

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**Announcement of Interim Results for
the Six Months Ended 30 June 2021**

The board of directors (the “Board”) of Anhui Expressway Company Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Reporting Period”). The unaudited interim results were reviewed by the audit committee of the Company.

The unaudited condensed consolidated financial information prepared according to the Hong Kong Accounting Standards (“HKAS”) for the six months ended 30 June 2021 together with the unaudited comparative figures for the corresponding period in 2020, are as follows:

I. FINANCIAL HIGHLIGHTS

(All amounts in Renminbi thousands unless otherwise stated)

Interim condensed consolidated income statement

For the six months ended 30 June 2021

(All amounts in Renminbi thousands unless otherwise stated)

| | | Unaudited | |
|---|------|--------------------------|------------------|
| | | Six months ended 30 June | |
| | Note | 2021 | 2020 |
| Revenue | 3 | 1,720,601 | 871,025 |
| Cost of sales | | <u>(673,075)</u> | <u>(725,021)</u> |
| Gross profit | | 1,047,526 | 146,004 |
| Other income and gains – net | 12 | 78,704 | 38,769 |
| Administrative expenses | | (51,764) | (40,392) |
| Net impairment reversal on financial assets | | <u>91</u> | <u>1,171</u> |
| Operating profit | | 1,074,557 | 145,552 |
| Finance costs | 4 | (73,702) | (60,289) |
| Share of profit of associates | | <u>6,595</u> | <u>10,693</u> |
| Profit before income tax | | 1,007,450 | 95,956 |
| Income tax expenses | 5 | <u>(283,348)</u> | <u>(65,333)</u> |
| Profit for the period | | <u>724,102</u> | <u>30,623</u> |
| Attributable to: | | | |
| Owners of the Company | | 709,160 | 108,200 |
| Non-controlling interests | | <u>14,942</u> | <u>(77,577)</u> |
| | | <u>724,102</u> | <u>30,623</u> |
| Basic and diluted earnings per share | | | |
| (expressed in RMB per share) | 6 | <u>0.4276</u> | <u>0.0652</u> |

Interim condensed consolidated statement of comprehensive income
For the six months ended 30 June 2021

(All amounts in Renminbi thousands unless otherwise stated)

| | Unaudited | |
|--|---------------------------------|------------------------|
| | Six months ended 30 June | |
| | 2021 | 2020 |
| Profit for the period | 724,102 | 30,623 |
| Other comprehensive income | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | |
| Change in value of financial assets at fair value through other comprehensive income (“financial assets at FVOCI”), net of tax | <u>210</u> | <u>–</u> |
| Total comprehensive income for the period | <u>724,312</u> | <u>30,623</u> |
| Attributable to: | | |
| Owners of the Company | 709,370 | 108,200 |
| Non-controlling interests | <u>14,942</u> | <u>(77,577)</u> |
| | <u>724,312</u> | <u>30,623</u> |

Interim condensed consolidated balance sheet**As at 30 June 2021***(All amounts in Renminbi thousands unless otherwise stated)*

| ASSETS | <i>Note</i> | Unaudited 30 June 2021 | Audited 31 December 2020 |
|--|-------------|-----------------------------------|-------------------------------------|
| Non-current assets | | | |
| Concession intangible assets | 9 | 10,352,364 | 10,617,626 |
| Right-of-use assets | 9 | 7,189 | 7,571 |
| Property, plant and equipment | 9 | 1,086,562 | 1,164,810 |
| Investment properties | 9 | 385,811 | 396,056 |
| Intangible assets | 9 | 1,680 | 2,068 |
| Investments in associates | | 143,577 | 136,982 |
| Deferred income tax assets | | 31,860 | 19,387 |
| Financial assets at fair value through profit or loss (“financial assets at FVPL”) | | 255,869 | 259,326 |
| Financial assets at FVOCI | | 118,606 | 118,326 |
| | | 12,383,518 | 12,722,152 |
| Current assets | | | |
| Inventories | | 5,935 | 6,160 |
| Other current assets | | 3,728 | 4,666 |
| Financial assets at FVPL | | 502,770 | 1,104,490 |
| Receivables and prepayments | 10 | 228,021 | 159,438 |
| Time deposits with original maturity over three months | | 411,664 | 321,683 |
| Cash and cash equivalents | | 3,989,152 | 1,967,754 |
| | | 5,141,270 | 3,564,191 |
| Total assets | | 17,524,788 | 16,286,343 |

| | <i>Note</i> | Unaudited 30 June 2021 | Audited 31 December 2020 |
|---|-------------|---|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Company | | | |
| Ordinary share capital | | 1,658,610 | 1,658,610 |
| Share premium | | 1,415,593 | 1,415,593 |
| Other reserves | | 36,142 | 35,952 |
| Retained earnings | | 8,532,002 | 8,204,302 |
| | | <u>11,642,347</u> | <u>11,314,457</u> |
| Non-controlling interests | | 538,963 | 637,193 |
| | | <u>12,181,310</u> | <u>11,951,650</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term payables | | 326,408 | 522,905 |
| Borrowings | | 3,047,066 | 1,641,975 |
| Deferred income tax liabilities | | 19,764 | 20,960 |
| Deferred income | | 77,128 | 24,486 |
| | | <u>3,470,366</u> | <u>2,210,326</u> |
| Current liabilities | | | |
| Trade and other payables | <i>11</i> | 1,528,390 | 1,244,863 |
| Current income tax liabilities | | 140,068 | 256,810 |
| Provision | | 23,484 | 35,219 |
| Borrowings | | 181,170 | 587,475 |
| | | <u>1,873,112</u> | <u>2,124,367</u> |
| Total liabilities | | <u>5,343,478</u> | <u>4,334,693</u> |
| Total equity and liabilities | | <u>17,524,788</u> | <u>16,286,343</u> |

Interim condensed consolidated statement of changes in equity
For the six months ended 30 June 2021

(All amounts in Renminbi thousands unless otherwise stated)

| | Attributable to equity holders of the Company | | | | | Total |
|---|---|-------------------------|----------------------|-------------------------|----------------------------------|--------------------------|
| | Ordinary share capital | Share premium | Other reserves | Retained earnings | Non- controlling interests | |
| <i>Note</i> | | | | | | |
| Balance at 1 January 2020 (audited) | <u>1,658,610</u> | <u>1,415,593</u> | <u>35,040</u> | <u>7,669,056</u> | <u>831,105</u> | <u>11,609,404</u> |
| Comprehensive income | | | | | | |
| Profit for the period (unaudited) | - | - | - | 108,200 | (77,577) | 30,623 |
| Other comprehensive income (unaudited) | | | | | | |
| - Fair value change on financial assets at FVOCI, net of tax (unaudited) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income/(loss) for the period ended 30 June 2020 (unaudited) | <u>-</u> | <u>-</u> | <u>-</u> | <u>108,200</u> | <u>(77,577)</u> | <u>30,623</u> |
| Transactions with owners | | | | | | |
| Dividends relating to 2019 (unaudited) | - | - | - | (381,480) | - | (381,480) |
| Dividends paid to a non-controlling interest of subsidiaries relating to 2019 (unaudited) | - | - | - | - | (141,618) | (141,618) |
| Others (unaudited) | <u>-</u> | <u>-</u> | <u>(311)</u> | <u>311</u> | <u>-</u> | <u>-</u> |
| Balance at 30 June 2020 (unaudited) | <u><u>1,658,610</u></u> | <u><u>1,415,593</u></u> | <u><u>34,729</u></u> | <u><u>7,396,087</u></u> | <u><u>611,910</u></u> | <u><u>11,116,929</u></u> |

| | Note | Attributable to equity holders of the Company | | | | | Total |
|---|------|---|------------------|-------------------|----------------------|----------------------------------|-------------------|
| | | Ordinary share capital | Share premium | Other reserves | Retained earnings | Non- controlling interests | |
| Balance at 1 January 2021 (audited) | | 1,658,610 | 1,415,593 | 35,952 | 8,204,302 | 637,193 | 11,951,650 |
| Comprehensive income | | | | | | | |
| Profit for the period (unaudited) | | - | - | - | 709,160 | 14,942 | 724,102 |
| Other comprehensive income (unaudited) | | | | | | | |
| - Fair value change on financial assets at FVOCI, net of tax (unaudited) | | - | - | 210 | - | - | 210 |
| Total comprehensive income for the period ended 30 June 2021 (unaudited) | | - | - | 210 | 709,160 | 14,942 | 724,312 |
| Transactions with owners | | | | | | | |
| Dividends relating to 2020 (unaudited) | 7 | - | - | - | (381,480) | - | (381,480) |
| Dividends paid to a non-controlling interest of subsidiaries relating to 2020 (unaudited) | | - | - | - | - | (113,172) | (113,172) |
| Others (unaudited) | | - | - | (20) | 20 | - | - |
| Balance at 30 June 2021 (unaudited) | | 1,658,610 | 1,415,593 | 36,142 | 8,532,002 | 538,963 | 12,181,310 |

Interim condensed consolidated cash flow statement**For the six months ended 30 June 2021***(All amounts in Renminbi thousands unless otherwise stated)*

| | | Unaudited | |
|---|-------------|---------------------------------|-------------|
| | | Six months ended 30 June | |
| | <i>Note</i> | 2021 | 2020 |
| Cash flows from operating activities | | | |
| Cash generated from operations | | 1,144,436 | 210,080 |
| Interest paid | | (61,692) | (51,792) |
| Income tax paid | | (413,829) | (172,408) |
| | | <hr/> | <hr/> |
| Net cash generated from/(used in) operating activities | | 668,915 | (14,120) |
| | | <hr/> | <hr/> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 9 | (1,168) | (11,774) |
| Purchase of intangible assets | 9 | (75) | (5) |
| Net increase in restricted cash | | (89,981) | (20,035) |
| Proceeds from disposal of financial assets at FVPL | | 3,127,357 | 2,161,635 |
| Payments for purchase of financial assets at FVPL | | (2,500,000) | (2,820,000) |
| Proceeds from sales of property, plant and equipment | | 9,778 | 59 |
| Interest received | | 22,797 | 23,879 |
| Dividend received from associates | | – | 22,080 |
| Dividend received from financial assets at FVPL | | 17,933 | – |
| Dividend received from financial assets at FVOCI | | 6,291 | 14,575 |
| | | <hr/> | <hr/> |
| Net cash generated from/(used in) investing activities | | 592,932 | (629,586) |
| | | <hr/> | <hr/> |

| | | Unaudited | |
|---|-------------|---------------------------------|-------------|
| | | Six months ended 30 June | |
| | <i>Note</i> | 2021 | 2020 |
| Cash flows from financing activities | | | |
| Proceeds from bank borrowings | | 1,746,796 | 295,000 |
| Proceeds from long-term payables | | – | 125,428 |
| Repayments of bank borrowings | | (748,773) | (36,846) |
| Repayments of long-term payables | | (238,428) | (79,320) |
| Dividends paid to the non-controlling interests | | – | (29,785) |
| | | <hr/> | <hr/> |
| Net cash generated from financing activities | | 759,595 | 274,477 |
| | | <hr/> | <hr/> |
| Net increase/(decrease) in cash and cash equivalents | | | |
| | | 2,021,442 | (369,229) |
| Cash and cash equivalents at beginning of the period | | 1,967,754 | 1,905,261 |
| Exchange gains on cash and cash equivalents | | (44) | 47 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at end of the period | | 3,989,152 | 1,536,079 |
| | | <hr/> <hr/> | <hr/> <hr/> |

Notes:

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

(a) New standards, amendments and interpretation of HKFRSs effective in 2021 adopted by the Group

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

- Amendments to HKFRS 16 regarding Covid-19-related rent concessions
- Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 regarding interest rate benchmark reform – phase 2

All the above amendments did not have any impact on the Group’s condensed consolidated financial statements and did not require retrospective adjustment.

(b) New standard and amendments of HKFRSs issued but are not yet effective for the financial period beginning on 1 January 2021 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 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 1 regarding classification of liabilities as current or non-current, effective for annual accounting periods beginning on or after 1 January 2023

- 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 AG 5 “Merger Accounting for Common Control Combinations”, effective for annual accounting periods beginning on or after 1 January 2022
- 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
- Annual Improvements to HKFRSs 2018–2020, effective for annual accounting periods beginning on or after 1 January 2022
- 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. None of these is expected to have a significant impact on the consolidated financial statements of the Group.

3. REVENUE

| | Unaudited | |
|---|---|-----------------------|
| | For the six months ended 30 June | |
| | 2021 | 2020 |
| Toll roads income, rental income and others | 1,687,240 | 817,172 |
| Revenue from construction or upgrade work under Service Concessions | 32,951 | 52,157 |
| Interest income from pawn loans to customers | 410 | 1,696 |
| | <u>1,720,601</u> | <u>871,025</u> |

4. FINANCE COSTS

| | Unaudited | |
|---|---|----------------------|
| | For the six months ended 30 June | |
| | 2021 | 2020 |
| Interest expenses | 73,702 | 60,289 |
| Including: amortisation of long-term payables | 4,605 | 4,893 |
| Less: capitalised interest expenses | – | – |
| | <u>73,702</u> | <u>60,289</u> |

5. TAXATION

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

| | Unaudited | |
|---|---|-----------------|
| | For the six months ended 30 June | |
| | 2021 | 2020 |
| Current taxation- CIT (a) | 297,087 | 76,621 |
| Deferred taxation credited to the consolidated income statement | <u>(13,739)</u> | <u>(11,288)</u> |
| | <u>283,348</u> | <u>65,333</u> |

(a) Hong Kong profits tax and the PRC Corporate Income Tax (“CIT”)

The Company and its subsidiaries, associated companies determine and pay the PRC CIT in accordance with the CIT Law as approved by the National People’s Congress on 16 March 2007. Under the CIT Law, the CIT rate applicable to the Company and its subsidiaries (except for Anhui Expressway (H.K.) Limited (“安徽皖通高速公路股份(香港)有限公司”, “AEHK”)), associated companies is 25%. And the CIT rate applicable to AEHK is 16.5%.

(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 2021 for dividends related to 2020 which will be paid to foreign shareholders.

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. No diluted earnings per share is presented, as the Company has no dilutive potential shares.

| | Unaudited | |
|---|----------------------------------|----------------------|
| | For the six months ended 30 June | |
| | 2021 | 2020 |
| Profit attributable to equity holders of the Company | 709,160 | 108,200 |
| Weighted average number of ordinary shares in issue (thousand) | <u>1,658,610</u> | <u>1,658,610</u> |
| Basic earnings per share (expressed in RMB per share) | <u><u>0.4276</u></u> | <u><u>0.0652</u></u> |

7. DIVIDENDS

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.

The directors did not recommend the payment of a dividend in respect of the six months ended 30 June 2021 (same period of 2020: nil).

8. COMMITMENTS

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

| | 30 June 2021 (unaudited) | 31 December 2020 (audited) |
|-------------------------------------|-----------------------------|-------------------------------|
| Signed but not set aside | | |
| – Toll road franchise | 113,638 | 146,588 |
| – Property, machinery and equipment | <u>66,240</u> | <u>56,016</u> |
| | <u><u>179,878</u></u> | <u><u>202,604</u></u> |

9. CAPITALIZED EXPENDITURE

| | toll road Franchise rights | Intangible assets | Property management, machinery and equipment | Investment real estate | Right of assets |
|--|----------------------------------|----------------------|--|---------------------------|--------------------|
| For the six months ended 30 June | | | | | |
| January 1, 2020 Initial net value (audited) | 11,219,787 | 3,812 | 1,126,224 | 381,919 | 8,334 |
| Increase | 52,157 | 5 | 11,774 | – | – |
| reclassification | – | – | (2,249) | 2,249 | – |
| disposal | – | – | (421) | – | – |
| Depreciation and amortization | <u>(298,630)</u> | <u>(1,522)</u> | <u>(61,757)</u> | <u>(9,503)</u> | <u>(457)</u> |
| June 30, 2020 Ending net value (unaudited) | <u>10,973,314</u> | <u>2,295</u> | <u>1,073,571</u> | <u>374,665</u> | <u>7,877</u> |
| For the six months ended 30 June | | | | | |
| January 1, 2021 Initial net value (audited) | 10,617,626 | 2,068 | 1,164,810 | 396,056 | 7,571 |
| Increase | 32,951 | 75 | 1,168 | – | – |
| Cost adjustment | – | – | (14,017) | – | – |
| reclassification | – | 1,278 | (1,278) | – | – |
| disposal | – | – | (154) | – | – |
| Depreciation and amortization | <u>(298,213)</u> | <u>(1,741)</u> | <u>(63,967)</u> | <u>(10,245)</u> | <u>(382)</u> |
| June 30, 2021 Ending net value (unaudited) | <u>10,352,364</u> | <u>1,680</u> | <u>1,086,562</u> | <u>385,811</u> | <u>7,189</u> |

No borrowing costs has been capitalised in the six months ended 30 June 2021 (same period in 2020: Nil)

10. RECEIVABLES AND PREPAYMENTS

| | 30 June 2021 (unaudited) | 31 December 2020 (audited) |
|--|-----------------------------|-------------------------------|
| Other receivables | | |
| – Toll roads income receivable <i>(a)</i> | 142,644 | 57,717 |
| – Pawn loans to customers <i>(b)</i> | 47,050 | 55,380 |
| – Receivables for construction | 30,051 | 30,051 |
| – Interest receivable | 8,712 | 2,365 |
| – Receivables from disposal of property, plant and equipment | – | 9,498 |
| – Others | 32,731 | 37,240 |
| | <u>261,188</u> | 192,251 |
| Less: Provision for impairment of pawn loans <i>(b)</i> | (31,866) | (31,949) |
| Provision for impairment of others <i>(c)</i> | (2,113) | (2,121) |
| | <u>227,209</u> | <u>158,181</u> |
| Prepayments | | |
| – Prepaid expenses | 812 | 1,257 |
| | <u>228,021</u> | <u>159,438</u> |

The ageing analysis of the other receivables were as follows:

| | 30 June 2021 (unaudited) | 31 December 2020 (audited) |
|-----------------------|-----------------------------|-------------------------------|
| Within 1 year | 171,430 | 112,084 |
| Between 1 and 2 years | 12,543 | 3,078 |
| Between 2 and 3 years | 842 | 760 |
| Over 3 years | 76,373 | 76,329 |
| | <u>261,188</u> | <u>192,251</u> |

(a) As at 30 June 2021, toll roads income receivable mainly represented receivable from Anhui Expressway Network Operations Co., Ltd. (安徽高速公路聯網運營有限公司, “AENO”) of RMB140,271 thousand (31 December 2020: RMB55,300 thousand) for uncollected toll roads income.

(b) Pawn loans to customers

As at 30 June 2021 and 31 December 2020, the analysis of pawn loans to customers is as follows:

| | 30 June 2021 (unaudited) | 31 December 2020 (audited) |
|------------------------------|---|-------------------------------|
| Pawn loans to customers | | |
| – Principal | 47,050 | 55,380 |
| – Interest | <u>–</u> | <u>–</u> |
| | 47,050 | 55,380 |
| Less: Impairment allowances | <u>(31,866)</u> | <u>(31,949)</u> |
| Pawn loans to customers, net | <u>15,184</u> | <u>23,431</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 13.20% for the six months ended 30 June 2021 (for the six months ended 30 June 2020: bore fixed interest rates ranging from 10.92% to 15.00%). 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:

| | For the six months ended 30 June | |
|--|---|-----------------|
| | 2021 | 2020 |
| Beginning of the period (audited) | (31,949) | (97,690) |
| Impairment losses reversed (unaudited) | <u>83</u> | <u>1,262</u> |
| End of the period (unaudited) | <u>(31,866)</u> | <u>(96,428)</u> |

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

| | For the six months ended 30 June | |
|--|---|----------------|
| | 2021 | 2020 |
| Beginning of the period (audited) | (2,121) | (2,742) |
| Impairment losses recognised (unaudited) | <u>8</u> | <u>(91)</u> |
| End of the period (unaudited) | <u>(2,113)</u> | <u>(2,833)</u> |

As at 30 June 2021 and 31 December 2020, all other receivables balances were denominated in RMB.

As at 30 June 2021 and 31 December 2020, the fair values of the other receivables of the Group approximated their carrying amounts.

11. TRADE AND OTHER PAYABLES

| | 30 June 2021 (unaudited) | 31 December 2020 (audited) |
|---|---|-------------------------------|
| Payables on acquisition of concession intangible assets | 781,383 | 996,736 |
| Dividends payable | 494,652 | – |
| Staff salaries and welfare | 80,731 | 28,954 |
| Deposits for construction projects | 64,524 | 67,301 |
| Current portion of long-term payables | 32,466 | 69,792 |
| Interest payable | 21,855 | 14,971 |
| Other taxation payables | 12,083 | 20,798 |
| Service fee for the collection of toll roads income | 9,320 | 4,291 |
| Service fee payable for upgrading of online toll platform | – | 10,116 |
| Others | 31,376 | 31,904 |
| | <u>1,528,390</u> | <u>1,244,863</u> |

As at 30 June 2021, trade and other payables of RMB313,956 thousand were aged over one year (31 December 2020: RMB380,003 thousand). These payables were mainly payables for construction projects which will be settled after project completion and current portion of long-term payables.

As at 30 June 2021 and 31 December 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.

12. OTHER INCOME AND GAINS – NET

| | Unaudited | |
|---|---|---------------|
| | For the six months ended 30 June | |
| | 2021 | 2020 |
| Interest income | 29,632 | 15,830 |
| Dividend income | 24,224 | 1,992 |
| Gains from financial assets at FVPL | 22,180 | 24,790 |
| Amortisation of government grants relating to assets | 1,731 | 1,085 |
| Government grants relating to profits | 455 | 728 |
| Gains/(losses) from disposal of property, plant and equipment | 126 | (362) |
| Donations | – | (5,000) |
| Others | 356 | (294) |
| | <u>78,704</u> | <u>38,769</u> |

II. INTERIM RESULTS AND DIVIDENDS

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group achieved a revenue of RMB1,687,651 thousand (corresponding period in 2020: RMB818,868 thousand), representing an increase of 106.10% compared with that of the corresponding period of last year. The total profit was RMB1,008,921 thousand (corresponding period in 2020: RMB97,916 thousand), representing an increase of 930.39% compared with that of the corresponding period of last year. Unaudited net profit attributable to shareholders of the Company reached RMB710,265 thousand (corresponding period in 2020: RMB109,670 thousand), representing an increase of 547.64% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.4282 (corresponding period in 2020: RMB0.0661), representing an increase of 547.81% compared with that of the corresponding period of last year.

During the Reporting Period, in accordance with HKAS, the Group achieved a revenue of RMB1,720,601 thousand (corresponding period in 2020: RMB871,025 thousand), representing an increase of 97.54% compared with that of the corresponding period of last year; profit before income tax was RMB1,007,450 thousand (corresponding period in 2020: RMB95,956 thousand), representing an increase of 949.91% compared with that of the corresponding period of last year; unaudited profit attributable to owners of the Company was RMB709,160 thousand (corresponding period in 2020: RMB108,200 thousand), representing an increase of 555.42% compared with that of the corresponding period of last year; basic earnings per share was RMB0.4276 (corresponding period in 2020: RMB0.0652), representing an increase of 555.83% compared with that of the corresponding period of last year.

The 2020 profit appropriation plan of the Company was approved at the 2020 annual general meeting held by the Company on 21 May 2021 (the “Annual General Meeting”), details of which are as follows: To pay a final cash dividend of RMB381,480.30 thousand on the basis of RMB2.30 for every 10 shares (tax inclusive) based on the total number of 1,658,610,000 shares of the Company.

Pursuant to the authorization given by the Annual General Meeting, the Board published the voting results announcement of the 2020 Annual General Meeting on 22 May 2021 in the Shanghai Securities News, China Securities Journal and on 21 May 2021 on the website of The Stock Exchange of Hong Kong Limited (“Stock Exchange”), and determined a final dividend for H shares of HK\$0.2774 (tax inclusive) per share, which was priced in RMB and paid in HK\$. The Company would pay dividends in respect of the H shares to the holders of H shares of the Company whose names appeared in the register of members of the Company on 4 June 2021. Cheques for the H Share dividends were despatched by ordinary post to holders of H Shares at their own risk on or before 21 July 2021. On 14 July 2021, the Company published the 2020 profit appropriation implementation announcement in the Shanghai Securities News and China Securities Journal and determined that the domestic shareholders’ registration date was 20 July, the ex-dividend date was 21 July and the dividend payout date was 21 July.

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

The Board recommends that the Company will neither pay the dividends for the six months ended 30 June 2021 (six months ended 30 June 2020: nil) nor convert the capital reserve to share capital.

III. REPORT OF THE BOARD

1. Business Review (In accordance with the PRC Accounting Standards)

(1) Toll Expressway Business

The COVID-19 pandemic has had a significant impact on the Group's production and business activities in 2020. With the orderly economic recovery and the overall recovery of road transport and logistics demand in the region, the Group's expressway tolls revenue in the first half of 2021 increased significantly compared with the same period last year. During the Reporting Period, the Group achieved a total revenue of RMB1,646,047 thousand (after tax) (2020: RMB704,096 thousand), representing an increase of 21.45% and 133.78% respectively compared with the same period in 2019 and 2020.

Economic development, policy relief, changes in road network and other reasons remain the main factors affecting the Group's toll revenue.

In the first half of 2021, in the face of complex and volatile domestic and international circumstances, the Chinese government has continued to consolidate its achievements in epidemic prevention and control, and social and economic development, achieving a GDP of RMB53,216.7 billion, representing an increase of 12.7% year-on-year and the economy steadily continued to recover; the GDP of Anhui Province achieved RMB2,057.65 billion, representing an increase of 12.9% year-on-year.

During the Reporting Period, various policy relief measures continued to be implemented. It is estimated that in the first half of 2021, the total amount of deductions and exemptions of the Group is RMB338 million. Among them: the toll for a total of 172,100 green channel vehicles were reduced or exempted, the exemption amount was to about RMB92.1 million; During major holidays, the exiting volume of small passenger cars (7 seats or less) reached 2,912,800, and the exemption amount was about RMB125 million; ETC discount or reduction amounted to RMB116 million, including discount or reduction for trucks with Anhui transportation card amounting to about RMB66.75 million; Other policy reductions were about RMB 4.8 million.

The operating performance of the toll road is affected by changes in the surrounding competing or synergistic road network, linking or parallel road expansion and other factors. The impact varies according to each road project.

| Items | Interests | Converted average daily traffic volumes for entire journey (vehicle) | | | Toll income (RMB'000) | | |
|--|-----------|---|-----------------------|----------|-----------------------|-----------------------|----------|
| | | First half of 2021 | First half of 2020 | Flux (%) | First half of 2021 | First half of 2020 | Flux (%) |
| | | Hening Expressway | 100% | 36,271 | 27,583 | 31.50 | 584,199 |
| New Tianchang Section of National Trunk 205 | 100% | 6,076 | 5,822 | 4.36 | 33,888 | 22,395 | 51.32 |
| Gaojie Expressway | 100% | 24,080 | 17,358 | 38.73 | 433,449 | 163,941 | 164.39 |
| Xuanguang Expressway | 55.47% | 32,040 | 22,366 | 43.25 | 322,785 | 130,976 | 146.45 |
| Lianhuo Expressway Anhui Section | 100% | 18,536 | 16,468 | 12.56 | 133,176 | 66,080 | 101.54 |
| Ninghuai Expressway Tianchang Section | 100% | 42,455 | 41,691 | 1.83 | 59,126 | 28,170 | 109.89 |
| Guangci Expressway | 55.47% | 38,153 | 25,348 | 50.52 | 67,140 | 26,460 | 153.75 |
| Ningxuanhang Expressway | 51% | 5,128 | 4,019 | 27.59 | 62,311 | 31,040 | 100.74 |

| Items | Interests | Toll income (RMB'000) | | |
|--|-----------|-----------------------|-----------------------|----------|
| | | First half of 2021 | First half of 2019 | Flux (%) |
| Hening Expressway | 100% | 584,199 | 406,636 | 43.67 |
| New Tianchang Section of National Trunk 205 | 100% | 33,888 | 41,773 | -18.88 |
| Gaojie Expressway | 100% | 433,449 | 349,070 | 24.17 |
| Xuanguang Expressway | 55.47% | 322,785 | 266,748 | 21.01 |
| Lianhuo Expressway Anhui Section | 100% | 133,176 | 153,400 | -13.18 |
| Ninghuai Expressway Tianchang Section | 100% | 59,126 | 52,550 | 12.51 |
| Guangci Expressway | 55.47% | 67,140 | 53,625 | 25.20 |
| Ningxuanhang Expressway | 51% | 62,311 | 73,007 | -14.65 |

| Items | Interests | Ratio of passenger | Toll income per kilometer per day (RMB) | | | Flux(%) |
|---|-----------|--------------------|---|--------------------|-------|---------|
| | | goods vehicles | | | | |
| | | First half of 2021 | First half of 2021 | First half of 2020 | | |
| Hening Expressway | 100% | 71:29 | 24,087 | 17,730 | 35.85 | |
| New Tianchang Section of National Trunk 205 | 100% | 38:62 | 6,241 | 6,912 | -9.71 | |
| Gaojie Expressway | 100% | 56:44 | 21,770 | 13,800 | 57.75 | |
| Xuanguang Expressway | 55.47% | 70:30 | 21,230 | 14,437 | 47.05 | |
| Lianhuo Expressway Anhui Section | 100% | 69:31 | 13,626 | 11,331 | 20.25 | |
| Ninghuai Expressway Tianchang Section | 100% | 82:18 | 23,333 | 18,631 | 25.24 | |
| Guangci Expressway | 55.47% | 71:29 | 26,496 | 17,500 | 51.41 | |
| Ningxuanhang Expressway | 51% | 75:25 | 2,942 | 2,456 | 19.79 | |

Notes:

1. Except for the New Tianchang Section of the National Trunk 205 and the Tianchang Section of Ninghuai Expressway, the above data of converted average daily traffic volumes for entire journey does not include the data on non-ETC small passenger vehicles during major holidays (In addition, the traffic volume data for 2020 did not include the data of small passenger vehicles travelling through non-ETC lanes during toll-free periods, nor did it include the data on all vehicles insofar as the same were free from toll for 79 days from 0:00 a.m. on 17 February to 24:00 on 5 May 2020);
2. The toll income data above are tax included. The traffic data mentioned above is provided by AENO and the Tianchang Management Office.

Hening Expressway

During the Reporting Period, due to the continued impact of the completion of the “four-lane to eight-lane” project of Hening Expressway, some vehicles heading for Nanjing and surrounding cities chose to travel via Hening Expressway again, and the traffic flow and toll revenue of this section continued to maintain the growth trend.

Ninghuai Expressway

During the Reporting Period, following the opening of new road sections in Jiangsu Province and improvement of the road network, the convenience and efficiency of expressways attracted vehicles to travel via expressways, with the growth in long-distance vehicles seeing apparent increase. 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, and the traffic volume for trucks increased more rapidly as compared to the corresponding period last year.

New Tianchang Section of National Trunk 205

On December 16, 2020, the height-restricted gantry of County Road 101 parallel with National Trunk 205 was officially dismantled, and some large trucks were diverted to the county road. In addition, Provincial Road 204, which runs parallel with National Trunk 205, was completed on December 26, 2020, leading to the diversion of some vehicles, which has a certain impact on the toll revenue of Tianchang section of National Trunk 205.

Lianhuo Expressway Anhui Section

The Xiao County section of National Trunk 310 and National Trunk 311 was reopened to traffic after the overhaul. The road is in good condition and has no toll stations, which has a continuous diversion effect on some large trucks and large buses on the east-west line of Lianhuo Expressway. In addition, Xiao County South Station closed down completely for construction work from 8 May to 24 May 2021, some vehicles chose to travel via Provincial Road 238 which passed Xiao County South Station, resulting in short term negative effect on the operation of Lianhuo Expressway.

Gaojie Expressway

As a component of G50 Shanghai-Chongqing Expressway of the national highway network, Gaojie Expressway is an important east-west transit channel in the province. With the orderly resumption of work and production after the normalization of epidemic prevention and control, traffic demand is released quickly. This section is connected with the He’an Expressway in the north. The effect of the completion of the “four-lane to eight-lane” project of the Fangxing Avenue-Mayan section of the He’an Expressway at the end of 2019 brought certain benefits to its operation.

Xuanguang and Guangci Expressway

Xuanguang Expressway and Guangci Expressway are part of the G50 Shanghai-Chongqing Expressway of the national highway network, and are important transit passages in the east-west direction of Anhui province. With the orderly resumption of work and production after the normalization of epidemic prevention and control, the traffic demand was released quickly, especially during the Spring Festival travel rush. The reconstruction and expansion project of parallel road (former old National Trunk 318) has not been completed on the whole line, and some vehicles choose to take the expressway after passing through the rebuilt and expanded section, which drives the traffic flow of Xuanguang Expressway and Guangci Expressway to increase.

Ningxuanhang Expressway

During the Reporting Period, southern Anhui province entered the flood season in May and June 2021, severe weather such as rainstorm affected vehicle travel, and caused a certain degree of impact on the traffic flow and income of Ningxuanhang Expressway.

From November 13, 2020 to June 13, 2021, the County Road 010 near Liqiao Station was closed for expansion construction works, and the vehicles going to Nanjing, Jiangsu and other places were diverted to the Provincial Road 269, which had a continuous impact of diversion on Xuanli section of Ningxuanhang Expressway.

(2) *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 Huatai Group was changed to Anhui Huarui Packaging Co., Ltd.*(安徽華瑞包裝有限公司), and the investment amount and proportion remained unchanged.

During the Reporting Period, the actual issuance of personal real estate mortgage loans by Wantong Pawn was 3 projects, with a total amount of RMB1.55 million. There was no settlement this year, and the company has written off a total amount of bad items of RMB88,833,200, the loss provision of this period is transferred back to RMB91,300, and the accumulative loss provision is RMB32,657,700.

During the Reporting Period, the cumulative net profit of Wantong Pawn was RMB-925,100, representing a decrease of RMB2,587.5 thousand as compared with the same period of last year.

Analysis of principal subsidiaries and associates

(Unit: RMB'000)

| Name of company | Equity capital the Group possesses | Registered Capital | 30 June 2021 | | The six months ended 30 June 2021 | | Main business |
|---|--|-----------------------|--------------|------------|--------------------------------------|------------|---|
| | | | Total assets | Net assets | Revenue | Net profit | |
| Xuanguang Expressway Company Limited | 55.47% | 111,760 | 949,580 | 606,016 | 314,339 | 169,759 | The construction, management and operation of Xuanguang Expressway |
| Anhui Ningxuanhang Expressway Investment Company Limited ("Ningxuanhang Company") | 51% | 300,000 | 4,405,997 | 316,282 | 64,804 | -161,838 | Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service |
| Xuancheng City Guangci Expressway Limited Liability Company | 55.47% | 56,800 | 307,590 | 234,098 | 66,042 | 42,473 | The construction, management and operation of Guangci Expressway |
| Anhui Expressway Media Company Limited | 38% | 50,000 | 465,535 | 362,267 | 59,771 | 18,727 | Design, making, publication of and agency for domestic advertisements |
| Anhui Xin'an Financial Group Company Limited | 6.62% | 1,900,000 | 3,272,597 | 2,636,706 | 75,792 | 48,083 | Financial investment, equity investment, management |
| Anhui Xin'an Capital Operation Management Company Limited | 6.62% | 1,120,000 | 2,297,718 | 1,315,407 | 70,425 | 46,511 | Internet financial services, network information services, pawn business, etc. |
| Wantong Pawn | 71.43% | 157,500 | 81,366 | 75,794 | 410 | -925 | Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service |
| Hefei Wantong MicroCredit Company Limited | 10% | 150,000 | 122,743 | 120,417 | 3,140 | 2,971 | Distributing petty loans, small size enterprises management consulting and financial advisory |

| Name of company | Equity capital the Group possesses | Registered Capital | 30 June 2021 | | The six months ended 30 June 2021 | | Main business |
|--|--|-----------------------|--------------|------------|--------------------------------------|------------|--|
| | | | Total assets | Net assets | Revenue | Net profit | |
| AEHK | 100% | 1,817 | 1,798 | 1,702 | 0 | -19 | Highway enterprises; its business covers relevant consultation and technology service for building, investment and operation of road abroad, and currently, the operation has not yet to begin |
| Anhui Transportation China Merchants Industrial Fund (Limited Partnership) (“China Merchants Fund”) | 6.64% | 3,000,000 | 1,828,430 | 1,791,626 | 239,304 | 224,079 | Investment in transportation, services, energy conservation and environmental protection |
| Anhui Transportation Jinshi Merger and Acquisition Fund (Limited Partnership) (“Jinshi Merger and Acquisition Fund”) | 6.64% | 3,000,000 | 2,072,334 | 2,060,850 | 37,259 | 25,775 | Investment in equity, asset management and investment consultation |
| Anhui Transportation China Merchants Private Investment Management Co., Ltd. | 2.5% | 30,000 | 49,553 | 45,601 | 12,215 | 3,346 | Daily management and investment consultation of China Merchants Fund |
| Anhui Transportation Jinshi Private Fund Management Co., Ltd. | 2.5% | 30,000 | 80,729 | 77,416 | 10,843 | 7,866 | Daily management and investment consultation of Jinshi Merger and Acquisition Fund |
| Anhui Transportation Information Industry Co., Ltd. | 10% | 60,000 | 78,503 | 59,164 | 14,475 | -5,210 | Construction, operation and service of traffic charging system; Computer software development; Information system integration services and so on |

2. Sheet of Variation Analysis of Related Subjects of Financial Statement (In accordance with the PRC Accounting Standards)

(Unit: yuan Currency: RMB)

| Items | Reporting Period | Same period of previous year | Flux (%) |
|--------------------------------------|-------------------------|-------------------------------------|-----------------|
| Revenue | 1,687,650,616.38 | 818,868,119.89 | 106.10 |
| Cost of sales | 627,068,511.26 | 663,472,914.27 | -5.49 |
| Administration costs | 51,639,309.40 | 40,392,214.4 | 27.84 |
| Cash flows from operating activities | 964,867,896.11 | 320,895,649.05 | 200.68 |
| Cash flows from investing activities | 358,626,024.44 | -912,763,489.36 | N/A |
| Cash flows from financing activities | 697,903,897.26 | 222,685,452.57 | 213.40 |

Reason for the change of revenue: mainly due to the Group's toll exemption as a result of the COVID-19 outbreak in the same period of the previous year.

Reason for the change of cost of sales: mainly due to the change of expressway entrustment management business mode during the Reporting Period.

Reason for the change of administration costs: mainly due to the increase in the number of the Group's management personnel during the Reporting Period.

Reason for the change of cash flows from operating activities: mainly due to the Group's toll exemption as a result of the COVID-19 outbreak in the same period of the previous year.

Reason for the change of net cash flows used in investing activities: mainly due to the increase in the redemption of structured bank deposit with floating interest rate during the Reporting Period as compared with the same period of the previous year.

Reason for the change of net cash flows used in financing activities: mainly due to the increase in the short term bank loans borrowed by Ningxuanhang Company during the Reporting Period.

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

(Unit: yuan Currency: RMB)

| Principal businesses in terms of industries | | | | | | |
|---|------------------|----------------|-----------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Industries | Revenue | Cost of sales | Gross profit rate (%) | Change in revenue | Change in cost of sales | Change in gross profit rate |
| | | | | (compared with the previous year) (%) | (compared with the previous year) (%) | (compared with the previous year) (%) |
| Toll highway business | 1,662,571,420.54 | 614,786,192.31 | 63.02 | 130.74 | 5.24 | An increase of 44.09 percent |
| Pawn business | 410,219.42 | 0 | N/A | -75.81 | N/A | N/A |

| Principal businesses in terms of products | | | | | | |
|---|------------------|----------------|-----------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Products | Revenue | Cost of sales | Gross profit rate (%) | Change in revenue | Change in cost of sales | Change in gross profit rate |
| | | | | (compared with the previous year) (%) | (compared with the previous year) (%) | (compared with the previous year) (%) |
| Hening Expressway | 575,790,345.64 | 200,858,894.89 | 65.12 | 123.47 | 7.96 | An increase of 37.32 percent |
| New Tianchang Section of National Trunk 205 | 32,273,869.04 | 20,263,346.24 | 37.21 | 51.32 | -6.76 | An increase of 39.11 percent |
| Gaojie Expressway | 426,479,444.51 | 95,493,853.24 | 77.61 | 158.79 | 18.30 | An increase of 26.59 percent |
| Xuanguang Expressway | 313,383,924.23 | 72,745,327.27 | 76.79 | 146.45 | -4.29 | An increase of 36.56 percent |
| Lianhuo Expressway Anhui Section | 130,397,864.22 | 60,659,055.11 | 53.48 | 99.85 | -0.78 | An increase of 47.18 percent |
| Ninghuai Expressway Tianchang Section | 58,564,601.82 | 23,755,099.57 | 59.44 | 105.36 | 33.51 | An increase of 21.83 percent |
| Guangci Expressway | 65,184,919.39 | 9,141,709.73 | 85.98 | 153.75 | -7.75 | An increase of 24.55 percent |
| Ningxuanhang Expressway | 60,496,451.69 | 131,868,906.26 | -117.98 | 100.75 | 0.81 | An increase of 216.10 percent |
| Wantong Pawn | 410,219.42 | 0 | N/A | -75.81 | N/A | N/A |
| Total | 1,662,981,639.96 | 614,786,192.31 | 63.03 | 130.26 | 5.24 | An increase of 43.91 percent |

| Regions | Principal businesses 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 | 1,662,981,639.96 | 614,786,192.31 | 63.03 | 130.26 | 5.24 | An increase of 43.91 percent |

(2) *Employees remuneration and training*

As at 30 June 2021, the Company and its main subsidiaries employed approximately 2,030 employees (as at 30 June 2020: 2,098 employees), which included 1,426 production staff, 163 technicians, 39 financial staff and 402 administrative staff (as at 30 June 2020, the numbers were 1,487, 120, 36 and 455 respectively).

The Company has implemented broadband pay system which formulates remuneration scales for different positions, and makes different classifications according to the characteristics of each job. By making close connections among the labor remuneration of employees, value of positions, accumulated contributions, work performance and many others, it has built multiple channels of career development and pay promotion for employees. Through the establishment of salary promotion standards, the formulation of performance appraisal system, and the combination of appraisal and salary distribution, the enthusiasm of employees has been mobilized and the incentive effect of the implementation of the salary system was ensured. During the Reporting Period, the salary of employees was RMB178,460.1 thousand (Same period in 2020: RMB158,511.3 thousand). In strict compliance with the various social insurance policies of the PRC, the Company has arranged the old-age insurance, unemployment insurance, basic medical insurance, injury insurance and child-bearing insurance for the staff.

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.

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” and online business school.

IV. MAJOR EVENTS

1. Material litigation, Arbitration and Widespread Media Enquiry

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

2. Bankruptcy or Reorganization

The Company was not involved in any bankruptcy or reorganization during the Reporting Period.

3. Assets Trading or Business Mergers

The Company was not involved in any assets trading or business mergers during the Reporting Period.

4. Implementation of Share Incentive Scheme

The Company has not implemented any share incentive scheme during the Reporting Period.

5. Major Related Party/Connected Transactions

(1) *Items that have been disclosed in the interim announcement and have no progress or change in the subsequent implementation*

| Item overview | Indexes of announcements (being the date of uploading respective announcements on the website of the Company) |
|--|--|
| To provide expressway section entrusted management service | 22 January 2021 “Announcement – Continuing Connected Transactions: Entrusted Management Agreements”, 10 February 2021 “Supplementary announcement – Continuing Connected Transactions: Entrusted Management Agreements”, 29 March 2021 “Announcement in relation to Contemplated 2021 Daily Related Party Transactions”* (《關於預計2021年度日常關聯交易的公告》) |
| To receive construction management service | 29 March 2021 “Announcement in relation to Contemplated 2021 Daily Related Party Transactions”* (《關於預計2021年度日常關聯交易的公告》); 25 June 2021 “Announcement – Continuing Connected Transactions: Grouting Work Contracts”; “Announcement – Continuing Connected Transactions: Asphalt Pavement Maintenance Work Contracts” |
| To receive property management service | 29 March 2021 “Announcement in relation to Contemplated 2021 Daily Related Party Transactions”* (《關於預計2021年度日常關聯交易的公告》) |
| To provide the house rental services | 29 March 2021 “Announcement in relation to Contemplated 2021 Daily Related Party Transactions”* (《關於預計2021年度日常關聯交易的公告》) |

| Item overview | Indexes of announcements (being the date of uploading respective announcements on the website of the Company) |
|---|---|
| To provide service area rental services | 29 March 2021 “Announcement in relation to Contemplated 2021 Daily Related Party Transactions” * (《關於預計2021年度日常關聯交易的公告》) |
| To provide gas stations rental services | 29 March 2021 “Announcement in relation to Contemplated 2021 Daily Related Party Transactions” * (《關於預計2021年度日常關聯交易的公告》); 8 April 2021 “Continuing Connected Transactions: Lease of Operating Rights of Gas Stations” |

(2) *Items that have been disclosed in interim announcements but have subsequent implementation progress or changes*

Entering into Network Service Agreements

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 on December 30, 2020 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 on July 16, 2021 headed “Continuing Connected Transactions: Entering into New Network Services Agreement”.

Participation in the Establishment of a Consortium to jointly Acquire Overseas Assets

On 23 December 2019, The Company has entered into a cooperation agreement with the other consortium members (namely 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 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 İċtaş 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. As of the date of this announcement, the Company has not made the payment for the investment. For details, please refer to the Company’s announcement on 23 December 2019 and headed “Joint Announcement – Connected Transaction: Formation of Joint Venture”.

At present, the relevant parties have not yet reached consensus on the relevant terms of the refinancing agreement, and the preconditions of the transaction under the Share Purchase Agreement have not been fully completed. The Chinese Consortium intends to negotiate with the seller on the Termination Agreement of the above-mentioned acquisition project. For details, please refer to the Company’s announcement on 5 August 2021 and headed “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), and the Company’s announcement on 23 August 2021 and headed “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).

6. Material Contracts and their Implementation

(1) *Material custody, subcontracting and leasing items*

During the Reporting Period, the Company was not involved in any material custody, subcontracting and leasing.

(2) *Implementation of guarantee*

During the Reporting Period, the Company did not have any unfulfilled or uncompleted major guarantees.

7. Fulfillment of Commitments

The commitments for the Company's actual controllers, shareholders, related persons, purchasers and other related parties during the Reporting Period or lasting until the Reporting Period.

| Background of Commitment | Type of commitment | Commitment party | Content of commitment | Time and term of commitment | Whether there is a time limit for performance | Whether strictly complied with in a timely manner |
|--|---|--|---|---------------------------------------|---|---|
| Commitment related to the share reform | other | Anhui Transportation Group | Continue to support the Company's acquisition of the good road assets owned by the Anhui Expressway Holding Group in the future and focus on the protection of shareholders' interests as always. | 13 February 2006, long-term effective | No | Yes |
| | other | Anhui Transportation Group, China Merchants Highway Network Technology Holding Company Limited ("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 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 |

V. OTHER MAJOR EVENTS

Adjustment to Calculation Method and Standard of Toll Payment

According to the Notice on Items Related to Toll Road Vehicle Tolls in Anhui Province jointly issued by the Transport Department of Anhui Province, the Anhui Development and Reform Commission and the Finance Department of Anhui Province (Wan Jiao Lu [2020] No. 162), Anhui toll road vehicle toll standard has been in trial operation for one year and expired at the end of 2020. With the consent of the provincial government, the new standard has been officially implemented from 1 January 2021; Freight vehicles with Anhui transportation card enjoy a 15% discount. The discount period is tentatively extended for 3 years, from 1 January 2021 to 31 December 2023. For details, please refer to the Company's "Announcement on Toll Charging Standards"* (《關於通行費收費標準的公告》) (Lin 2020-033).

5% discount policy for ETC users

According to the Notice on Implementing Preferential Policies on Toll Tolls for ETC Vehicles issued by the Department of Transport of Anhui Province and the Development and Reform Commission of Anhui Province, starting from July 1, 2019, the preferential policy of 5% discount on tolls will be implemented for vehicles that use electronic payment cards of other provinces to pay tolls on toll roads of Anhui Province.

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).

Participation in the investment and establishment of the second-phase equity investment fund partnership

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.

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. For details, please refer to the Company's announcement "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. For details, please refer to the Company's announcement on 9 July 2021 and headed "Adjustment to Terms of Fund Partnership and Establishment of Phase II Fund Partnership".

As of the date of this announcement, 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).

Corporate Governance Code

During the Reporting Period, save and except that both the duties of the remuneration committee and the nomination committee are performed by the Company's Human Resources and Remuneration Committee (as the Company considers the long established mode 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 as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange 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.

Purchase, Sale and Redemption of the Company's Securities

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries and joint ventures purchased, sold or redeemed any of the Company's listed securities.

VI. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, from the date of 30 June 2021 to the date of this announcement, there is no events that have a significant impact on the Group.

VII. OUTLOOK

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

Changes in Macroeconomic Environment and Industry Policies

The toll road industry is sensitive to change in macro-economy. Macroeconomic changes directly affect the demand for highway transport, which in turn affects the traffic flow performance of all toll projects and results of operation of the Group. Under the background of normalization of domestic epidemic prevention and control, China's GDP increased by 12.7% year-on-year in the first half of 2021, and the economic operation recovered steadily; however, the current international situation is complex, and there is still great uncertainty on the whole. The National Transportation Work Conference in 2021 pointed out that we should accelerate the construction of a transportation power, consolidate and expand the achievements of epidemic prevention and control and economic and social development, solidly do a good job in the "Six Stabilities", fully implement the "Six Guarantees" tasks, strive to optimize the comprehensive three-dimensional transportation network, strive to develop modern logistics, strive to improve the quality of service supply, and strive to build a unified and open transportation market, We will strive to promote high-level opening to the outside world, coordinate development and security, and ensure a good start in the 14th Five-year Plan. In addition, the implementation of policies such as national road network connection switching, increased ETC utilization rate, toll billing methods adjustment of truck and differential toll collection for expressways will help improve the efficiency of toll roads in the long run, but in the short and medium term, the policies will result in continued increase in the costs of expressways, which is expected to have an impact on the Company's business performance.

Responding measures: The Group adheres to both the normalization of epidemic prevention and control and accelerating the high-quality development of enterprises. While strictly grasping epidemic prevention, the Group actively promotes various business development work to ensure the completion of various objectives and tasks; The Group actively faces the changes in operation management, and carefully studies and judges the characteristics of traffic flow and vehicle model structure changes on the road network, study policy points in depth, improve the management model for toll collection, enhance the capacity of traffic and lower the management costs and expenses for executing the policies through fine management.

The Growth Space of the Main Business Revenue Narrowed

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. In addition, the total length of high-speed railway in Anhui province has entered the first tier in China, the integration of private cars and urban and rural passenger transport has also developed rapidly, the substitution diversion of highway passenger transport is serious, and the diversification of freight has a negative impact on the Company. At present, most highway sections of the Company have been open to traffic for a long time and have entered the mature stage, with increasingly serious damage to road condition and increasing road maintenance cost in the later stage. The road network effect has not yet been developed on the newly opened road sections, the amount of various policy exemptions continues to rise. All of them have had an impact on the operating performance of toll road projects of the Group.

Responding measures: All road sections of the Group were the trunk highways across the Anhui region. The Group will strengthen communication with the government and major shareholders, and keep abreast of the network planning and project construction schedule so as to conduct a special analysis of the highway network in advance and put a reasonable forecast for the impact of the relevant projects on the existing traffic flow of the Company's expressways. We will make full use of regional traffic advantage in Anhui province and, through the improvement of road signs, expansion of the promotion of the routing publicity, turn passive to active through use of the advantages of informationization to carry out road segment marketing.

The Risk of the Expiry of Franchise

Toll road assets have a relatively monopolistic nature due to their franchise mode of operation. However, their franchises are subject to a certain toll collection period after the expiration of which the road operation enterprises will face significant challenge in their sustainable development. At present, the Company's major road resources have entered a mature period, and less than half of the operating periods of other road assets except the Ningxuanhang project remain. 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.

Responding measures: The Group will seize the national strategic opportunity of the integration of the Yangtze River Delta, accelerate the promotion of opening the “missing links” across the provincial boundary, and improve the negative impact of the project on the Company’s performance. After the epidemic, the country has accelerated the construction of 5G, data center and other new infrastructure, which has set off a new round of infrastructure investment boom nationwide and provided new development opportunities for the Company to carry out related diversified 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
27 August 2021

As at the date of this announcement, the Board comprises: Xiang Xiaolong (chairman), Yang Xiaoguang, Tao Wensheng, Chen Jiping, being the executive directors; Yang Xudong and Du Jian, being the non-executive directors; and Liu Hao, Zhang Jianping and Fang Fang being the independent nonexecutive directors.

This announcement is originally prepared in Chinese. If there is any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

* *For identification purpose only*