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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)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION:
OPERATING RIGHTS LEASE AGREEMENT**

The Board is pleased to announce that the Company has entered into the Operating Rights Lease Agreement with Yida Company on 31 December 2019. Pursuant to the Operating Rights Lease Agreement, Yida Company agrees to lease the Service Areas from the Company for carrying out its operation business for a term starting from 1 January 2020 to 30 April 2022.

As at the date of this announcement, Yida Company is a wholly-owned subsidiary of Anhui Transportation Holding Group. Under Chapter 14A of the Listing Rules, Anhui Transportation Holding Group is a connected person of the Company, Yida Company is an associate of Anhui Transportation Holding Group and is also a connected person of the Company. Therefore, the transactions contemplated under the Operating Rights Lease Agreement constitute continuing connected transactions of the Company.

As the highest applicable Percentage Ratio in respect of the continuing connected transactions under the Operating Rights Lease Agreement exceeds 0.1% but is less than 5% on an annual basis, and the transactions are conducted on normal commercial terms, such continuing connected transactions are exempt from the independent shareholders' approval requirement, but shall be subject to the relevant announcement, annual reporting and annual review requirements under the Listing Rules.

Date: 31 December 2019

Parties:

- (1) the Company; and
- (2) Yida Company, a company incorporated in accordance with the laws of the PRC and a wholly-owned subsidiary of Anhui Transportation Holding Group, and a connected person of the Company under the Listing Rules.

Subject Matter

Pursuant to the Operating Rights Lease Agreement, Yida Company agrees to lease the Service Areas from the Company for carrying out its operation business. Businesses which Yida Company is allowed to operate in the Service Areas include catering, accommodation, car repairing, charging stations, foods, department stores, etc.

Term of lease

The term of lease of the Service Areas shall commence from 1 January 2020 and end on 30 April 2022.

Other Terms

The Company shall help to provide good business environment and shall not operate the same operation businesses as Yida Company does within the Service Areas. Before the lease term expires, the Company shall negotiate with Yida Company on the renewal of the lease on operating rights, whereby Yida Company shall have the first right of refusal to lease.

Yida Company shall comply with the national law and regulations and the relevant regulations for managing the industry; obey the management by the local government and the relevant authorities; coordinate with the Company's direction, supervision and management regarding Yida Company's operation business; actively coordinate the relationships among respective parties; operate lawfully and pay tax according to the laws and regulations. Except for the managerial staff sent by the Company, Yida Company shall be responsible for recruiting its own staff and signing respective labour and employment contracts according to the relevant requirements of employment-related laws and regulations in Anhui Province.

The Company shall be entitled to terminate the Operating Rights Lease Agreement under the following circumstances:

1. Unauthorized sublet of the Services Areas by Yida Company;
2. Illegal operation by Yida Company; or
3. The use of the assets leased under the Operating Rights Lease Agreement by Yida Company for illegal purposes which jeopardizes public interest.

Rent

The aggregate rental payments to be received by the Company under the Operating Rights Lease Agreement for its leasing of the Service Areas to Yida Company for each year ending 31 December 2020 and 2021 and for the four months ending 30 April 2022 are RMB8,962,500, RMB9,141,800 and RMB3,108,200, respectively.

The rental payments for the years 2020 and 2021 will be settled on a biannual basis. Yida Company shall make the rental payment for the first half of the year to the Company before 31 January each year and make the rental payment for the second half of the year before 10 July each year. The rent for January to April 2022 shall be paid before 31 January 2022.

The aforementioned rent is determined by negotiations between the parties on an arm's length basis with reference to factors such as (1) the operation conditions of each Service Area in the past years; (2) the previous rental amounts of each Service Area in the past years; (3) the current market level of the rent of similar service areas available in the market; (4) the expected annual rental growth rate; (5) the influence of diversion on the road sections owned by the Company due to impact of the intensification of expressway network within Anhui province; and (6) the increased investment in the Service Areas in respect of civilized construction, labor costs, environmental management, etc.

Historical Rental Amount

The amount of rents received by the Company for leasing of the Service Areas in the years ended 31 December 2017, 2018 and 2019 were RMB7,873,260, 7,009,053, and 8,696,536.17 respectively.

Annual Caps

The maximum aggregate annual values, i.e. the Annual Caps, for each year ending 31 December 2020, 2021 and 2022 are RMB8,962,500, RMB9,141,800 and RMB3,108,200, respectively, which is equivalent to the rental payments to be received by the Company under the Operating Rights Lease Agreement each year.

REASONS FOR AND BENEFITS OF ENTERING INTO THE OPERATING RIGHTS LEASE AGREEMENT

The Company is principally engaged in the design, construction, supervision, toll collection, maintenance, first-aid service, management of road assets and road right, storage, consultation services of road construction and operation, property lease, sale of motor vehicles and machinery parts, and development, production and sale of new and hi-tech products.

Yida Company is a company specialising in service areas management and possesses relatively more professional management team, advanced management methods and abundant management experience. In September 2018, Yida Company was awarded the title of "excellent service areas management company of China's expressways". Leasing the Service Areas by the Company to Yida Company can, while guaranteeing the normal economic benefits of the Company, realize the unified, standardized and scientific management so as to maximize the social functions of the Service Areas.

After considering the abovementioned reasons and benefits, the directors of the Company (including the independent non-executive directors) are of the view that the terms of the Operating Rights Lease Agreement and the Annual Caps are fair and reasonable and are on normal commercial terms, and such continuing connected transactions under the Operating Rights Lease Agreement are conducted in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole.

Chen Dafeng, Xu Zhen and Xie Xinyu (being the directors or the senior management of Anhui Transportation Holding Group) are deemed to have material interests in the Operating Rights Lease Agreement and have abstained from voting on resolution(s) at the relevant meeting of the Board of Company.

IMPLICATIONS UNDER THE LISTING RULES

Anhui Transportation Holding Group currently holds approximately 31.63% of the Company's issued shares. Anhui Transportation Holding Group is a controlling shareholder and a connected person of the Company within the meaning of the Listing Rules.

As at the date of this announcement, as Yida Company is a wholly-owned subsidiary of Anhui Transportation Holding Group, Yida Company is an associate of Anhui Transportation Holding Group and is a connected person of the Company. Therefore, the transactions contemplated under the Operating Rights Lease Agreement constitute continuing connected transactions of the Company.

As the highest applicable Percentage Ratio in respect of the continuing connected transactions under the Operating Rights Lease Agreement exceeds 0.1% but is less than 5% on an annual basis, and the transactions are conducted on normal commercial terms, such continuing connected transactions are exempt from the independent shareholders' approval requirement, but shall be subject to the relevant announcement, annual reporting and annual review requirements under the Listing Rules.

DEFINITIONS

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

“Anhui Transportation Holding Group”	Anhui Transportation Holding Group Company Limited* (安徽省交通控股集團有限公司), formerly known as Anhui Expressway Holding Group Company Limited* (安徽省高速公路控股集團有限公司)
“Annual Cap(s)”	the maximum aggregate annual value for the continuing connected transactions under the Operating Rights Lease Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Anhui Expressway Company Limited, a joint stock limited company incorporated in the PRC, the overseas listed shares of which are listed on the Stock Exchange, and the domestic ordinary shares of which are listed on the Shanghai Stock Exchange in the PRC

“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operating Rights Lease Agreement”	the operating rights lease agreement entered into between the Company and Yida Company on 31 December 2019 regarding the leasing of the Service Areas owned by Anhui Expressway Company Limited
“Percentage Ratio(s)”	the percentage ratio(s) (other than the profits ratio and the equity capital ratio) under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China and for the sole purpose of this announcement only, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Service Areas”	Feidong service area* (肥東服務區), Wenji service area* (文集服務區), Quanjiao service area* (全椒服務區) (formerly known as Wuzhuang service area* (吳莊服務區)), Dashu service area* (大墅服務區), Wanghe service area* (王河服務區), Taihu service area* (太湖服務區), Gongling service area* (公嶺服務區), one side of Susong service area* (宿松服務區(單邊)), Fushan service area* (釜山服務區) and Wangzhai service area* (王寨服務區) owned by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yida Company”	Anhui Provincial Expressway Service Area Operating Management Company Limited* (安徽省驛達高速公路服務區經營管理有限公司)
“%”	percentage

By Order of the Board
Anhui Expressway Company Limited
Xie Xinyu
Company Secretary

Hefei, Anhui, the PRC
31 December 2019

As at the date of this announcement, the board of directors of the Company comprises: Chen Dafeng, Xu Zhen and Xie Xinyu as executive directors, Yang Xiudong and Du Jian as non-executive directors, and Kong Yat Fan, Jiang Jun and Liu Hao as independent non-executive directors.

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

* Translation for illustrative purpose only