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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: DESIGN AND CONSTRUCTION GENERAL CONTRACTING AGREEMENTS FOR BUILDING FACILITIES RENOVATION AND UPGRADING

The Board announces that on 28 September 2023, the Company and its subsidiary Ningxuanhang Company entered into the Design and Construction General Contracting Project Agreements for Building Facilities Renovation and Upgrading of the Operation Units (the “**General Contracting Agreements**”) with the Consortium formed by Design Institute and AJCG, pursuant to which, the Company and Ningxuanhang Company entrusted the Consortium to provide design and construction general contracting services for the design and construction general contracting project of building facilities renovation and upgrading, including special maintenance, newly construction, renovation and expansion of buildings, upgrading and renovation of dormitories and canteens of the expressway parks and toll stations under the management of the Company’s Xiao County Branch and Ningxuanhang Company, as well as the updating of supporting facilities in the parks and toll stations.

Anhui Transportation Holding Group is currently holding 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 AJCG is a wholly-owned subsidiary of Anhui Transportation Holding Group, under Chapter 14A of the Listing Rules, Design Institute and AJCG are associates of Anhui Transportation Holding Group and are therefore also connected persons of the Company. Accordingly, the transactions under the General Contracting Agreements constitute continuing connected transactions of the Company.

As the continuing connected transactions under the General Contracting Agreements are conducted with the same connected persons (i.e. the Consortium), therefore 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 transactions contemplated under the General Contracting Agreements on an annual and aggregated basis is more than 0.1% but less than 5%, and the transactions contemplated under the General Contracting Agreements 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) GENERAL CONTRACTING AGREEMENT I

Date

28 September 2023

Parties

- (1) The Company (as service user); and
- (2) The Consortium formed by Design Institute and AJCG (as service provider), connected person of the Company under the Listing Rules.

Subject Matters

Pursuant to General Contracting Agreement I, the Company shall engage the Consortium to provide design and construction general contracting services for the design and construction general contracting project of building facilities renovation and upgrading of operation units, including special maintenance, newly construction, renovation and expansion of buildings, upgrading and renovation of dormitories and canteens of the expressway parks and toll stations under the management of the Company's Xiao County Branch, as well as the updating of supporting facilities in the parks and toll stations.

Agreement Term

The construction period of the renovation works under General Contracting Agreement I shall be 6 months and the actual commencement time of the project shall be subject to the time set out in the commencement notification issued by the supervision engineer.

Fees

Pursuant to General Contracting Agreement I, the total fee charged by the Consortium to the Company shall be RMB9,608,498.73, among which, the design fee shall be RMB299,490.00, and the construction fee shall be RMB9,309,008.73 (including a provisional amount of RMB100,000, which is reserved for construction fees that are unforeseen in advance or cannot be estimated accurately. Such amount may be used partially or fully, or may not be used at all, subject to the Company's review and approval).

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 service under the General Contracting Agreement I. To ensure that the price is in line with normal commercial terms, the General Contracting Agreement 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/Ningxuanhang 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 service; 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 the General Contracting Agreement I and as confirmed by the parties, the project fees under the General Contracting Agreement I shall be paid by the Company to the Consortium in accordance with the progress of the project. The design fee shall be tentatively calculated based on the total amount of the bidding price for the construction of each road section, and paid up to 70% after the approval of the construction drawing. The final design fee shall be calculated based on the actual construction settlement amount of each project after the completion and acceptance inspection of all the works, and paid up to 95% of the final design fee; up to 97% of the final audited amount shall be paid upon the issue of the final audit form and the remaining 3% shall be regarded as quality guarantee deposit. The construction fee shall be paid on a quarterly basis, and up to 80% of the amount of approved construction shall be paid upon completion and acceptance inspection in the current period; up to 95% of the preliminary review amount of final accounts shall be paid upon the preliminary review of final accounts after completion of the works; up to 97% of the final audited amount shall be paid upon the issue of the final audit form and the remaining 3% shall be regarded as quality guarantee deposit. The aforesaid fees will be paid out of the internal funds of the Company.

(2) GENERAL CONTRACTING AGREEMENT II

Except for the following amendments, other major terms of General Contracting Agreement II shall be the same as those set out in General Contracting Agreement I:

- The party shall change from the Company to Ningxuanhang Company;
- Ningxuanhang Company shall engage the Consortium to provide design and construction general contracting services for itself, including special maintenance, new construction, renovation and expansion of buildings, upgrading and renovation of dormitories and canteens at the parks and toll stations along the expressways under the management by Ningxuanhang Company, as well as the upgrading of supporting facilities at such parks and toll stations;
- Pursuant to General Contracting Agreement II, the total fee tentatively charged by the Consortium to Ningxuanhang Company shall be RMB10,342,784.94, among which, the design fee shall be RMB319,200, and the construction fee shall be RMB10,023,584.94 (including a provisional amount of RMB30,000).

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 General Contracting Agreements are as follows:

	Annual Caps for the year ending 31 December 2023 (RMB)	Annual Caps for the year ending 31 December 2024 (RMB)
General Contracting Agreement I	7,686,798.98	1,921,699.75
General Contracting Agreement II	<u>8,274,227.95</u>	<u>5,300,000.00</u>
Total	<u><u>15,961,026.93</u></u>	<u><u>7,221,699.75</u></u>

The total amounts of the aforesaid Annual Caps for 2023 and 2024 are RMB15,961,026.93 and RMB7,221,699.75, 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. Based on the current estimates, certain works under General Contracting Agreement II with an amount not exceeding approximately RMB3,231,443 may be conducted in either 2023 or 2024. In order to accommodate the aforesaid uncertainty, the fees for such works have been included in both the Annual Cap of General Contracting Agreement II for the year ending 31 December 2023 and that for the year ending 31 December 2024. As a result, the total Annual Caps for General Contracting Agreement II exceed its total contractual amount. For the avoidance of doubt, the Company confirms that the total amount for the transaction under General Contracting Agreement II in 2023 and 2024 will not exceed its total contractual amount (i.e. RMB10,342,784.94).

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The continuing connected transactions under the General Contracting Agreements are necessary for the normal production and operation of the Group. The General Contracting Agreements have been entered into through open tenders, which was won by the Consortium. Design Institute has class-A integrated qualification for construction works design, while AJCG possesses four first-grade qualifications for the areas including housing construction, municipal public works, building renovation and decoration works, and foundation construction. During the bidding process, the Company/Ningxuanhang 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.

CONFIRMATION OF THE BOARD

At the 29th meeting of the ninth session of the Board of the Company held on 30 March 2023, the Resolution in relation to the Estimated Daily Related Party Transactions for 2023 relating to (among others) the General Contracting Agreements 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 General Contracting Agreements, and have abstained from voting on the resolution on the continuing connected transactions under the General Contracting Agreements under the Listing Rules. Save as aforesaid, none of the directors has any material interests in the transactions under the General Contracting Agreements and is 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 of the Company) are of the view that the terms of the General Contracting Agreements and the Annual Caps are fair and reasonable and are on normal commercial terms, and such continuing connected transactions under the General Contracting Agreements 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.

IMPLICATIONS UNDER THE LISTING RULES

Anhui Transportation Holding Group is currently holding 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 AJCG is a wholly-owned subsidiary of Anhui Transportation Holding Group, under Chapter 14A of the Listing Rules, Design Institute and AJCG are associates of Anhui Transportation Holding Group and are therefore also connected persons of the Company. Accordingly, the transactions under the General Contracting Agreements constitute continuing connected transactions of the Company.

As the continuing connected transactions under the General Contracting Agreements are conducted with the same connected persons (i.e. the Consortium), therefore 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 transactions contemplated under the General Contracting Agreements on an annual and aggregated basis is more than 0.1% but less than 5%, and the transactions contemplated under the General Contracting Agreements 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.

INFORMATION ON THE PARTIES TO GENERAL CONTRACTING AGREEMENTS

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

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

Design Institute is principally engaged in investment in, planning, consulting, project management, survey, design, supervision, testing, construction, operation and maintenance of, technology, equipment and building materials development for, agent, general contracting and external contracting of the transportation and urban and rural infrastructure (such as road, bridge, tunnel, port, channel, rail, transportation engineering, 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 and other projects.

AJCG is principally engaged in general contracting of housing construction and municipal infrastructure project, various kinds of works construction activities, intelligent building construction works, fire service facilities construction works, construction works design, real estate development and operation and others.

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 in accordance with the laws of the PRC
“Annual Cap(s)”	the maximum annual total amount(s) for the continuing connected transactions under the General Contracting Agreements
“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 Hong Kong 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 and AJCG to provide transactions under the General Contracting Agreements

“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
“AJCG”	Anhui Jinggong Construction General Co., Ltd.* (安徽省經工建設集團有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Anhui Transportation Holding Group
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on Hong Kong Stock Exchange
“General Contracting Agreements”	General Contracting Agreement I and General Contracting Agreement II
“General Contracting Agreement I”	the Design and Construction General Contracting Project Agreements for Building Facilities Renovation and Upgrading of the Operation Units entered into by the Company with the Consortium on 28 September 2023 in respect of the design and construction general contracting project for building facilities renovation and upgrading
“General Contracting Agreement II”	the Design and Construction General Contracting Project Agreements for Building Facilities Renovation and Upgrading of the Operation Units entered into by Ningxuanhang Company with the Consortium on 28 September 2023 in respect of the design and construction general contracting project for building facilities renovation and upgrading
“percentage ratio(s)”	the percentage ratio(s) (except for profits ratio and equity capital ratio) prescribed under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, and for the sole purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Hefei, Anhui, the PRC

28 September 2023

As at the date of this announcement, the Board of the Company comprises Xiang Xiaolong (chairman) and Chen Jiping as the executive Directors; Yang Xudong and Du Jian as the non-executive Directors; and Liu Hao, Zhang Jianping and Fang Fang as 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*