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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: 2020-2021 EXPRESSWAY
MAINTENANCE WORKS CONTRACT**

The Board announces that, on 29 April 2020, the Company signed with Huanyu Company the 2020-2021 expressway maintenance works contract (the “**Maintenance Contract**”), pursuant to which the Company engaged Huanyu Company to provide maintenance work service for the Gaojie Section K560+523-K633+721 (old marker number: K605+600-K678+798) of Huyu Expressway.

Anhui Transportation Holding Group is currently holding approximately 31.63% of the Company’s issued shares, and is the controlling shareholder and a connected person (as defined in the Listing Rules) of the Company. Huanyu Company is a wholly-owned subsidiary of Anhui Gaolu Construction Company Limited, which in turn is a wholly-owned subsidiary of Anhui Transportation Holding Group. Under Chapter 14A of the Listing Rules, Huanyu Company is an associate of Anhui Transportation Holding Group and is also a connected person of the Company. Accordingly, the transactions contemplated under the Maintenance Contract constitute continuing connected transactions.

As the highest applicable Percentage Ratio in respect of the continuing connected transactions under the Maintenance Contract is more than 0.1% but less than 5% on an annual basis, and the transactions are conducted on normal commercial terms, they are exempted from the independent shareholders’ approval requirement, but shall be subject to the announcement, annual reporting and annual review requirements under the Listing Rules.

Date

29 April 2020

Parties to the Contract

- (1) the Company (as service user); and
- (2) Huanyu Company (as service provider), a connected person (as defined in the Listing Rules) of the Company.

Contract Matters

Pursuant to the Maintenance Contract, the Company engaged Huanyu Company to provide service in relation to maintenance works for the year 2020-2021 for a total of 73.198 km of Gaojie Section K560+523-K633+721 (old marker number: K605+600-K678+798) of Huyu Expressway under the jurisdiction of the management office of the Company in Gaojie. The maintenance work mainly includes cleaning of the relevant road sections, maintenance and repair of subgrade, bridges, traffic safety facilities, green belt and ancillary works, as well as specified works such as snow removal and emergency repairs.

Contract Term

The term under the Maintenance Contract is from the date the parties entered into the Maintenance Contract to 31 March 2021.

Fees

The total amount of the fee under the Maintenance Contract is RMB6,833,750.39.

Basis for Service Fees and Payment Terms

The service fee is the successful bid price submitted by Huanyu Company in the tender for the provision of services under the Maintenance Contract. To ensure that the price is in line with normal commercial terms, the Maintenance Contract shall be awarded to service provider(s) selected by way of open tender. Not less than 3 service providers participated in the tender and the tender procedures complied with the relevant local regulations. Factors that the Company has taken into consideration 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 backgrounds, 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 prices and the charging standards prescribed by the national laws and regulations, and the price ceiling set by the Company.

According to the relevant terms under the Maintenance Contract and the confirmation by the management office of the Company in Gaojie, the Company will make a payment to Huanyu Company at each quarter, and the amount of each payment is subject to the actual progress of works. Upon quarterly settlement, the Company will temporarily retain 5% of such amount as the construction quality guarantee deposit in respect of such services and such quality guarantee deposit will be paid to Huanyu Company upon expiry of the 2-year construction deficit guarantee period and upon acceptance of all the maintenance works by the Company. The abovementioned service fees will be paid to Huanyu Company from the internal funds of the Company.

Annual Caps

The maximum annual total value (i.e. the Annual Cap) for the Maintenance Contract is RMB5,200,000 for the year ending 31 December 2020, and RMB1,633,750.39 for the year ending 31 December 2021.

The above Annual Caps are determined with reference to factors including (1) the expected workload; (2) the total contractual amount; and (3) the expected payment schedule.

Reasons for and Benefits of the Transactions

The continuing connected transactions conducted by Huanyu Company under the Maintenance Contract are work that must be carried out by the Company and its subsidiaries during daily operations. The Maintenance Contract had undergone open tender and were entered into as a result of the successful bid by Huanyu Company. In the bidding process, the Company has considered the aforementioned factors in this announcement and the qualifications of Huanyu Company, and decided to accept the tender of Huanyu Company and entrust it to provide services for the abovementioned maintenance works.

Implications under the Listing Rules

Anhui Transportation Holding Group is currently holding approximately 31.63% of the Company's issued shares, and is the controlling shareholder and a connected person (as defined in the Listing Rules) of the Company. Huanyu Company is a wholly-owned subsidiary of Anhui Gaolu Construction Company Limited, which in turn is a wholly-owned subsidiary of Anhui Transportation Holding Group. Under Chapter 14A of the Listing Rules, Huanyu Company is an associate of Anhui Transportation Holding Group and is also a connected person of the Company. Accordingly, the transactions under the Maintenance Contract constitute continuing connected transactions.

As the highest applicable Percentage Ratio in respect of the continuing connected transactions under the Maintenance Contract 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 independent shareholders' approval requirement, but shall be subject to the announcement, annual reporting and annual review requirements under the Listing Rules.

Confirmation of the Board

The Board has considered and approved the resolution in relation to the Maintenance Contract. Xiang Xiaolong, Chen Dafeng, Xu Zhen and Xie Xinyu who are directors of the Company are also directors or senior executives of Anhui Transportation Holding Group or its controlling subsidiaries. Therefore, Xiang Xiaolong, Chen Dafeng, Xu Zhen and Xie Xinyu are deemed to be interested in the Maintenance Contract and have abstained from voting on the connected transaction resolution in relation to the Maintenance Contract in accordance with the Listing Rules. Save as disclosed above, none of the Directors is materially interested in the Maintenance Contract, nor is any Director required to abstain from voting on the relevant board resolution.

The directors of the Company (including independent non-executive directors) consider that the transactions under the Maintenance 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.

Information of Relevant Parties

The Company is principally engaged in the design, construction, supervision, toll collection, maintenance, first-aid service, management of road assets and road right of high grade highways, storage, consultation services of road construction and operation, house leasing, sale of motor vehicles and machinery parts, and development, production and sale of new and hi-tech productions.

Huanyu Company is principally engaged in highway construction and development services, project investment, construction and maintenance of highway traffic engineering and mechatronics engineering, landscaping, property management, highway maintenance, reinforcement of building structure, sales of construction materials, machinery and electronic equipment, manufacture and sales of energy-saving products for highway construction, machinery equipment leasing and technical services, new energy project development, production of modified asphalt, production of emulsified asphalt and sales of asphalt.

Definitions

In this announcement, unless the context otherwise requires, the following terms 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 value(s) for the continuing connected transactions under the Maintenance Contract
“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, 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Huanyu Company”	Anhui Huanyu Highway Construction and Development Company Limited* (安徽省環宇公路建設開發有限責任公司), a company incorporated under the law of the PRC, and a wholly-owned subsidiary of Anhui Gaolu Construction Company Limited* (安徽省高路建設有限公司), which in turn is a wholly-owned subsidiary of Anhui Transportation Holding Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 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
“%”	percentage

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

Hefei, Anhui, the PRC
29 April 2020

As at the date of this announcement, the board of directors of the Company comprises: Xiang Xiaolong, Chen Dafeng, Xu Zhen and Xie Xinyu as executive directors, Yang Xudong and Du Jian as non-executive directors, and Kong Yat Fan, Jiang Jun and Liu Hao as 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.

** Translation for identification purpose only*