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安徽皖通高速公路股份有限公司

ANHUI EXPRESSWAY COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 995)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS:
COOPERATION FRAMEWORK AGREEMENT**

The Board announces that on 29 October 2020, the Company has entered into a cooperation framework agreement (the “Framework Agreement”) with Expressway Construction in respect of the project for optimizing and improving mechatronic system.

- 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. Expressway Construction is a wholly-owned subsidiary of Anhui Transportation Holding Group. Expressway Construction is an associate (as defined under the Listing Rules) of Anhui Transportation Holding Group and is therefore also a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions under the Framework Agreement constitute continuing connected transactions.
- As the highest applicable percentage ratio in respect of the continuing connected transactions under the Framework Agreement on an annual 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.

Background

The Board announces that on 29 October 2020, the Company has entered into a cooperation framework agreement with Expressway Construction in respect of the project for optimizing and improving mechatronic system upon friendly negotiations, with an aim to reduce the construction costs of the Company’s mechatronic projects and improve the operational safety standard of mechatronic system, further improving the expressway operation and management capability, and providing high-quality toll service for the public.

Major Terms

Date

29 October 2020

Parties

- (1) The Company (as service user); and
- (2) Expressway Construction (as service provider), a connected person of the Company under the Listing Rules.

Contract Matters

Pursuant to the Framework Agreement, the Company engaged Expressway Construction to provide construction services for optimizing and improving mechatronic system to the management offices and subsidiaries of the Company, which includes the projects for optimizing and improving mechatronic system such as optimization of mechatronic system's network structure, transformation of communication and business network, upgrading and transformation of equipment and facilities.

When conducting specific projects, Expressway Construction will enter into specific implementation contracts with relevant management offices and subsidiaries of the Company.

Contract Term

The term of the Framework Agreement is from November 2020 to October 2021.

Fees

The total amount of the services fees under the Framework Agreement is estimated to be RMB94,250,000, among which:

The estimated fees for construction services to be provided by Expressway Construction to the Hefei Management Office, Gaojie Management Office, Xiaoxian County Management Office and Chuzhou Management Office of the Company, Xuanguang Company, and Ningxuanhang Company in respect of optimizing and improving mechatronic system are RMB26,400,000, RMB11,800,000, RMB14,000,000, RMB3,150,000, RMB20,250,000 and RMB18,650,000, respectively.

Basis for Fees and Payment Terms

The contract fees are the estimated prices, which were based on the Highway Project Budgeting Quota* (公路工程預算定額)(JTG/T3832-2018) issued by the Ministry of Transport and with reference to the unit price of recent similar tendering projects of the Company, and the pricing policy is fair and reasonable.

According to the relevant terms under the Framework Agreement and the confirmation by the Company, 60% of the equipment fees shall be payable after the delivery of equipment and acceptance of the quality inspection, and 95% of the contract fees shall be payable after the delivery of project and acceptance of the quality inspection, and the remaining fees shall be payable if there is no defects liability after expiry of the two-year defects liability period. The aforesaid fees will be paid to Expressway Construction out of the internal funds of the Company.

Annual Caps

For the financial years ending 31 December 2020 and 31 December 2021, the maximum annual total value (i.e. the Annual Cap) for the transactions under the Framework Agreement are RMB94,250,000 and RMB94,250,000, respectively. The Annual Caps are determined with reference to factors including (1) the expected amount of work; (2) the total contractual amount under the Framework Agreement; and (3) the expected payment schedule.

Reasons for and Benefits of the Transactions

The continuing connected transactions under the Framework Agreement conducted by Expressway Construction are necessary operating activities of the Company, with a goal to reduce the construction costs of mechatronic projects and improve the operational safety standard of mechatronic system. This project involves professional project construction such as traffic safety and mechatronics. Expressway Construction possesses the first-grade qualification for professional contracting of highway traffic project (highway mechatronic project) and the first-grade qualification for professional contracting of highway traffic project (highway safety facilities), and relevant qualifications such as maintenance, traffic safety and mechatronics. Expressway Construction is able to consolidate and arrange construction, reduce safety risks and comprehensively advance the implementation progress of the project. Expressway Construction is familiar with the situation of each operation unit and road sections of the Company, which benefits the communication and coordination during construction process and ensures the progress and quality requirements of the projects for optimizing and improving mechatronic system. These transactions have a positive meaning for the improvement of operational management standard of expressway and operational management efficiency of the Company.

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. Expressway Construction is a wholly-owned subsidiary of Anhui Transportation Holding Group. Expressway Construction is an associate of Anhui Transportation Holding Group and is therefore also a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions under the Framework Agreement constitute continuing connected transactions.

As the highest applicable percentage ratio in respect of the continuing connected transactions under the Framework Agreement on an annual 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

The Company has convened the 3rd Meeting of the Ninth Session of the Board on 29 October 2020, at which the Board has considered and approved the resolution in relation to the Framework Agreement. Xiang Xiaolong, Yang Xiaoguang, Tang Jun and Xie Xinyu who are directors of the Company are also directors or senior management of Anhui Transportation Holding Group or its controlling subsidiaries. Therefore, Xiang Xiaolong, Yang Xiaoguang, Tang Jun and Xie Xinyu are deemed to be interested in the transactions under the Framework Agreement and have abstained from voting on the resolution on connected transactions in relation to the Framework Agreement in accordance with the Listing Rules. Save as mentioned above, none of the Directors is materially interested in the transactions under the Framework Agreement, nor is any Director required to abstain from voting on the relevant Board resolution.

The Board (including independent non-executive directors) consider that the transactions under the Framework Agreement are (i) fair and reasonable; (ii) conducted on normal commercial terms or better terms in the ordinary course of business of the Group; and (iii) 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 and outside Anhui Province.

Expressway Construction is principally engaged in general contracting of highways, municipal services, housing construction, water conservancy and hydropower, ports and waterways; professional project contracting of steel structures, reinforcement of building structures, traffic safety facilities, mechatronics, highway subgrade, road pavement, bridges, tunnels, building renovation and decoration, and landscaping; production, sales and construction of traffic safety facilities and products such as guard rails, traffic signs, pavement markings, sound barriers and separating fences; maintenance and construction of highway subgrade, road pavement, bridges, tunnels and mechatronics.

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)
“Annual Cap(s)”	the maximum aggregate annual amount(s) for the continuing connected transactions contemplated under the Framework 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* (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 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
“Expressway Construction”	Anhui Expressway Construction Company Limited* (安徽省高速公路建設有限公司), a company incorporated under the laws of the PRC, which is 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 the Stock Exchange
“Ningxuanhang Company”	Anhui Ningxuanhang Expressway Investment Company Limited*(安徽省寧宣杭高速公路投資有限公司), equity interest of which is held as to 51%, 10% and 39% by the Company, Xuancheng Transportation Investment Company Limited* (宣城市交通投資有限公司) and Anhui Transportation Holding Group, respectively
“percentage ratio”	the percentage ratios (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 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 Company Limited* (宣城市交通投資有限公司), respectively
“%”	percentage

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

Hefei, Anhui, the PRC
29 October 2020

As at the date of this announcement, the Board of the Company comprises Xiang Xiaolong (Chairman), Yang Xiaoguang, Tang Jun and Xie Xinyu, 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 was originally prepared in Chinese. In the event of discrepancies between the Chinese and the English version, the Chinese version shall prevail.

* *Translation for identification purpose only*