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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: HOUSING
CONSTRUCTION AGREEMENT

The Board announces that, on 13 March 2024, Guangxuan Company, a subsidiary of the Company, entered into an agreement in respect of housing construction works (GX-FJ Section) for the reconstruction and extension of the Guangde-Xuancheng Section in Anhui Province of the Huyu National Expressway (hereinafter referred to as the “**Housing Construction Agreement**”) with ATCEGC, pursuant to which, Guangxuan Company engaged ATCEGC to provide construction services for Section GX-FJ of housing construction works of the reconstruction and extension of Guangde-Xuancheng Section in Anhui Province of the Huyu National Expressway, including renovation of 2 service areas (Lvjin and Guangde Service Areas), construction of 1 new service area (Honglin Service Area), construction of 3 new toll stations (Honglin, Shizi and Gaohu Toll Stations), renovation of 4 toll stations (Xuancheng East, Guangde West, Guangde and Guangde East Toll Stations), renovation of 1 Maintenance Work Area (Shizi Maintenance Work Area), renovation of 1 sub-management center (Xuancheng West Sub-management Center and Toll Station), synchronous construction of traffic police barrack and integrated traffic law enforcement station. The areas of renovation are 21,911 m², the floor areas of new construction are 45,989 m², and the total floor areas upon completion will be 67,900 m².

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

As one or more applicable percentage ratio(s) in respect of the transaction contemplated under the Housing Construction Agreement on an annual basis is more than 0.1% but all are less than 5%, the transaction contemplated under the Housing Construction Agreement is exempt from the requirement of approval by independent shareholders of the Company, but shall be subject to the announcement, annual reporting and annual review requirements.

HOUSING CONSTRUCTION AGREEMENT

Date: 13 March 2024

Parties

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

Subject Matters

Pursuant to the Housing Construction Agreement, Guangxuan Company engaged ATCEGC to provide construction services for Section GX-FJ of housing construction project of the reconstruction and extension of Guangde-Xuancheng Section in Anhui Province of the Huyu National Expressway, including renovation of 2 service areas (Lvjin and Guangde Service Areas), construction of 1 new service area (Honglin Service Area), construction of 3 new toll stations (Honglin, Shizi and Gaohu Toll Stations), renovation of 4 toll stations (Xuancheng East, Guangde West, Guangde and Guangde East Toll Stations), renovation of 1 Maintenance Work Area (Shizi Maintenance Work Area), renovation of 1 sub-management center (Xuancheng West Sub-management Center and Toll Station), synchronous construction of traffic police barrack and integrated traffic law enforcement station. The areas of renovation are 21,911 m², the floor areas of new construction are 45,989 m², and the total floor areas upon completion will be 67,900 m².

Agreement Term

The construction period of the works under the Housing Construction Agreement shall be 18 months and the actual commencement time of the works shall be subject to the time set out in the commencement notification issued by the supervision engineer.

Fees

Pursuant to the Housing Construction Agreement, the total fee charged by the ATCEGC to Guangxuan Company shall be RMB384,896,279.15, among which, the engineering fee shall be RMB384,146,279.15, and the sewage treatment equipment operation and maintenance fee shall be RMB750,000.00. The total fee includes a provisional amount of RMB20,000,000, 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 review and approval by Guangxuan Company.

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 Housing Construction Agreement. To ensure that the price is in line with normal commercial terms, the Housing Construction Agreement 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 for 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 the Housing Construction Agreement and as confirmed by the parties, the project fees under the Housing Construction Agreement shall be paid on a monthly basis, and for each month, 95% of the amount for approved construction shall be paid upon completion and acceptance inspection; up to 97% of the final audited amount shall be paid upon the issue of the final audit form upon completion, the remaining 3% shall be paid upon the issue of a formal engineering audit report by the competent authority, expiry of the 24-month defects liability period and confirmation by the user unit that there are no defects in quality; the sewage treatment equipment operation and maintenance fee will be paid after completion and acceptance inspection of the project.

Annual Caps

For the financial years ending 31 December 2024 and 2025, the maximum annual total amounts (i.e. annual caps) for the transaction under the Housing Construction Agreement are RMB257,397,357.71 and RMB127,498,921.44, respectively, which have been determined with reference to factors including (1) the expected workload; (2) the unit price or contractual amount under the contract and (3) the expected progress of works.

REASONS FOR AND BENEFITS OF THE HOUSING CONSTRUCTION AGREEMENT

The services under the Housing Construction Agreement are works that are necessary for the Widening Work. The Company selected the construction unit for the aforesaid project by way of open tender and ATCEGC won the bidding and has become the construction unit for the project. ATCEGC possesses Grade 1 general contractor qualification for construction works, Grade 2 professional contractor qualification for steel structure works and Grade 2 professional contractor qualification for environmental protection works. During the bidding process, Guangxuan Company has considered the aforementioned factors in this announcement and the qualifications of ATCEGC, and has decided to accept the tender proposal submitted by ATCEGC and engage it to provide the abovementioned construction services.

CONFIRMATION OF THE BOARD

The Board has considered and approved the resolution in relation to the Housing Construction Agreement. Xiang Xiaolong 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 and Chen Jiping are considered to have interests in the transaction under the Housing Construction Agreement, and have abstained from voting on the resolution on the continuing connected transaction under the Housing Construction Agreement under the Listing Rules. Save as aforesaid, none of the directors has any material interests in the transaction under the Housing Construction Agreement and is required to abstain from voting on the relevant Board resolution.

The Board (including the independent non-executive directors of the Company) are of the view that the transaction under the Housing Construction Agreement and its annual caps are fair and reasonable, the transaction is on normal commercial terms or better terms and conducted in the ordinary and usual course of business of the Group, and is 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 ATCEGC is a wholly-owned subsidiary of Anhui Transportation Holding Group, under Chapter 14A of the Listing Rules, ATCEGC is an associate (as defined under the Listing Rules) of Anhui Transportation Holding Group and is therefore also a connected person of the Company. Accordingly, the transaction under the Housing Construction Agreement constitutes continuing connected transaction of the Company.

As one or more applicable percentage ratio(s) in respect of the transaction contemplated under the Housing Construction Agreement on an annual basis is more than 0.1% but all are less than 5%, the transaction contemplated under the Housing Construction Agreement is exempt 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 TO THE HOUSING CONSTRUCTION AGREEMENT

Guangxuan Company is principally engaged in highway management and maintenance; construction works design; catering services; accommodation services; retail sale of refined oil products (excluding hazardous chemicals); repair and maintenance of motor vehicles; sale of daily commodities; advertising design and agency; and production of advertisements.

ATCEGC 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.

DEFINITIONS

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

“ATCEGC”	Anhui Transportation Construction Engineering Group Company Limited* (安徽交控建設工程集團有限公司), 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 in accordance with the laws of the PRC
“Board”	the board of directors of the Company

“Company”	Anhui Expressway Company Limited, a joint stock limited company incorporated in the PRC, 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 Guangxuan Expressway Company Limited* (安徽省廣宣高速公路有限責任公司), 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
“Housing Construction Agreement”	the housing construction agreement entered into between Guangxuan Company and ATCEGC on 13 March 2024 in relation to the Section GX-FJ of the housing construction works for the reconstruction and extension of the Guangde-Xuancheng Section in Anhui Province of the Huyu National Expressway
“percentage ratio(s)”	the percentage ratio(s) (other than the profits ratio and the equity capital ratio) under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China and, for the purpose of this announcement only, excludes 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 extension work in respect of the extension of Guangde-Xuancheng Section of G50 Huyu Expressway

“%” per cent

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

Hefei, Anhui, the PRC
13 March 2024

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*