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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:  
CONSTRUCTION CONTRACTS FOR IMPLEMENTATION OF  
REPLACEMENT OF ROAD MARKING LINES**

On 17 June 2019, the Gaojie Management Office, Hefei Management Office, Tianchang Management Office and Xiaoxian Management Office of the Company and the Company's subsidiaries, namely Xuanguang Company and Ningxuanhang Company, entered into the Construction Contracts with Highway Construction.

Highway Construction is a wholly-owned subsidiary of Anhui Transportation Group which is the controlling shareholder and a connected person of the Company. Accordingly, the transactions contemplated under the Construction Contracts will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Under Rule 14A.83 of the Listing Rules, the continuing connected transactions contemplated under the Construction Contracts will be aggregated, since Highway Construction is the contractor under the Construction Contracts. The aggregated Annual Cap of the Construction Contracts for the financial year ending 31 December 2019 is RMB12,585,220.

As one or more of the applicable Percentage Ratios in respect of the transactions contemplated under the Construction Contracts (in aggregate) on an annual basis is more than 0.1% but less than 5%, those transactions contemplated under the Construction Contracts are therefore exempted from the independent shareholders' approval requirement, but shall be subject to the announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

## **(1) Construction Contract I**

**Date:** 17 June 2019

### **Parties**

- (1) Gaojie Management Office of the Company (as the owner); and
- (2) Highway Construction (as the contractor).

### **Subject Matter**

The contractor agrees to implement the replacement of traffic marking lines in accordance with the owner's maintenance task list and requirements during the term of the contract. The scope of work includes removal of old marking lines and painting of new marking lines. The types of the marking lines include hot-melt reflective lines. It is just agreed that the contractor shall carry out its operations in the G50 Huyu Expressway Gaojie Section (K569+016-K678+798) and G35 Jiguang Expressway Yueqian Section (K748+660-K827+452), which is subject to the owner's adjustment in line with the actual situation.

### **Term**

The parties agree that the term of contract shall commence from the date of contract till 30 November 2019.

### **Fees**

According to the Construction Contract I, the total of the fees for the construction is approximately RMB 3,082,000.

### **Basis of Fees and Payment Terms**

The total of the fees under the contract is an estimation, which is a reasonable estimation based on the industry standards such as the "Guidelines and Quotas for the Budget of the Highway Project" and the "Guidelines for the Budget Preparation of the Highway Maintenance Project" and the Company's previous experience in highway maintenance, taking into account the required labor, materials, machinery and equipment, etc. under normal construction conditions, and through fair and equal business negotiations between the two parties.

According to the relevant terms of the Construction Contract I and confirmation of the Company, the fees will be settled after the completion, inspection and acceptance of the construction. At the time of settlement, 85% of the total fees will be paid. And, 95% of the adjusted fees will be paid upon completion of audit review. The remaining

5% of the fees will be kept by the owner as the quality guarantee deposit, which will be paid in one go after expiration of the 24-month defect guarantee period if there is no defect identified. The aforesaid fees will be paid by the Company out of its own funds to Highway Construction.

## (2) **Construction Contract II**

Except for the following amendments, all other principal terms under the Construction Contract II are the same as those set forth in the Construction Contract I:

- the owner shall change from Gaojie Management Office of the Company to Hefei Management Office of the Company;
- the relevant road sections shall change to G4001 Hefei Ring Expressway South Ring Section (K6+785-K49), G40 Hushan Expressway Hening Section (K594+200-K596+217), G3 Jingtai Expressway Xiaofang Section (K1039+452-K1049+100), Hehuai section formed by G4001 Hefei Ring Expressway West Ring Section and S17 Benghuai Expressway (the Ring K49-K64+717, Benghe K112-K120+420), S93 Airport Expressway (K0-K17+601), G40 Hushan Expressway Liuye Section (K643+157-K659+500);
- the total of the fees for construction is approximately RMB2,712,000;
- the total of the fees under the contract is an estimation based on the industry standards such as the “Guidelines and Quotas for the Budget of the Highway Project” and the “Guidelines for the Budget Preparation of Highway Maintenance Project” and the Company’s previous experience in highway maintenance, and through inquiry and comparison to determine the winning bidder and total fees in accordance with the Company’s “Provisional Measures for Management of Procurement via Non-tendering Methods”;
- the payment term shall be changed to: According to relevant terms of the contract and confirmation of the Company, the fees will be settled after the completion, inspection and acceptance of the construction. At the time of settlement, 90% of the total fees will be paid. The remaining 10% of the fees will be kept by the owner as the quality guarantee deposit, which will be paid in one go after expiration of the 24-month defect guarantee period if there is no defect identified. The aforesaid fees will be paid by the Company out of its own funds to Highway Construction.

### **(3) Construction Contract III**

Except for the following amendments, all other principal terms under the Construction Contract III are the same as those set forth in the Construction Contract I:

- the owner shall change from Gaojie Management Office of the Company to Tianchang Management Office of the Company;
- the relevant road sections shall change to G25 Changshen Expressway Anhui Section (K1935+000-K1948+989) and 205 National Road Tianchang Section (K1166+963-K1196+871);
- the term of contract shall commence from the date of contract till 30 October 2019;
- the total fees would be RMB1,307,600;

### **(4) Construction Contract IV**

Except for the following amendments, all other principal terms under the Construction Contract IV are the same as those set forth in the Construction Contract I:

- the owner shall change from Gaojie Management Office of the Company to Xiaoxian Management Office of the Company;
- the relevant road section shall change to Lianhuo Expressway Anhui Section (K237+000-K290+973);
- the term of contract shall commence from the date of contract till 30 October 2019;
- the total fees would be RMB1,149,500;
- the payment terms shall be changed to: According to relevant terms of the contract and confirmation of the Company, the fees will be settled after the completion, inspection and acceptance of the construction. At the time of settlement, 95% of the total fees will be paid. The remaining 5% of the fees will be kept by the owner as the quality guarantee deposit, which will be paid in one go after expiration of the 12-month defect guarantee period if there is no defect identified. The aforesaid fees will be paid by the Company out of its own funds to Highway Construction.

**(5) Construction Contract V**

Except for the following amendments, all other principal terms under the Construction Contract V are the same as those set forth in the Construction Contract I:

- the owner shall change from Gaojie Management Office of the Company to Xuanguang Company;
- the relevant road section shall change to Xuanguang Expressway (K200+000-K292+200);
- the total fees would be RMB3,836,400;
- the payment term shall be changed to: According to relevant terms of the contract and confirmation of the Company, the fees will be settled after the completion, inspection and acceptance of the construction. At the time of settlement, 80% of the total fees will be paid. And, 95% of the adjusted fees will be paid upon completion of audit review. The remaining 5% of the fees will be kept by the owner as the quality guarantee deposit, which will be paid in one go after expiration of the 24-month defect guarantee period if there is no defect identified. The aforesaid fees will be paid by the Company out of its own funds to Highway Construction.

**(6) Construction Contract VI**

Except for the following amendments, all other principal terms under the Construction Contract VI are the same as those set forth in the Construction Contract I:

- the owner shall change from Gaojie Management Office of the Company to Ningxuanhang Company;
- the relevant road sections shall change to Jihuang Expressway (K160+843-K185+457);
- the term of contract shall commence from the date of contract till 30 October 2019;
- the total fees would be RMB497,720;
- the payment terms shall be changed to: According to relevant terms of the contract and confirmation of the Company, the fees will be settled after the completion, inspection and acceptance of the construction. At the time of settlement, 95% of the total fees will be paid. The remaining 5% of the fees

will be kept by the owner as the quality guarantee deposit, which will be paid in one go after expiration of the 24-month defect guarantee period if there is no defect identified. The aforesaid fees will be paid by the Company out of its own funds to Highway Construction.

### **Annual Caps**

For the financial year ending 31 December 2019:

- The maximum aggregate annual value (i.e. the Annual Cap) of the Construction Contract I is RMB3,082,000;
- The maximum aggregate annual value (i.e. the Annual Cap) of the Construction Contract II is RMB2,712,000;
- The maximum aggregate annual value (i.e. the Annual Cap) of the Construction Contract III is RMB1,307,600;
- The maximum aggregate annual value (i.e. the Annual Cap) of the Construction Contract IV is RMB1,149,500;
- The maximum aggregate annual value (i.e. the Annual Cap) of the Construction Contract V is RMB3,836,400; and
- The maximum aggregate annual value (i.e. the Annual Cap) of the Construction Contract VI is RMB497,720.

Such Annual Caps are determined with reference to the combined fees under each of the Construction Contracts.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACTS**

The continuing connected transactions with Highway Construction under the Construction Contracts are the works that must be carried out in the routine operations of the Company. Highway Construction is a subsidiary of Anhui Transportation Group and has Grade One Qualification in Road Maintenance and Grade One Professional Contracting Qualification in Highway and Transportation Engineering (Road Safety Facilities). The Company and its subsidiaries have considered the aforesaid factors herein and the qualifications of Highway Construction, and entrusted Highway Construction to implement the above-mentioned replacement of road marking lines through non-bidding procurement.

After considering the abovementioned reasons, the directors of the Company (including the independent non-executive directors) are of the view that the terms of the Construction Contracts and the Annual Caps are fair and reasonable and are on normal commercial terms, and such continuing connected transactions are conducted in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole.

Qiao Chuanfu, Chen Dafeng, Xu Zhen and Xie Xinyu (being the directors or the senior management of Anhui Transportation Group and/or the directors of the Company nominated by Anhui Transportation Group) are deemed to have material interests in the Construction Contracts and have abstained from voting on resolution(s) at the relevant meeting of the Board.

### **IMPLICATIONS UNDER THE LISTING RULES**

Anhui Transportation Group is currently the controlling shareholder and a connected person (as defined in the Listing Rules) of the Company, holding approximately 31.63% of the Company's issued shares.

Highway Construction is a wholly-owned subsidiary of Anhui Transportation Group. Accordingly, the transactions contemplated under the Construction Contracts will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Under Rule 14A.83 of the Listing Rules, the continuing connected transactions contemplated under the Construction Contracts will be aggregated, since Highway Construction is the contractor under the Construction Contracts. The aggregated Annual Cap of the Construction Contracts for the financial year ending 31 December 2019 is RMB12,585,220.

As one or more of the applicable Percentage Ratios in respect of the transactions contemplated under the Construction Contracts (in aggregate) on an annual basis is more than 0.1% but less than 5%, those transactions contemplated under the Construction Contracts are therefore exempted from the independent shareholders' approval requirement, but shall be subject to the announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

### **INFORMATION ON PARTIES TO THE CONSTRUCTION CONTRACTS**

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

Xuanguang Company is principally engaged in the toll, maintenance and removing obstacles services for Xuanguang Expressway; repairments of automobile and construction machinery; catering; auto parts, wholesale and retail of merchandises.

Ningxuanhang Company is principally engaged in the construction, collection of toll, maintenance, management and related advertisement service of high grade highways.

Highway Construction is principally engaged in highway, municipal, housing construction, water conservancy and hydropower, port and waterway general contracting, steel structure, building structure reinforcement, traffic safety facilities, electromechanical, highway subgrade, highway pavement, bridge, tunnel, building decoration, landscaping construction contracting, production, sales and construction of traffic safety facilities such as guardrails, signs, markings, sound barriers and barriers, construction of highway subgrade, pavement, bridges, tunnels, mechanical and electrical maintenance, etc.

## **DEFINITIONS**

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

“Anhui Transportation Group”	Anhui Transportation Holding Group Company Limited* (安徽省交通控股集團有限公司), a company incorporated under the laws of the PRC
“Annual Cap(s)”	the maximum aggregate annual value(s) for the continuing connected transactions contemplated under the Construction Contract I, the Construction Contract II, the Construction Contract III, the Construction Contract IV, the Construction Contract V and Construction Contract VI
“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 Stock Exchange, and the domestic ordinary shares of which are listed on the Shanghai Stock Exchange in the PRC
“Construction Contract I”	the construction contract entered into between Gaojie Management Office of the Company and Highway Construction in relation to replacement of traffic marking lines on 17 June 2019
“Construction Contract II”	the construction contract entered into between Hefei Management Office of the Company and Highway Construction in relation to replacement of traffic marking lines on 17 June 2019
“Construction Contract III”	the construction contract entered into between Tianchang Management Office of the Company and Highway Construction in relation to replacement of traffic marking lines on 17 June 2019
“Construction Contract IV”	the construction contract entered into between Xiaoxian Management Office of the Company and Highway Construction in relation to replacement of traffic marking lines on 17 June 2019
“Construction Contract V”	the construction contract entered into between Xuanguang Company and Highway Construction in relation to replacement of traffic marking lines on 17 June 2019
“Construction Contract VI”	the construction contract entered into between Ningxuanhang Company and Highway Construction in relation to replacement of traffic marking lines on 17 June 2019
“Construction Contracts ”	collectively, the Construction Contract I, the Construction Contract II, the Construction Contract III, the Construction Contract IV, the Construction Contract V and the Construction Contract VI

“Group”	the Company and its subsidiaries
“Highway Construction”	Anhui Highway Construction Co., Ltd.* (安徽省高路建設有限公司), a wholly-owned subsidiary of Anhui Transportation Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 Xuangcheng City Transportation Investment Company Limited* (宣城市交通投資有限公司) and 39% by Anhui Transportation Group, respectively, and a connected subsidiary of the Company under Chapter 14A of the Listing Rules
“Percentage Ratio(s)”	the percentage ratios (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, shall exclude 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
“Xuanguang Company”	Xuanguang Expressway Company Limited* (宣廣高速公路有限責任公司), a company incorporated under the laws of the PRC, the equity interests of which are owned as to 55.47% by the Company and 44.53% by Xuangcheng City Transportation Investment Company Limited* (宣城市交通投資有限公司), respectively

“%”

percentage

By order of the Board  
**ANHUI EXPRESSWAY COMPANY LIMITED**  
**Xie Xinyu**  
*Company Secretary*

Hefei, Anhui, the PRC  
17 June 2019

*As at the date of this announcement, the board of directors of the Company comprises: Qiao Chuanfu (chairman), 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*