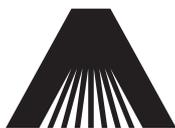


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安徽皖通高速公路股份有限公司

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 COMPREHENSIVE UPGRADING AND RENOVATION PROJECT OF SERVICE AREAS

The Board announces that on 6 November 2023, the Company and its subsidiary signed the following Design and Construction General Contracting Agreements (the “**General Contracting Agreements**”) with the Consortium formed by Design Institute and AJCG:

Pursuant to General Contracting Agreement I, the Company shall engage the Consortium to provide design and construction general contracting services for the comprehensive upgrading and renovation project of Feidong, Wenji, Gongling, Taihu, Wanghe, Baimao, Dashu, Quanjiao, Fushan, Wangzhai and the one side of Susong service areas owned by the Company, which include construction of new service facilities, upgrading of building façades, interior renovation, renovation of power supply system, renovation of water supply and drainage system, renovation of heating and ventilation system, square block renovation, landscape upgrading, updating of signage and markings, renovation of environmental facilities, etc.;

Pursuant to General Contracting Agreement II, Guangci Company shall engage the Consortium to provide design and construction general contracting services for the comprehensive upgrading and renovation project of Guangde service area owned by Guangci Company, which include improvement of sewage system, etc.;

Pursuant to General Contracting Agreement III, Ningxuanhang Company shall engage the Consortium to provide design and construction general contracting services for the comprehensive upgrading and renovation project of Nanyihu service area owned by Ningxuanhang Company, which include interior renovation, improvement of sewage system, etc..

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 Rules 14A.83 of the Listing Rules, the above continuing connected transactions may be aggregated and regarded as a single transaction.

As one or more of the applicable percentage ratios in respect of the highest Annual Caps of the transactions contemplated under the General Contracting Agreements on an aggregated basis is more than 0.1% but all are less than 5%, and such transactions are conducted on normal commercial terms, the transactions contemplated under the General Contracting Agreements 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.

GENERAL CONTRACTING AGREEMENT I

Date: 6 November 2023

Parties

- (1) The Company (as service user); and
- (2) The Consortium formed by Design Institute and AJCG (as service providers), connected persons 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 comprehensive upgrading and renovation project of Feidong, Wenji, Gongling, Taihu, Wanghe, Baimao, Dashu, Quanjiao, Fushan, Wangzhai and the one side of Susong service areas owned by the Company, which include construction of new service facilities, upgrading of building façades, interior renovation, renovation of power supply system, renovation of water supply and drainage system, improvement of sewage system, renovation of heating and ventilation system, square block renovation, landscape upgrading, updating of signage and markings, renovation of environmental facilities, etc..

Agreement Term

The construction period of the renovation project under General Contracting Agreement I is 5 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 project supervisor.

Fees

Pursuant to General Contracting Agreement I, the total fee charged by the Consortium to the Company shall be RMB23,640,209.43 tentatively, among which, the design fee shall be RMB589,413.87, and the construction fee shall be RMB23,050,795.56 (including a provisional amount of RMB1,000,000, 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 General Contracting Agreement I. To ensure that the price is in line with normal commercial terms, 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 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 General Contracting Agreement I and as confirmed by the parties, the fees under General Contracting Agreement I shall be paid by the Company to the Consortium in accordance with the progress of the project. 70% of the design fee shall be paid after the approval of the construction drawing, and the remaining 30% shall be paid after completion and settlement of the project. With regard to the construction fee, 10% of the contractual amount shall be paid as prepayment upon deployment of the main personnel and equipment by the service provider and fulfilling the requirements of the contractual documents and that of the service user. The progress payment for the construction fee shall be made in each month, with 80% of the confirmed amount of the approved construction work shall be paid in each instalment; up to 97% of the final audited amount shall be paid upon the preliminary audit of final accounts after completion of the project, and the remaining 3% shall be regarded as quality guarantee deposit to be paid after the user confirms no quality defects upon the expiry of the 24-month defect liability period. The aforesaid fees will be paid out of the internal funds of the Company.

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 be changed from the Company to Guangci Company;
- Pursuant to General Contracting Agreement II, Guangci Company shall engage the Consortium to provide design and construction general contracting services for the comprehensive upgrading and renovation project of Guangde service area owned by Guangci Company, which include improvement of sewage system, etc.;
- Pursuant to General Contracting Agreement II, the total fee charged by the Consortium to Guangci Company shall be RMB315,711.97 tentatively, among which, the design fee shall be RMB12,262.25, and the construction fee shall be RMB303,449.72 (including a provisional amount of RMB20,000.00).

GENERAL CONTRACTING AGREEMENT III

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

- The party shall be changed from the Company to Ningxuanhang Company;

- Pursuant to General Contracting Agreement III, Ningxuanhang Company shall engage the Consortium to provide design and construction general contracting services for the comprehensive upgrading and renovation project of Nanyihu service area owned by Ningxuanhang Company, which include interior renovation, improvement of sewage system, etc.;
- Pursuant to General Contracting Agreement III, the total fee charged by the Consortium to Ningxuanhang Company shall be RMB3,141,501.03 tentatively, among which, the design fee shall be RMB122,380.52, and the construction fee shall be RMB3,019,120.51 (including a provisional amount of RMB200,000.00).

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	14,184,125.66	16,548,146.60
General Contracting Agreement II	189,427.18	220,998.38
General Contracting Agreement III	<u>1,884,900.62</u>	<u>2,199,050.72</u>
Total	<u><u>16,258,453.46</u></u>	<u><u>18,968,195.70</u></u>

The total amounts of the aforesaid Annual Caps for 2023 and 2024 are RMB16,258,453.46 and RMB18,968,195.70, 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 I, General Contracting Agreement II and General Contracting Agreement III may be conducted in either 2023 or 2024, with specific amounts as set out below:

	Estimated amount of works that may be conducted in either 2023 or 2024 (RMB) (approximate)
General Contracting Agreement I	7,092,062.17
General Contracting Agreement II	94,713.59
General Contracting Agreement III	942,450.31

In order to accommodate the aforesaid uncertainty, the fees for corresponding works have been included in the Annual Caps of General Contracting Agreement I, General Contracting Agreement II and General Contracting Agreement III for the years ending 31 December 2023 and 31 December 2024. As a result, the total Annual Caps for each of General Contracting Agreement I, General Contracting Agreement II and General Contracting Agreement III exceed their total contractual amounts. For the avoidance of doubt, the Company confirms that the total amount for the transactions under General Contracting Agreement I, General Contracting Agreement II and General Contracting Agreement III in 2023 and 2024 will not exceed their respective total contractual amount (i.e. RMB23,640,209.43, RMB315,711.97 and RMB3,141,501.03).

REASONS FOR AND BENEFITS OF GENERAL CONTRACTING AGREEMENTS

The Company is of the view that the renovation of the service areas is conducive to enhancing their integrated service capabilities and satisfying the travelling needs of the general public. The service area improvement projects involve housing construction works, interior decoration improvement, upgrading of landscape works, and professional construction works in relation to power supply and distribution systems, fire-fighting equipment and heating and ventilation systems. The Company used open tenders to select the implementation contractors for the above projects, and Design Institute and AJCG won the bids to conduct the upgrading works of service areas. Design Institute has Class-A Integrated Qualification in Designs, while AJCG possesses four first-grade qualifications for the areas including housing construction, municipal public works, building renovation and decoration works, and foundation construction. The Consortium has extensive experience in the service area

improvement projects, which is conducive to comprehensively advancing the project implementation progress. The Consortium is also familiar with the situation of each management unit and road sections of the Company, which benefits the communication and coordination during the business process and ensures the progress and quality requirements of the projects.

CONFIRMATION OF THE BOARD

The Resolution in Relation to the General Contracting Agreements was considered and approved by the Board. Xiang Xiaolong and Chen Jiping, directors of the Company, were directors or senior management of Anhui Transportation Holding Group and/or the directors were nominated by Anhui Transportation Holding Group. Therefore, Xiang Xiaolong and Chen Jiping are deemed to be interested in the General Contracting Agreements and have abstained from voting on the resolution on the continuing connected transactions in relation to the General Contracting Agreements in accordance with the Listing Rules. Save as mentioned above, none of the directors is materially interested in the General Contracting Agreements, nor is any director required to abstain from voting on the relevant Board resolution.

The Board (including independent non-executive directors) considers that the transactions under the General Contracting Agreements 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 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 Rules 14A.83 of the Listing Rules, the above continuing connected transactions may be aggregated and regarded as a single transaction.

As one or more of the applicable percentage ratios in respect of the highest Annual Caps of the transactions contemplated under the General Contracting Agreements on an aggregated basis is more than 0.1% but all are less than 5%, and such transactions are conducted on normal commercial terms, the transactions contemplated under the General Contracting Agreements 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 OF GENERAL CONTRACTING AGREEMENTS

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

Guangci Company is principally engaged in the toll collection, maintenance, obstacles removal services and operational management of Guangci Expressway.

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, 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 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
“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 limited company incorporated in the PRC, 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
“Group”	the Company and its subsidiaries
“AJCG”	Anhui Jingong 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

“Listing Rules”	the Rules Governing the Listing of Securities on Hong Kong Stock Exchange
“General Contracting Agreement I”	the Design And Construction General Contracting Agreement entered into between the Company and the Consortium on 6 November 2023 regarding the 2023 comprehensive renovation and upgrading project (EPC) of service areas
“General Contracting Agreement II”	the Design And Construction General Contracting Agreement entered into between Guangci Company and the Consortium on 6 November 2023 regarding the 2023 comprehensive renovation and upgrading project (EPC) of service areas
“General Contracting Agreement III”	the Design And Construction General Contracting Agreement entered into between Ningxuanhang Company and the Consortium on 6 November 2023 regarding the 2023 comprehensive renovation and upgrading project (EPC) of service areas
“General Contracting Agreements”	General Contracting Agreement I, General Contracting Agreement II and General Contracting Agreement III
“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 Company Limited* (宣城市交通投資有限公司), respectively
“Ningxuanhang Company”	Anhui Ningxuanhang Expressway Investment Company Limited* (安徽寧宣杭高速公路投資有限公司), a company incorporated under the laws of the PRC, the equity interests of which are owned as to 51% by the Company, 10% by Xuancheng City Transportation Investment Company Limited* (宣城市交通投資有限公司) and 39% by Anhui Transportation Holding Group, respectively

“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
6 November 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*