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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)

**PROPOSED CHANGE OF DIRECTOR AND MEMBERS OF
BOARD COMMITTEES
AND
PROPOSAL TO WIDEN HENING EXPRESSWAY ZHOUSHUANG
TO LONGXI OVERPASS SECTION**

The Board announces:

- due to his job engagement, Mr. Hu tendered his resignation as an independent non-executive Director (and, at the same time, will cease to be the chairman of the Human Resources and Remuneration Committee and the members of the Strategic Development and Investment Committee and the Audit Committee under the Board). The Board has resolved to nominate Mr. Jiang as the candidate of the new independent non-executive Director, the term of the appointment of whom will take effect from the date of approval of his appointment by Shareholders at the EGM until 16 August 2017;
- in order to alleviate the traffic pressure of Hening Expressway and realize the continuous development of the Group's road assets map, the Board unanimously resolved to invest in the Work of Hening Expressway Zhouzhuang to Longxi Overpass Section. The total investment of the Work is summarily assessed at RMB6,446 million (equivalent to approximately HK\$7,542 million). Based on the estimation of the Company, the actual investment of the Work will not exceed RMB5,000 million (equivalent to approximately HK\$5,850 million); and
- The Company will convene the EGM to consider and approve the proposed change of Director and the carrying out of the Work. A circular containing, among other matters, details of the change of Director, the carrying out of the Work and a notice of EGM will be despatched to the Shareholders as soon as practicable.

1. PROPOSED CHANGE OF DIRECTOR AND CHANGE OF MEMBERS OF BOARD COMMITTEES

The Board announces that, due to his job engagement, Mr. Hu Bin (“**Mr. Hu**”) tendered his resignation as an independent non-executive Director (and, at the same time, will cease to be the chairman of the Human Resources and Remuneration Committee and the members of the Strategic Development and Investment Committee and the Audit Committee under the Board). Mr. Hu has confirmed that he has no disagreement with the Board and the Company and there is no matter relating to his resignation that will need to be brought to the attention of the Shareholders.

Since the resignation of Mr. Hu will result in the number of independent non-executive Directors falling below one third of the members of the Board, pursuant to the relevant provisions in the Guiding Opinions Regarding the Establishment of Systems of Independent Directors in Listed Companies (《關於在上市公司建立獨立董事制度的指導意見》) issued by the China Securities Regulatory Commission and the Articles of Association, before the election and appointment of a new independent non-executive Director at the general meeting of the Company to fill the vacancy, Mr. Hu will continue to perform his duties as an independent non-executive Director in accordance with relevant laws, administrative regulations and the Articles of Association.

The Board has resolved to nominate Mr. Jiang Jun (“**Mr. Jiang**”) as the candidate of the new independent non-executive Director, the term of the appointment of whom will take effect from the date of approval of his appointment by Shareholders at the EGM until 16 August 2017. The appointment qualification and independence of the candidate of independent non-executive Director have been approved by the SSE and the election and appointment of Mr. Jiang will be presented at the Company’s general meeting.

Mr. Jiang, born in 1973, is a Phd candidate and an associate professor in accounting. Mr. Jiang was a lecturer, an associate professor and duty professor of the Beijing National Accounting Institute (北京國家會計學院教研中心). He is now an associate professor, the director of the department of finance, the chair of research institute of industrial finance and operations and a member of the academic committee at the Beijing National Accounting Institute. He is also the independent director of Shandong Gold Mining Co., Limited (山東黃金礦業股份有限公司) (a company listed on the SSE, stock code: 600547), Baotou Huazi Industry Co., Limited (包頭華資實業股份有限公司) (a company listed on the SSE, stock code: 600191) and Goodwill (Beijing) Technology Co, Limited (嘉和美康(北京)科技股份有限公司).

As at the date of this announcement, Mr. Jiang has not entered into any letter of appointment with the Company. Mr. Jiang will enter into a letter of appointment with the Company with the term of appointment taking effect from the date of approval of his appointment by Shareholders at the EGM until 16 August 2017. Pursuant to the terms of the letter of appointment, Mr. Jiang will receive a director's fee of RMB80,000 per annum (equivalent to approximately HK\$93,606). His annual director's fee is determined by reference to the factors such as the Company's operating performance, industry benchmark, job responsibilities and the current fee standard paid by the Company to domestic independent non-executive Directors.

Save as disclosed in this announcement, to the best knowledge and belief of the Company, as at the date of this announcement, Mr. Jiang (i) has no relationship with any Directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company, (ii) does not hold any other positions within the Group, (iii) did not have or was not deemed to have any interest or short position (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) in any shares, underlying shares or debentures of the Company or its associated corporations and (iv) has not held any directorship in any other listed company in the last three years.

Save as disclosed in this announcement, Mr. Jiang has confirmed that there are no other matters that need to be brought to the attention of the Company and the Shareholders in connection with his election nor is there any other information required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

2. PROPOSAL TO WIDEN HENING EXPRESSWAY ZHOUSHUANG TO LONGXI OVERPASS SECTION

In order to alleviate the traffic pressure of Hening Expressway and realize the continuous development of the Group's road assets map, as at the date of this announcement, the Board unanimously resolved to invest in the Work of Hening Expressway Zhouzhuang to Longxi Overpass Section.

Introduction of the Work

Hening Expressway Zhouzhuang to Longxi Overpass Section, running east-west, forms part of Hening Expressway (Dashushan - Longxi). It starts at the Zhouzhuang Chuhe Bridge located in the Quanjiao County, Chuzhou City, Anhui Province (starting stake number GK505+210.987) and ends within Feidong County linking Hushan Expressway Dashushan to Longxi Overpass Section (ending stake number GK594+539.354), with a whole length of 89.35 km. The Work proposed to adopt "horizontal broadening at both sides" as the primary

plan to widen the current dual carriageway four-lane expressway. The whole lane will be constructed in accordance with the standard of dual carriageway eight-lane expressway with speed limit of 120 km/h. The Work will begin in 2016 and open for traffic by end of 2018, the total construction span is approximately 3 years. According to the relevant construction feasibility report, the total investment of the Work is summarily assessed at RMB6,446 million (equivalent to approximately HK\$7,542 million). Based on the estimation of the Company, the actual investment of the Work will not exceed RMB5,000 million (equivalent to approximately HK\$5,850 million).

Hening Expressway has a whole length of 134 km and is the most core road asset of the Group. Hening Expressway is an important component of the expressways from Shanghai to Xian and from Shanghai to Chengdu in the National Expressway Core Planning (國道骨幹規劃) and an important traffic ligament connecting the Eastern, Central and Western county, possessing a very significant role in the national road network and the Anhui Province road network. Hening Expressway Dashushan to Longxi Overpass Section conducted widening in September 2006, the completion and opening of which took place on 12 September 2009, with whole length of approximately 42.1 km and total investment of RMB1,964 million (equivalent to approximately HK\$2,298 million).

According to the forecast, the internal rate of return of capital of the Work (after tax) is approximately 12.57%. At a discount rate of 6%, the net present value (after tax) is RMB 3,609 million (equivalent to approximately HK\$4,223 million). The payback period (including the period of construction) is approximately 18.85 years.

The financial forecast of the Work is based on the extension of the toll collection period to 31 December 2043 after the Work has completed and the Hening Expressway Zhouzhuang to Longxi Overpass Section is opened to traffic (that is, to extend the toll collection period, after the expiry of the one originally granted, for another 17 years). The specific toll collection period is nonetheless subject to the approval of the Anhui Provincial Government.

The reasons for and benefits of carrying out the Work

After taking into account the following reasons, the Board considered that the Work is in the interest of the Company and the Shareholders as a whole:

- Hening Expressway is the most core and excellent road asset of the Group. The toll revenue of Hening Expressway accounted for a large part of the Group's revenue and had a large impact on the Group's performance. The toll revenue of Hening Expressway amounted to RMB948 million (equivalent to approximately HK\$1,109 million) and accounted for 40.67% of the toll revenue of the Group for the year 2015. If the Work is not carried out, after the expiry of the toll collection period of Hening Expressway in 2026, the Group's revenue income, the level of profit and the earnings per share will decline sharply. Moreover, as the operating periods for other road sections of the Group will expire gradually (New Tianchang Section of National Trunk 205 will expire in 2026, Xuanguang Expressway will expire in 2028, Gaojie Expressway and Guangci Expressway will expire in 2029, etc), the sustainable development of the Group is in face of a difficult situation;
- due to the current ample co-existence of the decline of the PRC real economy and abundance in market liquidity, the market is experiencing certain level of "asset shortage" as funds lack suitable direction. Project investment's rate of return is facing a trend of decline. Relying on the road assets owned by the Group, conducting the Work at suitable timing to achieve rate of return of above 10% will align with the present development strategy of the Group. In the long-run, the Work is beneficial to the Group in exploring the pathway for sustainable development of the core business of the Group under the conditions of the new policy. The move of utilizing the Work to extend the toll collection period of its core road section is a strong measure of sacrificing short-term operating efficiency in exchange for larger return in the future; and
- the widening of Hening Expressway represents a re-investment in the Group's high quality core road assets. With reference to efficiency assessment analysis, such investment excels over investment in new road sections within the province, excels over the use of a higher premium to acquire other road assets outside the province and also excels over diversified investment in other real assets. The obvious advantage is seen from the perspectives of level of return and risk management.

The risks of the Work and the corresponding measures

Policy risk

The extension of the toll collection period, after the Work has completed and the Hening Expressway Zhouzhuang to Longxi Overpass Section is opened to traffic, is subject to approval from the government. Given the long construction period of the Work, the future toll collection policy for expressways may vary.

Given that there is no precedent on the extension of toll collection period after expressway widening in Anhui Province, the Group is actively liaising with relevant government departments and has submitted past cases of extension of toll collection period after widening of expressway in other provinces within the country for the relevant governmental departments' reference, in order to secure reasonable return for the Work. In addition, the Company will strengthen research on the relevant policy and actively keep track of any change in policy.

Construction risk

The Work involves a number of areas including expropriation of land, advertising facilities, demolition on the expropriated land, construction design, construction implementation and budget control on construction completion, etc. Deviation in any area can result in change in scale of the specified work as well as delay in completion. The risk of the Work is further increased by uncontrollable variables, namely inflation, interest rate change, increasing raw materials and facilities prices and construction implementation management.

The Company will continue to optimize the design plan to reduce land occupation, demolition and construction volume, arrange tendering process adhering to applicable laws and regulations and sign comprehensive construction contracts, reinforce on-site management of construction sites, monitor raw material costs, strictly enforce auditing inspection system, make reasonable assessment of costs and properly handle budget control on construction completion.

Operating risk

The operating and maintenance expenses and the repayment for debt arising from the expressway project originates from the estimated income of the specific project, which is largely affected by the macroeconomic environment of the country, the economic development of the district, the overall transportation development and road network change. These may cause the actual income to fall short of the expected income.

After the widened Hening Expressway is opened to traffic, the Group will aspire to lengthen the lifespan and lower the costs of maintenance of the road by standardized operation management and enhanced research on new road maintenance technology. In addition, the Group will actively promote ETC (電子不停車收費系統), automatic card issuing machine and mobile payment technology to reduce labor costs.

Interest rate risk

The fund invested into the Work is of a large amount and debt financing accounts for a sizable portion. Change in market interest rate will affect the costs of capital applied and, accordingly, the return of the Work.

The Group will fully utilize the domestic and overseas financing advantages and raise capital through various means, optimizing capital structure and lowering capital costs so as to ensure timely fund raising and payment of capital for the Work.

3. EXTRAORDINARY GENERAL MEETING

Pursuant to the provisions of the Articles of Association, the Work has to be presented at a general meeting of the Company for approval.

The Company will convene the EGM to consider and approve the proposed change of Director and the carrying out of the Work.

A circular containing, among other matters, details of the change of Director, the carrying out of the Work and a notice of EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Articles of Association”	the articles of association of the Company from time to time
“Board”	the board of Directors
“Company”	Anhui Expressway Company Limited, a joint stock limited company incorporated in the PRC, its H shares are listed on the Stock Exchange in Hong Kong and its domestic ordinary shares are listed on the SSE in the PRC
“Director(s)”	the director(s) of the Company
“EGM”	the 2016 first extraordinary general meeting of the Company to be held at 520 Wangjiang West Road, Hefei, Anhui, the PRC, on Friday, 14 October 2016 at 2:30 p.m. (or such adjournment thereof)
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each
“Hening Expressway”	Hening Expressway, a charged dual carriageway four-lane expressway in Anhui Province of 134 km in length linking Dashushan and Zhouzhuang (the Dashushan to Longxi Overpass Section is of eight-lane) and the granted concession period started from 16 August 1996 and ends on 15 August 2026
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China and for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company, including holders of H Shares and the domestic shares of the Company
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Work”	the proposed widening work to be carried out by the Company to expand Hening Expressway Zhouzhuang to Longxi Overpass Section from dual carriageway four-lane expressway to dual carriageway eight-lane expressway

By Order of the Board
Anhui Expressway Company Limited
Xie Xin Yu
Secretary of the Board

Hefei, Anhui, the PRC
19 August 2016

As at the date of this announcement, the members of the board of directors of the Company include Qiao Chuanfu, Chen Dafeng, Xu Zhen and Xie Xinyu, being the executive directors; Wang Xiufeng and Du Jian, being the non-executive directors; and Hu Bin, Yang Mianzhi and Kong Yat Fan, being the independent non-executive directors.

For the purposes of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of HK\$1.00 to RMB0.85465. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

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