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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: MECHANICAL AND ELECTRICAL ENGINEERING AGREEMENT

The Board announces that, on 18 March 2024, Guangxuan Company, a subsidiary of the Company, entered into an agreement on mechanical and electrical engineering for the reconstruction and extension of the Guangde-Xuancheng Section in Anhui Province of the Huyu National Expressway (hereinafter referred to as the “**Mechanical and Electrical Engineering Agreement**”) with ATEGC, pursuant to which, Guangxuan Company shall engage ATEGC to provide construction services for the reconstruction and extension of the Guangde-Xuancheng Section in Anhui Province of the Huyu National Expressway, including the whole-line monitoring and control facilities, telecommunication facilities (including telecommunication pipelines), toll collection facilities, toll collection private cloud upgrading and transformation, informationization, power supply and distribution facilities and ancillary works, 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 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 Mechanical and Electrical Engineering Agreement constitute continuing connected transaction of the Company.

As one or more applicable percentage ratio(s) in respect of the transaction contemplated under the Mechanical and Electrical Engineering Agreement on an annual basis is more than 0.1% but all are less than 5%, the transaction contemplated under the Mechanical and Electrical Engineering 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 under Chapter 14A of the Listing Rules.

MECHANICAL AND ELECTRICAL ENGINEERING AGREEMENT

Date: 18 March 2024

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.

Subject Matters

Pursuant to the Mechanical and Electrical Engineering Agreement, Guangxuan Company shall engage ATEGC to provide construction services for the reconstruction and extension of the Guangde-Xuancheng Section in Anhui Province of the Huyu National Expressway, including the whole-line monitoring and control facilities, telecommunication facilities (including telecommunication pipelines), toll collection facilities, toll collection private cloud upgrading and transformation, informationization, power supply and distribution facilities and ancillary works, etc.

Agreement Term

The construction period of the works under the Mechanical and Electrical Engineering Agreement shall be 11 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 Mechanical and Electrical Engineering Agreement, the total fee charged by ATEGC to Guangxuan Company shall tentatively be RMB52,564,168.27.

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 Mechanical and Electrical Engineering Agreement. To ensure that the price is in line with normal commercial terms, the Mechanical and Electrical Engineering 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 Mechanical and Electrical Engineering Agreement and as confirmed by the parties, the project fees under the Mechanical and Electrical Engineering Agreement shall be paid on a monthly basis and based on the progress as measured, and up to 97% of the amounts for each of the sections shall be paid as measured for the current period as progress amount. Up to 97% of the amount for approved construction shall be paid upon completion and acceptance inspection; up to 99% of the final audited amount shall be paid upon the final audit and the settlement of debts with local governments, and up to 100% of the final audited amount shall be paid upon completion and acceptance inspection.

Annual Caps

For the financial years ending 31 December 2024 and 2025, the maximum annual total amounts (i.e. annual caps) for the Mechanical and Electrical Engineering Agreement are RMB42,051,334.62 and RMB10,512,833.65, respectively, which have been determined with reference to factors including (1) the expected workload; (2) the unit price or the total amount under the contract and (3) the expected progress of works.

REASONS FOR AND BENEFITS OF THE MECHANICAL AND ELECTRICAL ENGINEERING AGREEMENT

The services under the Mechanical and Electrical Engineering Agreement are necessary for the Widening Work. The Company selected the construction unit for the aforesaid project by way of open tender and ATEGC won the bidding and has become the construction unit for the project. ATEGC possesses Grade 1 professional contractor qualification for highway traffic engineering works (for highway mechanical and electrical engineering subentry). During the bidding process, Guangxuan Company has considered the aforementioned factors in this announcement and the qualifications of ATEGC, and has decided to accept the tender proposals submitted by ATEGC 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 Mechanical and Electrical Engineering 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 Mechanical and Electrical Engineering Agreement, and have abstained from voting on the resolution on the connected transaction under the Mechanical and Electrical Engineering Agreement under the Listing Rules. Save as aforesaid, none of the directors has any material interests in the transaction under the Mechanical and Electrical Engineering 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 and the annual caps thereof under the Mechanical and Electrical Engineering Agreement are fair and reasonable, and the transaction is on normal commercial terms or better terms and conducted in the ordinary and usual course of business of the Group 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 ATEGC is a wholly-owned subsidiary of Anhui Transportation Holding Group, under Chapter 14A of the Listing Rules, ATEGC 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 Mechanical and Electrical Engineering Agreement constitute continuing connected transaction of the Company.

As one or more applicable percentage ratio(s) in respect of the transaction contemplated under the Mechanical and Electrical Engineering Agreement on an annual basis is more than 0.1% but all are less than 5%, the transaction contemplated under the Mechanical and Electrical Engineering 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 under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES TO THE MECHANICAL AND ELECTRICAL ENGINEERING 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.

ATEGC is principally engaged in construction work; professional operations of construction; prestressed concrete railway bridge simple supported beam products production; production of steel reinforcement products for construction; landscaping engineering construction; manufacturing of concrete structure components; sales of concrete structure components; manufacturing of cement products; sales of cement products, etc.

DEFINITIONS

In this announcement, unless otherwise specified in the context, 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 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 Province Guangxuan Expressway Liability Company* (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

“Mechanical and Electrical Engineering Agreement”	the mechanical and electrical engineering agreement entered into between Guangxuan Company and ATEGC on 18 March 2024 in relation to 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 by Guangxuan Company
“%”	per cent

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

Hefei, Anhui, the PRC
18 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*