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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: PRECAST CONCRETE COMPONENT WORK CONTRACT

The Board announces that on 17 March 2023, Guangxuan Company, a subsidiary of the Company, entered into the Precast Concrete Component Work Contract with ATEGC (the “**Component Work Contract**”), pursuant to which Guangxuan Company entrusts ATEGC to provide construction services for the precast concrete component works of Bid Section GX-YZ01 for the Widening Work, including precasting, packaging, storage, multiple reshipment, loading, transportation to the place designated by the civil engineering contractor of small precast components (precast blocks of protection, drainage and soil shoulder), precast pipe culvert bodies, precast culvert channels, cover plates, 13-meter and 16-meter short T beams.

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 ATEGC is a wholly-owned subsidiary of Anhui Transportation Holding Group, under Chapter 14A of the Listing Rules, ATEGC is an associate of Anhui Transportation Holding Group and is therefore also a connected person of the Company. Accordingly, the transaction under the Component Work Contract constitutes continuing connected transactions.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Component Work Contract on an annual basis are more than 0.1% but less than 5%, the transaction contemplated under the Component Work Contract is 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.

COMPONENT WORK CONTRACT

Date: 17 March 2023

Parties

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

Contract Matters

Pursuant to Component Work Contract, Guangxuan Company entrusts ATEGC to provide construction services for the precast concrete component works of Bid Section GX-YZ01, totalling 113.563 kilometres, for the Widening Work, including precasting, packaging, storage, multiple reshipment, loading, transportation to the place designated by the civil engineering contractor of small precast components (precast blocks of protection, drainage and soil shoulder), precast pipe culvert bodies, precast culvert channels, cover plates, 13-meter and 16-meter short T beams.

Contract Term

The construction period of the project under the Component Work Contract is 28 months and the actual commencement time of the project shall be subject to the commencement time specified in the notice of commencement of work issued by the supervisor.

Fees

Pursuant to Component Work Contract, the total fees charged by ATEGC to Guangxuan Company were provisionally set at RMB407,552,821.12.

Basis for Fees and Payment Terms

The contract fee is the successful bid price submitted by Guangxuan Company in the tender for the provision of services under the Component Work Contract. To ensure that the price is in line with normal commercial terms, the Component Work Contract 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 Guangxuan 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 Component Work Contract and as confirmed by the parties, the project fees will be paid on a monthly basis in accordance with the progress of the project. Cumulatively up to 97% of the approved construction fee shall be paid upon the passing of acceptance inspection; after the final audit of the completion and upon confirmations by the project office and the supervisor that the defects, remaining works (e.g. reclamation of the gravel-soil-taken field) and local debts have been dealt with, cumulatively up to 99% of the final audited amount (the remaining 1% being the reserve for the project settlement) shall be paid, and up to 100% of the final audited amount shall be paid upon completion and acceptance and confirmation from the user that there are no quality defects.

ANNUAL CAPS

The maximum aggregate annual values (i.e. the Annual Caps) under the Component Work Contract for each financial year ending 31 December 2023, 2024 and 2025 shall be RMB191,000,000.00, RMB171,000,000.00 and RMB45,600,000.00, respectively, which have been determined with reference to (1) the estimated construction volume; (2) the contractual unit price or gross price and (3) expected progress of the construction.

REASONS FOR AND BENEFITS OF THE COMPONENT WORK CONTRACT

The services under the Component Work Contract are necessary for the Widening Work. To ensure the quality of the precast components of the Widening Work and the overall project schedule, Guangxuan Company selected the project implementer for the abovementioned project by way of public tenders. ATEGC won the bids to become the project implementer. ATEGC has the qualifications related to maintenance, traffic safety and electromechanical, 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 works.

CONFIRMATION OF THE BOARD

At the 28th meeting of the ninth session of the Board of the Company held on 19 January 2023, the resolution in relation to the approval of the transaction under the Component Work Contract was considered and approved. Xiang Xiaolong, Yang Xiaoguang, Tao Wensheng and Chen Jiping, being 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 deemed to have interests in the transactions under the Component Work Contract, and have abstained from voting on the resolution on the connected transactions under the Component Work Contract under the Listing Rules. Save as aforesaid, none of the directors have any material interests in the Component Work Contract or are required to abstain from voting on the relevant Board resolution.

The Board (including independent non-executive directors) consider that the transactions under the Component Work Contract 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.

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 ATEGC is a wholly-owned subsidiary of Anhui Transportation Holding Group, under Chapter 14A of the Listing Rules, ATEGC is an associate of Anhui Transportation Holding Group (as defined under the Listing Rules) and is therefore also a connected person of the Company. Accordingly, the transaction under the Component Work Contract constitute connected transactions.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Component Work Contract on an annual basis are more than 0.1% but all are less than 5%, the transaction contemplated under the Component Work Contract is 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.

INFORMATION ON THE PARTIES OF COMPONENT WORK CONTRACT

Guangxuan Company is mainly engaged in highway management and maintenance; construction engineering design; catering services; accommodation services; retail of refined oil products (excluding hazardous chemicals); repair and maintenance of motor vehicles; general merchandise sales; advertising design and agency; advertising production, etc.

ATEGC is mainly engaged in construction works; construction specialised work; PC railway bridge simple support products production; production of steel reinforcement products for construction; construction of landscaping projects; manufacturing of concrete structure components; sales of concrete structure components; manufacturing of cement products; sales of cement products; manufacture of metal structures; sale of metal structures, etc.

DEFINITIONS

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

“ATEGC”	Anhui Transportation Engineering Group Co., Ltd.* (安徽交控工程集團有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Anhui Transportation Holding Group
“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
“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
“Guangxuan Company”	Anhui Province Guangxuan Expressway Limited Liability Company, a company incorporated in the PRC with limited liability and a subsidiary of the Company

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Component Work Contract”	the component work contract entered into between Guangxuan Company and ATEGC on 17 March 2023 in respect of the precast concrete component works of Bid Section GX-YZ01 for the Widening Work
“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, 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
“Widening Work”	the proposed reconstruction and widening work in respect of the expansion of Xuanguang Expressway (Guangde-Xuancheng Section of Shanghai-Chongqing National Expressway in Anhui Province) by Guangxuan Company
“%”	per cent

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

Hefei, Anhui, the PRC
17 March 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