</u>

## 7 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 2020 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 2020, the retained earnings in the Company's financial statements prepared in accordance with HKFRSs amounted to RMB8,204,302 thousand, which was lower than the retained earnings reflected in the Company's statutory financial statements.

## **8 COMMITMENTS**

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

	<b>As at 31 December</b>	
	<b>2020</b>	2019
Contracted but not provided for		
– Concession intangible assets	<b>146,588</b>	–
– Property, plant and equipment	<b>56,016</b>	90,875
	<b>202,604</b>	90,875

## 9 RECEIVABLES AND PREPAYMENTS

	As at 31 December 2020	2019
Other receivables		
– Toll roads income receivable (a)	57,717	75,667
– Pawn loans to customers (b)	55,380	142,398
– Receivables for construction	30,051	30,051
– Receivables from disposal of property, plant and equipment	9,498	–
– Interest receivable	2,365	6,697
– Dividends receivable	–	34,663
– Others	37,240	16,272
	<u>192,251</u>	305,748
Less: Provision for impairment of pawn loans (b)	(31,949)	(97,690)
Provision for impairment of others (c)	(2,121)	(2,742)
	<u>158,181</u>	205,316
Prepayments		
– Prepaid expenses	1,257	847
	<u>159,438</u>	206,163

The ageing analysis of the other receivables were as follows:

	As at 31 December 2020	2019
Within 1 year	112,084	157,544
Between 1 and 2 years	3,078	2,253
Between 2 and 3 years	760	30,652
Over 3 years	76,329	115,299
	<u>192,251</u>	305,748

- (a) As at 31 December 2020, toll roads income receivables mainly represented receivable from Anhui Expressway Network Operations Co, Ltd.\*, (“安徽省高速聯網運營有限公司”, “AENO”) of RMB55,300 thousand (31 December 2019: RMB73,863 thousand) for uncollected toll roads income.

**(b) Pawn loans to customers**

At 31 December 2020 and 2019, the analysis of pawn loans to customers is as follows:

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
Pawn loans to customers		
– Principal	<b>55,380</b>	142,398
– Interest	<u>–</u>	<u>–</u>
	<b>55,380</b>	142,398
Less: Impairment allowances	<u><b>(31,949)</b></u>	<u>(97,690)</u>
Pawn loans to customers, net	<u><b>23,431</b></u>	<u>44,708</u>

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 15.00% for the year ended 31 December 2020 (2019: 10.80% 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:

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
Beginning of the year	<b>(97,690)</b>	(123,864)
Impairment loss reversed	<b>1,605</b>	3,174
Pawn loans written-off as uncollectible	<u><b>64,136</b></u>	<u>23,000</u>
End of the year	<u><b>(31,949)</b></u>	<u>(97,690)</u>

**(c) Reconciliation of provision account for loss on other receivables is as follows:**

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
Beginning of the year	<b>(2,742)</b>	(2,692)
Impairment loss recognised	<b>(791)</b>	(336)
Other receivables written-off as uncollectible	<u><b>1,412</b></u>	<u>286</u>
End of the year	<u><b>(2,121)</b></u>	<u>(2,742)</u>

As at 31 December 2020 and 2019, all other receivables balances were denominated in RMB.

As at 31 December 2020 and 2019, the fair values of the other receivables of the Group approximated their carrying amounts.

## **II. FINAL DIVIDEND**

The Board proposes to declare a final dividend of RMB0.23 per share (taxation included) for the year ended 31 December 2020 to all shareholders.

The final dividend is subject to the approval of shareholders at the 2020 annual general meeting and will be distributed on or before 21 July 2021.

## **III. CLOSURE OF REGISTER OF HOLDERS OF H SHARE**

In order to ascertain the shareholders eligible to attend the 2020 annual general meeting (“AGM”), the register of the holders of H shares of the Company will be closed from 17 May 2021 (Monday) to 21 May 2021 (Friday) (both days inclusive), during which period no transfer of H shares of the Company will be registered. In order for the holders of H shares to qualify for attending the AGM, all share certificates with completed transfer forms must be lodged with the Company’s H share registrar, Hong Kong Registrars Limited, at Shop 1712-1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on 14 May 2021 (Friday).

The register of the holders of H shares of the Company will also be closed from 28 May 2021 (Friday) to 4 June 2021 (Friday) (both days inclusive), during which period no transfer of H shares of the Company will be registered. Dividends for H shares will be paid to the holders of H shares whose names are on the register of member on 4 June 2021 (Friday). If the resolution regarding the Company’s 2020 profit appropriation plan is passed at the AGM, the dividends shall be distributed in Hong Kong Dollar at the average closing price of the exchange rate of RMB against Hong Kong Dollar announced by The People’s Bank of China 5 working days prior to the AGM, and the cheque for the dividends shall be mailed to holders of H shares on or before 21 July 2021. In order for the holders of H shares to be entitled to receive the dividends for the year, all share certificates with completed transfer forms must be lodged with the Company’s H share registrar, Hong Kong Registrars Limited, at Shop 1712-1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on 27 May 2021 (Thursday). The details regarding the registration date for holders of A shares and the method and time of distribution of the dividends shall be announced separately.

## IV. BUSINESS REVIEW

(The figures below were computed in accordance with the PRC Accounting Standards unless otherwise stated.)

### (I) Results summary (In accordance with the PRC Accounting Standards)

During the Reporting Period, the Group achieved an operating income of RMB2,632,532 thousand (2019: RMB2,946,421 thousand), representing a decrease of 10.65% over the corresponding period of the previous year; total profit of RMB1,248,994 thousand (2019: RMB1,560,167 thousand), representing a decrease of 19.94% over the corresponding period of the previous year; net profit attributable to shareholders of the Company of RMB918,480 thousand (2019: RMB1,097,546 thousand), representing a decrease of 16.32% over the corresponding period of the previous year; basic earnings per share of RMB0.5538 (2019: RMB0.6617), representing a decrease of 16.32% over the corresponding period of the previous year.

*(Unit: yuan Currency: RMB)*

Principal businesses in terms of industries						
In terms of industries	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year)
Toll highway business	2,442,389,999.93	1,176,808,490.66	51.82	-12.15	1.27	A decrease of 6.39 percent point
Pawn business	5,980,597.40	0.00	N/A	41.52	N/A	N/A



Principal businesses in terms of products						
In terms of products	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year)
Hening Expressway	840,161,763.14	392,521,259.11	53.28	1.01	12.06	A decrease of 4.61 percent point
New Tianchang Section of National Trunk 205	70,117,996.26	41,741,969.99	40.47	-15.50	0.42	A decrease of 9.44 percent point
Gaojie Expressway	592,407,449.63	162,022,460.74	72.65	-16.16	-7.84	A decrease of 2.47 percent point
Xuanguang Expressway	452,472,953.60	150,651,034.25	66.70	-14.86	-7.39	A decrease of 2.69 percent point
Lianhuo Expressway Anhui Section	204,447,188.27	119,649,708.83	41.48	-28.31	-8.03	A decrease of 12.90 percent point
Ninghuai Expressway Tianchang Section	89,378,360.97	36,256,133.63	59.44	-15.68	1.17	A decrease of 6.75 percent point
Guangci Expressway	93,869,444.57	20,835,595.10	77.80	-12.59	9.43	A decrease of 4.47 percent point
Ningxuanhang Expressway	99,534,843.49	253,130,229.01	-154.31	-22.81	2.59	A decrease of 62.95 percent point
Wantong Pawn	5,980,597.40	0.00	N/A	41.52	N/A	N/A
Total	2,448,370,597.33	1,176,808,490.66	51.94	-12.07	1.27	A decrease of 6.33 percent point

Principal businesses in terms of regions						
In terms of regions	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year)
Anhui Province	2,448,370,597.33	1,176,808,490.66	51.94	-12.07	1.27	A decrease of 6.33 percent point

## **(II) Operations of toll highways**

In the first half of 2020, the COVID-19 epidemic had a significant impact on the production and operation activities of the Group. According to the national requirements, the toll-free policy for small passenger vehicles continued to be implemented during the Chinese New Year holidays. The toll-free period for small passenger cars was extended for a total of 16 days from 24 January to 24:00 on 8 February 2020. Due to the need for containment of the COVID-19 disease, the Ministry of Transport further required that from 0:00 midnight on 17 February 2020 to the end of containment measures (0:00 midnight on 6 May), all vehicles legally passing tolled roads are exempted from tolls, with the toll-free period totaling 79 days. In addition, the implementation of new toll calculation method and standard and the increase in the number of ETC users entitled to enjoy a discount of toll fees since 2020 both caused some impact on the toll revenue of each project of the Group. With the orderly recovery of the economy in the second half of 2020, the toll income of all the expressways operated by the Group for the second half of 2020 recorded an increase as compared with the corresponding period last year.

During the Reporting Period, the Group achieved a toll income of RMB2,411,624 thousand (after-tax) in total (2019: RMB2,752,083 thousand), representing a decrease of 12.37% over the corresponding period of the previous year.

Economic development, policy exemption and effect of road networks remain the principal factors affecting the Group's toll income.

In 2020, China's gross domestic product ("GDP") amounted to RMB101,598.6 billion, representing an increase of 2.3% year on year in comparable price. Anhui province's GDP in 2020 amounted to RMB3,868.06 billion, representing an increase of 3.9% year on year in comparable price.

In addition, 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 continuously 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 31 December 2020, with the agreement of the provincial government, the Anhui Provincial Transport Department, Anhui Provincial Development and Reform Commission and Anhui Provincial Finance Department issued the "Notice on Relevant Matters of Toll Rates of Toll Roads in Anhui Province" (Wan Jiao Lu [2020] No. 162) (《關於我省收費公路車輛通行費有關事項的通知》(皖交路[2020]162號)), which became effective from 1 January 2021. The term for the preferential policy whereby trucks with Anhui transportation cards could enjoy 15% discount on toll is temporarily extended for another three years (from 1 January 2021 to 31 December 2023).

During the Reporting Period, with various policies and measures of exemption being implemented continuously, the amounts of exemption totaled RMB433 million in addition to the toll reduction caused by the epidemic, of which:

The amount of exemption in Green Channel was about RMB129 million with over 274.1 thousand vehicles being exempted;

The amount of exemption on holidays was RMB98 million with over 2,279.1 thousand vehicles being exempted;

The amount of ETC discounts for the year is approximately RMB200 million. Among them, the amount of preferential reduction and exemption of Anhui transportation card for trucks was RMB118 million, accounting for 59% of the total amount of preferential reduction and exemption of ETC; Other amounts of exemption amounted to approximately RMB6 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.

Details of the operation of toll highways in 2020 were as follows:

Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2020	2019	Change (%)	2020	2019	Change (%)
Hening Expressway	100%	32,100	24,308	32.06%	849,170	843,864	0.63%
New Tianchang Section of National Trunk 205	100%	6,989	6,921	0.98%	73,624	87,128	-15.50%
Gaojie Expressway	100%	20,438	18,053	13.21%	599,183	716,249	-16.34%
Xuanguang Expressway	55.47%	27,767	26,221	5.90%	466,047	547,359	-14.86%
Lianhuo Expressway Anhui Section	100%	18,169	16,523	9.96%	208,378	291,486	-28.51%
Ninghuai Expressway Tianchang Section	100%	41,415	35,822	15.61%	89,766	106,802	-15.95%
Guangci Expressway	55.47%	32,766	29,584	10.76%	96,686	110,610	-12.59%
Ningxuanhang Expressway	51%	4,913	4,988	-1.50%	102,521	132,748	-22.77%

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per kilometer per day (RMB)		
		2020	2019	2020	2019	Change (%)
Hening Expressway	100%	<b>71:29</b>	75:25	<b>22,080</b>	17,253	27.98%
New Tianchang Section of National Trunk 205	100%	<b>30:70</b>	22:78	<b>8,551</b>	7,957	7.47%
Gaojie Expressway	100%	<b>53:47</b>	58:42	<b>18,979</b>	17,839	6.39%
Xuanguang Expressway	55.47%	<b>67:33</b>	73:27	<b>19,331</b>	17,853	8.28%
Lianhuo Expressway Anhui Section	100%	<b>66:34</b>	67:33	<b>13,445</b>	14,789	-9.09%
Ninghuai Expressway Tianchang Section	100%	<b>81:19</b>	83:17	<b>22,341</b>	20,901	6.89%
Guangci Expressway	55.47%	<b>68:32</b>	76:24	<b>24,063</b>	21,646	11.17%
Ningxuanhang Expressway	51%	<b>71:29</b>	76:24	<b>3,053</b>	3,114	-1.96%

*Notes:*

1. The converted average daily traffic volumes for entire journey does not include the data of small passenger cars in non-ETC lanes during the free period of them in 2020 (except for the Ninghuai Expressway Tianchang Section and the New Tianchang Section of National Trunk 205) and all the data of small passenger cars that are exempt from traffic for 79 days from 0:00 on 17 February 2020 to 24:00 on 5 May 2020.
2. The traffic data mentioned above is provided by AENO. In 2020, freight cars will be charged according to models instead of by weight, and the change of road network charging method caused a certain difference in the statistical model of traffic volume compared with last year, which is only for investors' reference.
3. The toll income data above are tax included.

### ***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, part of the vehicles going to Nanjing and surrounding cities selected to travel via Hening Expressway again. Since the resumption of collection of toll fees, the work and production have resumed in a larger scale and at a quicker speed in Hefei than those in the neighboring cities. The continuing recovery of local economy has stimulated the recovery of passenger transport, logistics and other sectors closely related to the transportation. Due to the effect from this factor, the toll revenue from Hening Expressway increased by 0.63% year on year.

### ***Tianchang Section of Ninghuai Expressway***

During the Reporting Period, with the opening of new road sections in Jiangsu Province, and the improvement of road network structure, the convenience and effectiveness for vehicles driving on the expressway attracted vehicles to travel via expressways, with particularly significant growth in long-distance vehicles; due to the preferential policy of differentiated charging for trucks implemented for networked expressways in Jiangsu that trucks with more than six axles are charged with reference to the charging standards for Type 6 trucks, some trucks were attracted to choose to pass through Ninghuai Expressway. The year-on-year growth rate of the cross-section truck traffic volume was relatively high in the second half of the year.

### ***New Tianchang Section of National Trunk 205***

The height-restricted gantry of County Road 101 running alongside the National Trunk 205 was damaged multiple times, some large trucks chose to travel via the county road; the Provincial Highway 204 running alongside the National Trunk 205 has been fully opened in December 2020, resulting the diversion of part of vehicles, which had a certain impact on the toll revenue of Tianchang Section of National Trunk 205.

### ***Anhui Section of Lianhuo Expressway***

The Xiao County Section of National Trunk 310 and National Trunk 311 opened to traffic at the end of 2019 upon completion of vast maintenance thereof, and the East Station of Lianhuo Expressway Xiao County Section was closed for renovation and expansion in the third quarter of 2020, vehicles previously travelled through the section chose to travel via other routes, resulting in diversion effect on some large trucks and passenger vehicles on the section.

### ***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. With the orderly resumption of work in the second half of 2020, traveling needs recovered quickly. The section connected with He'an Expressway in the northern end, and benefited in some degree from the effect of completion of the 「four-lane to eight-lane」 construction work in Fangxing Avenue-Mayan Section of He'an Expressway at the end of 2019.

### ***Xuanguang Expressway and Guangci Expressway***

In the second half of 2020, due to the sub-period control over the vehicles passing via National Trunk 235 by the traffic police and road administration, some trucks chose to pass via Xuanguang Expressway and Guangci Expressway; after the normalization of COVID-19 pandemic control and prevention, self-driving tour by those enjoying two-days weekend in Jiangsu, Zhejiang, Shanghai and Anhui became popular, which drove the growth in traffic flow of passenger vehicles and toll.

### ***Ningxuanhang Expressway***

As affected by the continuous precipitation in the third quarter, there was serious seep on the parallel Provincial Trunk, and as a result vehicles could only choose to pass via expressway, resulting in the rapid growth in the traffic flow of trucks on Xuanli Section of Ningxuanhang Expressway; in the second half of 2020, constructions and maintenance works were conducted successively on diversifying National Trunks, which led to some vehicles detouring via Ningxuanhang Expressway, driving a certain increase in the revenue from Xuanning Section and Ningqian Section.

## **(III) General achievements of the pawn business**

In June 2012, the Company and Hefei Huatai Group Corporation Limited\* (合肥華泰集團股份有限公司) (“Huatai Group”) jointly set up Hefei Wantong Pawn Company Limited\* (合肥皖通典當有限公司) (“Wantong Pawn”), 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. In 2020, the shareholder was changed from Huatai Group to Anhui Huarui Packaging Co., Ltd., and the investment amount and proportion remain unchanged.

During the Reporting Period, while grasping the clearance work of bad projects, Wantong Pawn steadily promoted the personal real estate mortgage business, receiving a total of RMB4,689 thousand of settlement related funds, and actually granted 18 loans under the personal real estate mortgage business with a total amount of RMB17,340 thousand. Interests for all those new loans granted at present are paid on time and there is no significant risk signal.

During the Reporting Period, Wantong Pawn reversed RMB3,614 thousand of the provision for impairment of the previous year and wrote off RMB65,547.1 thousand of it, and the accumulated provision reached RMB32,749 thousand (2019: RMB100 million); During the Reporting Period, Wantong Pawn achieved an operating income of RMB5,980.6 thousand, the net profit was RMB3,648.3 thousand, and achieved an increase of RMB719.6 thousand in profit year on year.

#### (IV) Analysis of main shares holding companies and joint stock companies

*Unit: RMB '000*

Name of company	Equity capital the Group possesses	Registered Capital	31 December 2020		2020		Main business
			Total assets	Net assets	Revenue	Net profit	
Xuanguang Company	55.47%	111,760	874,588	635,032	480,515	198,775	The construction, management and operation of Xuanguang Expressway
Ningxuanhang Company	51%	300,000	4,440,559	478,120	127,779	-340,295	Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service
Guangci Company	55.47%	56,800	265,040	246,998	95,584	55,373	The construction, management and operation of Guangci Expressway
Expressway Media	38%	50,000	440,841	343,540	128,496	54,752	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	3,323,102	2,683,622	204,839	140,933	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	2,240,670	1,275,436	573,993	194,670	Internet financial services, network information services, pawn business, etc.

Name of company	Equity capital the Group possesses	Registered Capital	31 December 2020		2020		Main business
			Total assets	Net assets	Revenue	Net profit	
Wantong Pawn	71.43%	157,500	82,709	76,719	5,981	3,648	Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service
Wantong MicroCredit	10%	150,000	119,842	117,446	7,059	2,419	Distributing petty loans, small size enterprises management consulting and financial advisory
AEHK	100%	1,817	1,817	1,721	0	-156	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
Anhui Transportation China Merchants Industrial Fund	6.64%	3,000,000	1,862,301	1,837,547	365,248	335,614	Investment in energy conservation and environmental protection in transportation services
Anhui Transportation Jinshi Merger and Acquisition Fund	6.64%	3,000,000	2,035,075	2,035,075	553,297	528,917	Equity investment, asset management, enterprise management consulting
Anhui Transportation China Merchants Investment Management Co., Ltd.	2.5%	30,000	45,385	42,255	26,142	11,018	Daily management and investment consultation of Anhui Transportation China Merchants Industrial Fund
Anhui Transportation Jinshi Fund Management Co., Ltd.	2.5%	30,000	72,561	69,550	27,974	20,485	Daily management and investment consultation of Anhui Transportation Jinshi Merger and Acquisition Fund



Name of company	Equity capital the Group possesses	Registered Capital	31 December 2020		2020		Main business
			Total assets	Net assets	Revenue	Net profit	
Anhui Transportation Information Industry Company	10%	60,000	97,723	64,374	71,731	3,878	Construction, operation and service of traffic charging system; Computer software development; Information system integration services, etc.

*Note:* Save for companies consolidated into the Group, financial data of all other companies are unaudited.

#### (V) Information on principal customers and suppliers

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

#### (VI) Investment Analysis

##### *Overall analysis of external equity investments of the Company*

During the Reporting Period, the Company had new equity investment of RMB3 million (same period of 2019: 3 million).

For the implementation of the strategic plan under the “13th Five-Year Plan” of the Company to capture the opportunities of development in the information industry, the Company planned to invest RMB6 million in capital contribution to Anhui Transportation Information Industry Co., Ltd.\* (安徽交控信息產業有限公司), which was jointly invested and established by ATHC. and its subsidiaries 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) and Anhui Expressway Network Operations Co., Ltd.\* (安徽省高速公路聯網運營有限公司), China Merchants New Intelligence Technology Company Limited\* (招商新智科技有限公司) (a subsidiary of China Merchants Expressway Network & Technology Holdings Co., Ltd.\* (招商局公路網絡科技控股股份有限公司) (“China Merchants Expressway”)) and Shanghai Lianyin Venture Capital Co., Ltd.\* (上海聯銀創投有限公司) (a subsidiary of China UnionPay), in which the Company had an equity interest of 10%. The matter was considered and passed by the twelfth meeting of the eighth session of the Board. Business registration procedures of the company was completed in June 2019. In August 2019, the Company completed the initial capital contribution of RMB3 million, in November 2020, the Company completed the second phase of capital contribution of RMB3 million.

(1) *Material equity investments*

The Company participated the investment consortium led by China Merchants Expressway to acquire 51% of the shares and shareholder loans of the Third Bridge and the Northern Motorway in Istanbul, Turkey and its operation and maintenance company. The Company would contribute US\$48,195 thousand and hold 7% of the shares of the Consortium Hong Kong SPV. As at the date of this announcement, the Company has not paid the contribution amount. For details, please refer to the Company's announcement dated 23 December 2019 and headed "Joint Announcement – Connected Transaction: Formation of Joint Venture".

(2) *Material non-equity investments*

During the Reporting Period, there were no material non-equity investments by the Group.

(3) *Financial assets measured at fair value*

*Unit: yuan Currency: RMB*

Item	Opening balance	Reclassification	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	422,316,986.30	0.00	5,720,000,000.00	5,083,177,748.44	45,351,310.09	1,104,490,547.95
Equity instruments – shares of unlisted companies						
– Xin'an Financial	75,308,679.31	0.00	0.00	0.00	0.00	75,308,679.31
– Xin'an Capital	25,222,208.79	0.00	0.00	0.00	0.00	25,222,208.79
– Wantong MicroCredit	15,000,000.00	0.00	0.00	0.00	0.00	15,000,000.00
– China Merchants Fund Management Company	375,000.00	0.00	0.00	0.00	681,374.35	1,056,374.35
– Jinshi Fund Management Company	375,000.00	0.00	0.00	0.00	1,363,756.29	1,738,756.29
– China Merchants Fund	99,625,000.00	-99,625,000.00	0.00	0.00	0.00	0.00
– Jinshi Merger and Acquisition Fund	99,625,000.00	-99,625,000.00	0.00	0.00	0.00	0.00
Other non-current financial assets - fund investments						
– China Merchants Fund	0.00	99,625,000.00	0.00	0.00	24,468,137.45	124,093,137.45
– Jinshi Merger and Acquisition Fund	0.00	99,625,000.00	0.00	0.00	35,607,902.21	135,232,902.21
Total	<u>737,847,874.40</u>	<u>0.00</u>	<u>5,720,000,000.00</u>	<u>5,083,177,748.44</u>	<u>107,472,480.39</u>	<u>1,482,142,606.35</u>

(4) *Material disposal of assets and equity interest*

During the Reporting Period, there was no material disposal of assets and equity interest by the Group.

## V. MATERIAL LITIGATION AND ARBITRATION

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

## VI. GUARANTEE

(RMB' 00,000,000)

### **Guarantees provided by the Company and its subsidiaries for its subsidiaries**

Total amount of guarantees provided for the subsidiaries by the Company during the Reporting Period	-1.15
Total balance of guarantees provided for the subsidiaries as at the end of the Reporting Period	0.45

### **Total amount of guarantees provided by the Company (including guarantees provided for its subsidiaries)**

Total guarantee amount	0.45
Total guarantee amount as a percentage of net asset value (%)	0.38

### **Including:**

Guarantee provided to shareholders and the actual controller	0
The amount of direct or indirect guarantee for guarantees with over 70% debt to asset ratio	0
The amount of guarantee that exceeds 50% of the net assets	0
Total above	0

### **Potential risk of unexpired guarantee**

Overview	The Company provided a guarantee of RMB500 million for the Company's subsidiary Ningxuanhang Company, which was approved at the 18th meeting of the 5th Session of the Board, held on 18 August 2010. As of the end of the Reporting Period, balance of guarantees provided by the Company amounted to RMB45 million.
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## VII. ENTRUSTED INVESTMENT

During the Reporting Period, there was no overall entrusted investment of the Company.

## VIII. 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	121,416.23	121,416.23	0

*Note:* 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.

## 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 there are planned entrusted loans in the future
Everbright Bank Hefei Daoxianglou Branch	Bank	1,000	18 July 2013	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	58.43	58.43	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	5,000	22 July 2013	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	292.13	292.13	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	2,500	19 August 2013	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	146.06	146.06	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	1,600	7 March 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	93.48	93.48	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	782	19 March 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	45.69	45.69	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	2,267	21 April 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	132.45	132.45	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	4,114	16 May 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	240.36	240.36	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	4,500	7 July 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	262.91	262.91	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	1,875	7 July 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	109.55	109.55	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	3,366	4 September 2014	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	6.15%	207.01	207.01	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	2,589.23	13 January 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	6.15%	159.24	159.24	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	1,887	16 April 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	6.15%	116.05	116.05	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	2,300	23 April 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	6.15%	141.45	141.45	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	199	23 April 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	6.15%	12.24	12.24	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	3,570	14 May 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.65%	201.71	201.71	Undue	Yes	No

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 there are planned entrusted loans in the future
Everbright Bank Hefei Daoxianglou Branch	Bank	4,768.5	25 June 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.65%	269.42	269.42	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	5,533.5	26 August 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.40%	298.81	298.81	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	3,315	24 September 2015	24 September 2025	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.15%	170.72	170.72	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	4,743	6 November 2015	24 September 2025	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	232.41	232.41	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	5,253	16 December 2015	24 September 2025	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	257.40	257.40	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	5,661	24 December 2015	24 September 2025	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	277.39	277.39	Undue	Yes	No
Everbright Bank Hefei Daoxianglou Branch	Bank	1,009	25 January 2016	24 September 2025	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	49.44	49.44	Undue	Yes	No
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

Trustee	Type of entrusted loans	Amount of entrusted loans	Beginning date of entrusted loans	Termination	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 there are planned entrusted loans in the future
				date of entrusted wealth management									
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
China Merchants Bank Hefei Sipailou Branch	Bank	5,000	12 December 2018	11 December 2028	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	13.61	13.61	Undue	Yes	No
China Merchants Bank Hefei Sipailou Branch	Bank	5,000	13 December 2018	11 December 2028	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	12.93	12.93	Undue	Yes	No

## **IX. PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Reporting Period, neither the Company, its subsidiaries or joint ventures has purchased, sold or redeemed any listed securities of the Company.

## **X. CORPORATE GOVERNANCE CODE**

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, the Company continued to enhance the governance system and operation procedures based on the work arrangement of the regulatory authorities and the latest regulations. During the Reporting Period, in order to further improve the corporate governance structure and the corporate governance level, according to the requirements under laws, regulations and regulatory documents such as the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies and Official Reply regarding Adjusting the Application of Provisions to Matters Including the Notice Period of Overseas Listed Companies for Convening Shareholders' Meetings, the Company made amendments to the Articles of Association, the Rules of Procedures for Shareholders' General Meeting, the Rules of Procedures of the Board and the Rules of Procedures of the Supervisory Committee after taking into account actual condition. On 29 October 2020, the amended rules were considered and approved at the third meeting of the ninth session of the Board and the third meeting of the ninth session of the supervisory committee, respectively, and came into effect upon consideration and approval at the 2020 third extraordinary general meeting of the Company on 21 December 2020.

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.



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 set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Corporate Governance Code”) were fully adopted.

The Board confirms 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 all of the members of the human resources and remuneration committee are non-executive director or independent non-executive directors, which can ensure the protection of the interests of shareholders of the Company), 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.

## **XI. AUDIT COMMITTEE**

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

As at 31 December 2020, the audit committee of the Company was comprised of Mr. Liu Hao (chairman), Mr. Du Jian and Mr. Zhang Jianping, one of them being a non-executive director and two of them being independent non-executive directors.

In the year 2020, the audit committee of the Company held 4 meetings. Details of attendance of the meetings of the audit committee are as follows:

<b>Member's name</b>	<b>Attendance at meetings (times)</b>	<b>Number of meeting during the term (times)</b>	<b>Attendance rate</b>
Liu Hao	4	4	100%
Du Jian	4	4	100%
Zhang Jianping	2	2	100%
Jiang Jun	2	2	100%

The audit committee of the Company held 4 meetings during the Reporting Period and had ample communication with the Company and the auditors. It reviewed the 2019 annual, 2020 first quarterly, interim and third quarterly financial statements of the Company. It submitted the 2019 audited report and the internal control and self-evaluation report for the Board's approval, and submitted its recommendation of re-appointing PricewaterhouseCoopers Zhong Tian LLP (A-share) and PricewaterhouseCoopers (H-share) as the audit institution in the forthcoming year for the Board's consideration. Moreover, it also reviewed and opined on the Company's expected daily connected transactions of 2021. Please refer to the 2020 Report on How the Audit Committee Discharged its Duties for details of the Audit Committee's work.

## **XII. MAJOR EVENTS DURING AND AFTER THE REPORTING PERIOD**

### **Adjustment to Calculation Method and Standard of Toll Payment**

According to the Anhui Development and Reform Commission and the Finance Department of Anhui Province jointly issued "Notice on the matters related to tolls for vehicles on toll roads in our province" (Wan Jiao Lu [2020] No. 162), Anhui's tolls will run for one year on a trial basis until the end of 2020. With the consent of the provincial government, the new standard will be 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") (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.

### **Application for Approval of Toll Collection Period of Hening Expressway**

The expansion of Hening Expressway has been completed and opened to traffic at the end of 2019. On 1 April 2020, the Company has received the “Official Reply for the Operation of the Reconstruction and Expansion of the Expressway Anhui Section from Hefei to Nanjing” (Wan Zheng Mi [2020] No.62) issued by the People’s Government of Anhui Province, which agreed that the toll collection period for the Reconstruction and Expansion of Hening Expressway Anhui Section be tentatively fixed at five years from the expiry date of toll collection period of Hening Expressway Anhui Section. The formal period for toll collection shall be determined according to assessment and relevant provisions. For details, please refer to the “Announcement in relation to the operation of the Reconstruction and Expansion of the Expressway Anhui Section from Hefei to Nanjing” (Lin 2020-010) published by the Company.

### **Toll-Free Policy During Chinese New Year Holidays and Containment of Novel Coronavirus Disease**

During the Chinese New Year holidays of 2020, toll-free policy for small passenger vehicles continued to be implemented. Due to the needs for containment of the COVID-19 disease, the toll-free period for small passenger vehicles was extended until 8 February for a total of 16 days.

On 15 February 2020, according to the requirements of the “Notice on Exemption of Toll Payment for Vehicles Using Toll Roads During the Containment Period of Novel Coronavirus Disease” (Jiao Gong Lu Ming Fa [2020] No. 62) issued by the Ministry of Transport, with effect from 00:00 midnight on 17 February 2020 until 00:00 midnight on 6 May 2020, a toll-free policy was implemented for all vehicles using toll highways according to the laws. The government will study and promulgate related supporting policies separately to coordinate and protect the legitimate interests of the users, creditors, investors and operators of the toll highways. As of the date of this announcement, the related supporting policies have not been issued. The Group will actively communicate with the transportation authorities to minimize the negative impacts of the epidemic.

Save as disclosed in this announcement, 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 announcement.

### **XIII. PROSPECTS AND OUTLOOK**

#### **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.

#### **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, highspeed 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.

#### **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.

By order of the Board  
安徽皖通高速公路股份有限公司  
**Anhui Expressway Company Limited**  
**Xiang Xiaolong**  
*Chairman*

Hefei, Anhui, the PRC  
26 March 2021

*As at the date of this announcement, the board of directors of the Company comprises: Xiang Xiaolong (Chairman), Yang Xiaoguang, Tang Jun and Xie Xinyu as executive directors, Yang Xudong and Du Jian as non-executive directors, and Liu Hao, Zhang Jianping and Fang Fang as independent non-executive directors.*

*This announcement was originally prepared in Chinese. In the event of discrepancies between the Chinese and English version, the Chinese version shall prevail.*

*\* translation for identification purpose only*