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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 TRANSACTIONS:
MAINTENANCE WORK CONTRACTS**

The Board announces that on 8 June 2023, the Company and its subsidiaries entered into the following General Contracting Contracts for Integrated Pavement Maintenance and Routine Expressway Maintenance (the “**Maintenance Work Contracts**”) with the Consortium formed by Design Institute, ATEGC and ATRMC:

- Pursuant to Maintenance Work Contract I, the Company shall engage the Consortium to provide pavement maintenance work services for the road sections administered by the Company;
- Pursuant to Maintenance Work Contract II, Xuanguang Company shall engage the Consortium to provide pavement maintenance work services for the road sections administered by Xuanguang Company;
- Pursuant to Maintenance Work Contract III, Guangci Company shall engage the Consortium to provide pavement maintenance work services for the road sections administered by Guangci Company;
- Pursuant to Maintenance Work Contract IV, Ningxuanhang Company shall engage the Consortium to provide pavement maintenance work services for the road sections administered by Ningxuanhang Company;
- Pursuant to Maintenance Work Contract V, Anqing Bridge Company shall engage the Consortium to provide pavement maintenance work services for the road sections administered by Anqing Bridge Company.

Anhui Transportation Holding Group currently holds approximately 31.63% of the total issued shares of the Company, and is the controlling shareholder and a connected person of the Company as defined under the Listing Rules. As Design Institute is a subsidiary of Anhui Transportation Holding Group and both ATEGC and ATRMC are wholly-owned subsidiaries of Anhui Transportation Holding Group, under Chapter 14A of the Listing Rules, Design Institute, ATEGC and ATRMC are associates of Anhui Transportation Holding Group (as defined under the Listing Rules) and are therefore also connected persons of the Company. Accordingly, the transactions under the Maintenance Work Contracts constitute continuing connected transactions.

As the continuing connected transactions under the Maintenance Work Contracts are conducted with the same connected persons (i.e. the Consortium), pursuant to the requirements under Rule 14A.83 of the Listing Rules, the above continuing connected transactions may be aggregated and regarded as a single transaction.

As the highest applicable percentage ratio in respect of the continuing connected transactions under the Maintenance Work Contracts on an annual and aggregated basis is more than 0.1% but less than 5%, and the transactions are conducted on normal commercial terms, they are exempted from the requirement of approval by independent shareholders of the Company, but shall be subject to the announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

(1) MAINTENANCE WORK CONTRACT I

Date

8 June 2023

Parties

- (1) The Company (as service user); and
- (2) The Consortium formed by Design Institute (leader of the Consortium), ATEGC and ATRMC (as service providers), all of which are connected persons of the Company under the Listing Rules.

Contract Matters

Pursuant to Maintenance Work Contract I, the Company shall engage the Consortium to provide integrated pavement maintenance and routine maintenance services for the road sections administered by the Company, which mainly include pavement maintenance design, technical services, pavement technical condition inspection, routine maintenance, maintenance works (including pavement milling and resurfacing, thin overlay, crack treatment, pothole repair, pavement partial maintenance), etc..

Contract Term

The construction period under the Maintenance Work Contract I shall be 13 months and the commencement time shall be subject to the order issued by the Company (or the supervision engineer).

Fees

The fees under the Maintenance Work Contract I shall be RMB66,054,209.47 in total, including RMB655,200.00 for maintenance plan design, RMB3,813,287.40 for services related to testing and assessment of road surface and RMB61,585,722.07 for maintenance work.

Basis for Fees and Payment Terms

The contract fee is the successful bid price submitted by the Consortium in the tender for the provision of services under the Maintenance Work Contract I. To ensure that the price is in line with normal commercial terms, the Maintenance Work Contract I shall be awarded to a service provider selected by way of open tender. At least 3 service providers have participated in the tender and the tender process has complied with the relevant local regulations. Factors that have been taken into consideration by the Company during the tender process include: (i) the terms of tender proposals offered by the participating bidders, including the tender prices and their responses to the tender terms; (ii) the background, qualifications and financial position of the participating bidders; (iii) the expected workload; (iv) the financial budget of the relevant services; and (v) the past tender contract unit price and the charging standards prescribed by the national laws and regulations, and a bid price ceiling is set.

According to the relevant terms of Maintenance Work Contract I and as confirmed by the parties, the Company shall pay to the leader of the Consortium, upon the issue of the order to commence by the Company (or the supervision engineer), 10% of the contract price (excluding the provisional amount) as the advance payment for commencement, which will be fully deducted from the settlement of project payments under Maintenance Contract I by the end of December 2023, and the leader of the Consortium shall provide a conforming advance payment guarantee.

The fees of maintenance works under Maintenance Work Contract I shall be paid on a monthly basis (3% of the project payments shall be deducted for each payment as quality guarantee deposit, which shall be refunded upon the expiry of the 12-month quality guarantee period with no quality issues being identified by a third party auditor), while the design and inspection fees shall be paid after the design drawings and road condition inspection have passed the review of the Company respectively. The aforesaid fees will be paid out of the internal funds of the Company.

(2) MAINTENANCE WORK CONTRACT II

Except for the following amendments, other major terms of Maintenance Work Contract II shall be the same as those set out in Maintenance Work Contract I:

- The party is changed from the Company to Xuanguang Company;
- Xuanguang Company shall engage the Consortium to provide pavement maintenance work services for the road sections administered by Xuanguang Company;
- The fees under the Maintenance Work Contract II shall be RMB5,645,913.02, including RMB815,112.09 for services related to testing and assessment of road surface and RMB4,830,800.93 for maintenance work.

(3) MAINTENANCE WORK CONTRACT III

Except for the following amendments, other major terms of Maintenance Work Contract III shall be the same as those set out in Maintenance Work Contract I:

- The party is changed from the Company to Guangci Company;
- Guangci Company shall engage the Consortium to provide pavement maintenance work services for the road sections administered by Guangci Company;
- The fees under the Maintenance Work Contract III shall be RMB912,509.91, including RMB143,843.31 for services related to testing and assessment of road surface and RMB768,666.60 for maintenance work.

(4) MAINTENANCE WORK CONTRACT IV

Except for the following amendments, other major terms of Maintenance Work Contract IV shall be the same as those set out in Maintenance Work Contract I:

- The party is changed from the Company to Ningxuanhang Company;
- Ningxuanhang Company shall engage the Consortium to provide pavement maintenance work services for the road sections administered by Ningxuanhang Company;
- The fees under the Maintenance Work Contract IV shall be RMB14,069,877.11, including RMB1,199,223.90 for services related to testing and assessment of road surface and RMB12,870,653.21 for maintenance work.

(5) MAINTENANCE WORK CONTRACT V

Except for the following amendments, other major terms of Maintenance Work Contract V shall be the same as those set out in Maintenance Work Contract I:

- The party is changed from the Company to Anqing Bridge Company;
- Anqing Bridge Company shall engage the Consortium to provide pavement maintenance work services for the road sections administered by Anqing Bridge Company;
- The fees under the Maintenance Work Contract V shall be RMB3,015,923.40, including RMB480,633.30 for services related to testing and assessment of road surface and RMB2,535,290.10 for maintenance work.

ANNUAL CAPS

For the financial years ending 31 December 2023 and 2024, the maximum annual total amounts (i.e. Annual Caps) for the transactions under the Maintenance Work Contracts are as follows:

	Annual Caps for the year ending 31 December 2023 (RMB)	Annual Caps for the year ending 31 December 2024 (RMB)
Maintenance Work Contract I	52,715,800.00	33,338,409.47
Maintenance Work Contract II	3,467,000.00	2,178,913.02
Maintenance Work Contract III	550,000.00	362,509.91
Maintenance Work Contract IV	9,910,000.00	4,159,877.11
Maintenance Work Contract V	1,900,000.00	1,115,923.40
Total	<u>68,542,800.00</u>	<u>41,155,632.91</u>

The total amounts of the aforesaid Annual Caps for 2023 and 2024 are RMB68,542,800.00 and RMB41,155,632.91, respectively.

The above Annual Caps are determined with reference to factors including (1) the expected workload; (2) the total contractual amount under each contract and (3) the expected payment schedule.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The continuing connected transactions under the Maintenance Work Contracts are works that must be carried out by the Group during daily operations. The Maintenance Work Contracts have undergone open tenders and are the results of successful bids made by the Consortium. Design Institute has class-A integrated qualification for construction works design; ATEGC possesses the qualifications related to maintenance, traffic safety and electromechanics, such as the first-grade qualification for general contracting of highway engineering construction, the first-grade qualification for professional contracting of highway safety facilities, and the second-grade qualification for professional contracting of steel structure engineering. ATRMC possesses the first-grade qualification for roadbed and pavement maintenance, the first-grade qualification for tunnel maintenance, the first-grade qualification for bridge maintenance, the first-grade qualification for traffic safety facilities maintenance and other related qualifications. During the bidding process, the Company has considered the aforementioned factors in this announcement and the qualifications of the Consortium, and has decided to accept the tenders of the Consortium and engage it to provide the abovementioned maintenance work services.

IMPLICATIONS UNDER THE LISTING RULES

Anhui Transportation Holding Group currently holds approximately 31.63% of the total issued shares of the Company, and is the controlling shareholder and a connected person of the Company as defined under the Listing Rules. As Design Institute is a subsidiary of Anhui Transportation Holding Group and both ATEGC and ATRMC are wholly-owned subsidiaries of Anhui Transportation Holding Group, under Chapter 14A of the Listing Rules, Design Institute, ATEGC and ATRMC are associates of Anhui Transportation Holding Group (as defined under the Listing Rules) and are therefore also connected persons of the Company. Accordingly, the transactions under the Maintenance Work Contracts constitute continuing connected transactions.

As the continuing connected transactions under the Maintenance Work Contracts are conducted with the same connected persons (i.e. the Consortium), pursuant to the requirements under Rule 14A.83 of the Listing Rules, the above continuing connected transactions may be aggregated and regarded as a single transaction.

As the highest applicable percentage ratio in respect of the continuing connected transactions under the Maintenance Work Contracts on an annual and aggregated basis is more than 0.1% but less than 5%, and the transactions are conducted on normal commercial terms, they are exempted from the requirement of approval by independent shareholders of the Company, but shall be subject to the announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

CONFIRMATION OF THE BOARD

At the twenty-ninth meeting of the ninth session of the Board of the Company held on 30 March 2023, the resolution in relation to the approval of the transactions under the Maintenance Work Contracts was considered and approved. Xiang Xiaolong, Yang Xiaoguang, Tao Wensheng and Chen Jiping, directors of the Company, are directors or senior management of Anhui Transportation Holding Group and/or directors nominated by Anhui Transportation Holding Group. Therefore, Xiang Xiaolong, Yang Xiaoguang, Tao Wensheng and Chen Jiping are considered to have interests in the transactions under the Maintenance Work Contracts, and have abstained from voting on the resolution in relation to the continuing connected transactions under the Maintenance Work Contracts under the Listing Rules.

Save as aforesaid, none of the directors have any material interests in the transactions under the Maintenance Work Contracts and are required to abstain from voting on the relevant Board resolution.

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 Maintenance Work Contracts and the Annual Caps are fair and reasonable and are on normal commercial terms, and such continuing connected transactions under the Maintenance Work Contracts 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.

INFORMATION OF THE RELEVANT PARTIES

The Company is principally engaged in the holding, operation and development of toll expressways and highways within Anhui Province.

Anqing Bridge Company is principally engaged in bridge construction and fund raising, material supply, tertiary industry operation, and bridge operation and management services.

Ningxuanhang Company is principally engaged in the construction, toll collection, maintenance, management and supporting advertising services of high-grade highways.

Xuanguang Company is principally engaged in toll collection, maintenance and obstruction removal services for Xuanguang Expressway; mechanical repairs for automobiles and construction engineering; food and beverage; automobile accessories, wholesale and retail sales of department store products.

Guangci Company is principally engaged in toll collection, maintenance, obstruction removal services, and operation and management of Guangci Expressway.

Design Institute is principally engaged in investment, planning, consulting, project management, survey, design, supervision, testing, construction, operation and maintenance, technology, equipment and building materials development, agent, general contracting and external contracting of the transportation and urban and rural infrastructure (such as road, bridge, tunnel, port, channel, rail, transportation works, geotechnical, landscaping, water supply and drainage, architecture, structures, etc.), resources and ecology and environment (such as protection, restoration, disaster prevention, governance and development and utilization) and the intelligence and information system.

ATEGC is principally engaged in construction work; professional operations of construction; prestressed concrete railway bridge simple supported beam products production; production of steel reinforcement products for construction; landscaping engineering construction; manufacturing of concrete structure components; sales of concrete structural components; manufacturing of cement products; sales of cement products, etc..

ATRMC is principally engaged in highway management and maintenance; roadbed and pavement maintenance works; construction works; professional operations of construction; technical services, technical development, technical consulting, technical exchange, technical transfer and technical promotion; engineering and technology research and experimental development; new material technology research and development; new material technology promotion services; engineering management services, etc..

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall 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), a state-owned enterprise incorporated under the PRC law
“Annual Cap(s)”	the maximum aggregate annual amount(s) for the continuing connected transactions contemplated under the Maintenance Work Contracts
“Anqing Bridge Company”	Anhui Anqing Yangtze River Expressway Bridge Limited Liability Company* (安徽安慶長江公路大橋有限責任公司), a limited company established in the PRC and a wholly-owned subsidiary of the Company

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“ATEGC”	Anhui Transportation Engineering Group Co., Ltd.* (安徽交控工程集團有限公司), a company incorporated under the PRC law with limited liability
“ATRMC”	Anhui Transportation Road Maintenance Co., Ltd.* (安徽交控道路養護有限公司), a company incorporated under the PRC law with limited liability
“Board”	the board of directors of the Company
“Company”	Anhui Expressway Company Limited* (安徽皖通高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consortium”	the consortium formed by Design Institute, ATEGC and ATRMC to provide transactions under the Maintenance Work Contracts
“Design Institute”	Anhui Transport Consulting & Design Institute Co., Ltd.* (安徽省交通規劃設計研究總院股份有限公司), a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange in the PRC
“Group”	the Company and its subsidiaries
“Guangci Company”	Xuancheng City Guangci Expressway Company Limited* (宣城市廣祠高速公路有限責任公司), a company incorporated under the laws of the PRC, its equity interest is held as to 55.47% and 44.53% by the Company and Xuancheng Transportation Investment Group Company Limited* (宣城市交通投資集團有限公司), respectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Maintenance Work Contract I”	the General Contracting Contract for Integrated Pavement Maintenance and Routine Expressway Maintenance entered into between the Company and the Consortium on 8 June 2023
“Maintenance Work Contract II”	the General Contracting Contract for Integrated Pavement Maintenance and Routine Expressway Maintenance entered into between Xuanguang Company and the Consortium on 8 June 2023
“Maintenance Work Contract III”	the General Contracting Contract for Integrated Pavement Maintenance and Routine Expressway Maintenance entered into between Guangci Company and the Consortium on 8 June 2023
“Maintenance Work Contract IV”	the General Contracting Contract for Integrated Pavement Maintenance and Routine Expressway Maintenance entered into between Ningxuanhang Company and the Consortium on 8 June 2023
“Maintenance Work Contract V”	the General Contracting Contract for Integrated Pavement Maintenance and Routine Expressway Maintenance entered into between Anqing Bridge Company and the Consortium on 8 June 2023
“Maintenance Work Contracts”	Maintenance Work Contract I, Maintenance Work Contract II, Maintenance Work Contract III, Maintenance Work Contract IV and Maintenance Work Contract V
“Ningxuanhang Company”	Anhui Ningxuanhang Expressway Investment Company Limited* (安徽寧宣杭高速公路投資有限公司), its equity interest is held as to 51%, 10% and 39% by the Company, Xuancheng Transportation Investment Group Company Limited* (宣城市交通投資集團有限公司) and Anhui Transportation Holding Group, respectively
“percentage ratio(s)”	the percentage ratio(s) (other than the profits ratio and 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 Special Administrative Region, Macau Special Administrative Region and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xuanguang Company”	Xuanguang Expressway Company Limited* (宣廣高速公路有限責任公司), a company incorporated under the laws of the PRC, and its equity interest is held as to 55.47% and 44.53% by the Company and Xuancheng Transportation Investment Group Company Limited* (宣城市交通投資集團有限公司), respectively
“%”	per cent

By Order of the Board
Anhui Expressway Company Limited
Lee Chung Shing
Company Secretary

Hefei, Anhui, the PRC
8 June 2023

As of the date of this announcement, the board of directors of the Company comprises: Xiang Xiaolong (chairman), Yang Xiaoguang, Tao Wensheng and 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 non-executive 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*