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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:
ENTRUSTED MANAGEMENT AGREEMENTS**

The Board announces that the Group has entered into the following Entrusted Management Agreements respectively on 2 January 2024:

- Pursuant to the Entrusted Management Agreement I, the Company has agreed to provide entrusted management services for the expressways and bridges under Anhui Transportation Holding Group from 2024 to 2026;
- Pursuant to the Entrusted Management Agreement II, the Company has agreed to provide entrusted management services to Anlian Company for the Hexu South Section of Jingtai Expressway and Huangqi Expressway from 2024 to 2026;
- Pursuant to the Entrusted Management Agreement III, the Company has agreed to provide entrusted management services to Yuehuang Company for the section from Huangshan to Qiandao Lake on the Liyang-Ningde Expressway and the section from Wuwei to Yuexi on the Shanghai-Wuhan Expressway from 2024 to 2026;
- Pursuant to the Entrusted Management Agreement IV, the Company has agreed to provide entrusted management services to Wangqian Company for the Wangdong Bridge North Connection Line of Jiguang Expressway from 2024 to 2026;
- Pursuant to the Entrusted Management Agreement V, the Company has agreed to provide entrusted management services to Wuyan Company for the Wuyan Expressway from 2024 to 2026;
- Pursuant to the Entrusted Management Agreement VI, Xuanguang Company has agreed to provide entrusted management services to Liguang Company for the Liguang Expressway from 2024 to 2026; and

- Pursuant to the Entrusted Management Agreement VII, Ningxuanhang Company has agreed to provide entrusted management services to Yangji Company for the Ningji Section of Lihuang Expressway from 2024 to 2026.

Under Rule 14A.81 of the Listing Rules, the continuing connected transactions contemplated under the Entrusted Management Agreements should be aggregated, since the parties to these agreements, namely, Anhui Transportation Holding Group, Anlian Company, Liguang Company, Wangqian Company, Wuyan Company, Yangji Company and Yuehuang Company, are interrelated with each other and each transaction of these agreements is of the same nature. The aggregated Annual Caps for the Entrusted Management Agreements for the financial years ending 31 December 2024, 31 December 2025 and 31 December 2026 are RMB14,348,300, RMB14,818,300 and RMB14,908,300, respectively.

As one or more of the applicable Percentage Ratios in respect of the transactions contemplated under the Entrusted Management Agreements in aggregate on an annual basis is or are more than 0.1% but all are less than 5%, the transactions contemplated under the Entrusted Management Agreements are 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) ENTRUSTED MANAGEMENT AGREEMENT I

Date: 2 January 2024

Parties

- (1) Anhui Transportation Holding Group (as the principal); and
- (2) The Company (as the trustee).

Subject Matter

Pursuant to the Entrusted Management Agreement I, Anhui Transportation Holding Group has agreed to entrust the Company to manage the business related to assets maintenance, toll and inspection management, services management, maintenance management, mechanical and electrical and informationization management from 2024 to 2026 in respect of operating sections of Hechaowu Expressway, Jiefubeng Expressway, North Section of Hexu Expressway, He'an Expressway, Hehuaifu Expressway, Maanshan Bridge, Wangdong Yangtze River Bridge and other highways and bridges totaling approximately 3,819.62 kilometers owned by it. New sections (stations) added during the term of entrusted management that require the management service from the Company, if any, are also included in the scope of the entrusted management business. The Company has agreed to accept the entrustment from Anhui Transportation Holding Group to duly perform all of the management obligations according to the terms of the Entrusted Management Agreement I.

Term

The parties agreed that the term of the entrusted management shall be from 2 January 2024 to 31 December 2026.

Fees

Pursuant to the Entrusted Management Agreement I, the Company shall charge Anhui Transportation Holding Group entrusted management fees in the amount of RMB11,080,000, RMB11,550,000 and RMB11,640,000 for 2024, 2025 and 2026, respectively, which include:

- (1) the management costs to be borne by the Company for the completion of the entrusted management; and
- (2) the profits to be derived from the entrusted management that the Company is entitled to.

The labour costs, special maintenance costs, daily mechanical and electrical maintenance expenses, special buildings maintenance expenses, daily management fees, tolling management fees, road assets safety fees, non-standard expenses, electricity charge for lighting for production, fixed assets investment costs (operation-related new construction, renovation and expansion, maintenance of facilities and equipment, tolling, inspection, vehicles, central controlling equipment, office equipment) for the various road sections of Anhui Transportation Holding Group under management shall be borne by Anhui Transportation Holding Group itself, and will not be included into the fees for the entrusted management.

When determining the fees and transaction terms under the Entrusted Management Agreements, the Company would firstly make estimate on the cost under each of the Entrusted Management Agreements by the operation department, finance department, human resource department based on the scope of work involved in managing the highways sections concerned as well as the location, length, term of use, facilities and projects of the highways sections required to be managed, economic environment of the PRC and the Company's business strategies for the year and so on, with reference to the operation of the highways sections under the Company as well as the Company's similar experiences of managing highways sections and the wage standards, and then the amount of entrusted management fees under the agreements are proposed, taking into consideration the expected profits level of the relevant highways sections management project.

Before the entering into of the relevant agreements, the independent non-executive Directors and internal control department of the Company would respectively review the terms of the agreements and the fee scale and consider the reporting of relevant personnel. On this basis, the independent non-executive Directors of the Company would express their prior approval opinions on the transactions under the agreements, to ensure the fee and terms of the relevant transactions are fair and reasonable, on normal commercial terms and in accordance with the Company's usual practice.

The Company takes into consideration the following factors in determining the management fees under the Entrusted Management Agreements:

(1) The cost for the provision of management services by the Company

Pursuant to the Entrusted Management Agreements, under the entrustment by the principal, the management team of the Company will provide guidance and direction for the business areas related to assets maintenance, toll and inspection management, services management, maintenance management, mechanical and electrical and informationization management of the highways sections owned by the principal. The principal will bear the operating cost, implement the specific work under above business, enter into contracts and arrange for settlement, all on its own, therefore, the Company do not need to pay the expenses incurred directly to the suppliers in respect of above business.

The cost of provision of relevant management services by the Company under the Entrusted Management Agreements mainly include labour cost and benefits to be borne by the Company for completing the entrustment management work, as well as the administrative expenses, such as travelling, meeting expenses needed for the management of relevant highways sections. In respect of each of the Entrusted Management Agreements, the Company would refer to factors such as the size of the management team required by the Company for managing similar highways sections in the past, and the estimated workload, to preliminarily determine the size and composition of the team required for carrying out the transactions under

the agreement, and to arrive at the estimated cost under the agreement based on the estimated number and seniority of and the wage standards for the team members, so as to ensure the estimated cost under the Entrusted Management Agreements is reasonable and comparable to the cost for the management of similar highway sections by the Company.

(2) *The profits level required to be obtained by the Company*

The Company would set an expected profits level for every expressway management project, that is, the profits to be obtained by the Company by subtracting the relevant management fees with the costs for such management service provision. In determining the relevant profits level, the Company would consider the business strategies of the year (including labour and resources allocation, business development and annual business target to be met), the relevant annual business targets, the social economic environment, the Company's future business development targets, the Company's past business profits levels, the parties who entrusted the Company and the highway sections entrusted. The Company would review and examine the relevant profits level from time to time in accordance with the actual situation faced by the Company in order to maximise returns for the shareholders. Given that the above factors change from time to time, the Company does not have a uniform profits level for all highway management services, and will decide the matters on a case-by-case basis.

Anhui Transportation Holding Group shall pay the Company the fees for the management of the entrusted road sections for the year before 1 December each year, and the Company will issue the VAT invoices to Anhui Transportation Holding Group after receipt of such amounts.

(2) ENTRUSTED MANAGEMENT AGREEMENT II

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

- The party shall change from Anhui Transportation Holding Group to Anlian Company;
- The Company shall provide the entrusted management service for the Hexu South Section of Jingtai Expressway of 112.5 kilometers and the section of Huangqi Expressway of 102.2 kilometers under the entrustment from Anlian Company; and
- The Company shall charge Anlian Company the fees for the entrusted management of RMB620,000, RMB620,000 and RMB620,000 for 2024, 2025 and 2026, respectively.

(3) ENTRUSTED MANAGEMENT AGREEMENT III

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

- The party shall change from Anhui Transportation Holding Group to Yuehuang Company;
- The Company shall provide the entrusted management service for the 25.474 kilometer section from Huangshan to Qiandao Lake on the Liyang-Ningde Expressway and the 154 kilometer section from Wuwei to Yuexi on the Shanghai-Wuhan Expressway; and
- The Company shall charge Yuehuang Company the fees for the entrusted management of RMB520,500, RMB520,500 and RMB520,500 for 2024, 2025 and 2026, respectively.

(4) ENTRUSTED MANAGEMENT AGREEMENT IV

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

- The party shall change from Anhui Transportation Holding Group to Wangqian Company;
- The Company shall provide the entrusted management service for the Wangdong Bridge North Connection Line of Jiguang Expressway of 50.0 kilometers under the entrustment from Wangqian Company; and
- The Company shall charge Wangqian Company the fees for the entrusted management of RMB145,000, RMB145,000 and RMB145,000 for 2024, 2025 and 2026, respectively.

(5) ENTRUSTED MANAGEMENT AGREEMENT V

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

- The party shall change from Anhui Transportation Holding Group to Wuyan Company;
- The Company shall provide the entrusted management service for the section of Wuyan Expressway of 16.9 kilometers under the entrustment from Wuyan Company; and
- The Company shall charge Wuyan Company the fees for the entrusted management of RMB49,000, RMB49,000 and RMB49,000 for 2024, 2025 and 2026, respectively.

(6) ENTRUSTED MANAGEMENT AGREEMENT VI

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

- The party shall change from Anhui Transportation Holding Group to Liguang Company;
- The party shall change from the Company to Xuanguang Company;
- Xuanguang Company shall provide the entrusted management service for Liguang Expressway of 38.8 kilometers under the entrustment from Liguang Company; and
- Xuanguang Company shall charge Liguang Company the fees for the entrusted management of RMB112,500, RMB112,500 and RMB112,500 for 2024, 2025 and 2026, respectively.

(7) ENTRUSTED MANAGEMENT AGREEMENT VII

Except for the following amendments, all other principal terms under the Entrusted Management Agreement VII are the same as those set forth in the Entrusted Management Agreement I:

- The party shall change from Anhui Transportation Holding Group to Yangji Company;
- The party shall change from the Company to Ningxuanhang Company;
- Ningxuanhang Company shall provide the entrusted management service for the Ningji Section of Lihuang Expressway of 76.3 kilometers under the entrustment from Yangji Company; and
- Ningxuanhang Company shall charge Yangji Company the fees for the entrusted management of RMB221,300, RMB221,300 and RMB221,300 for 2024, 2025 and 2026, respectively.

Annual Caps

The Annual Caps for each of the Entrusted Management Agreements for the financial years ending 31 December 2024, 31 December 2025 and 31 December 2026 are as follows:

Agreement	Annual Cap for the financial year ending 31 December (RMB)		
	2024	2025	2026
Entrusted Management Agreement I	12,680,000	13,150,000	13,240,000
Entrusted Management Agreement II	620,000	620,000	620,000
Entrusted Management Agreement III	520,500	520,500	520,500
Entrusted Management Agreement IV	145,000	145,000	145,000
Entrusted Management Agreement V	49,000	49,000	49,000
Entrusted Management Agreement VI	112,500	112,500	112,500
Entrusted Management Agreement VII	221,300	221,300	221,300
Aggregate Annual Caps	<u>14,348,300</u>	<u>14,818,300</u>	<u>14,908,300</u>

The above Annual Caps are determined with reference to the entrusted management fees for each year under each of the Entrusted Management Agreements and the plan for new sections and/or stations (if any) that may be entrusted to the Company for management during the term of the entrusted management. For the sake of clarification, the actual annual transaction amount under the Entrusted Management Agreements will not exceed their respective agreement amounts.

REASONS FOR AND BENEFITS OF THE ENTRUSTED MANAGEMENT AGREEMENTS

The Group has focused on the assets management and business management of expressway operating sections for a long term, and has accumulated extensive management experience and possessed professional management capabilities. The entrusted road sections are connected to the road sections owned by the Group, and the Group has a basic understanding of the status of these sections, which enables the Group to give full play to its management advantages.

Since 2021, the Group has increased the mileage of the entrusted expressways on the basis of the road sections previously entrusted by Anhui Transportation Holding Group and its relevant subsidiaries, which has equally shared the internal labour costs of the Company and increased the entrusted management income. Meanwhile, the Group has managed to take full advantage of its scale so as to comprehensively improve the level of toll collection, operation and maintenance of the road assets and strengthen the principal businesses of the Company.

CONFIRMATION OF THE BOARD

The Board has considered and approved the resolution in relation to the Entrusted Management Agreements. Xiang Xiaolong and Chen Jiping, who are directors of the Company, are also directors or senior management of Anhui Transportation Holding Group or its controlling subsidiaries and/or directors nominated by Anhui Transportation Holding Group. Therefore, Xiang Xiaolong and Chen Jiping are deemed to be interested in the transactions under the Entrusted Management Agreements and have abstained from voting on the resolution on connected transactions in relation to the Entrusted Management Agreements in accordance with the Listing Rules. Save as mentioned above, none of the directors is materially interested in the transactions under the Entrusted Management Agreements, nor is any director required to abstain from voting on the relevant Board resolution.

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 Entrusted Management Agreements and the Annual Caps are fair and reasonable and are on normal commercial terms, and the continuing connected transactions under the Entrusted Management Agreements 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.

IMPLICATIONS UNDER THE LISTING RULES

Anhui Transportation Holding 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. As Anlian Company, Liguang Company, Wangqian Company, Wuyan Company, Yangji Company and Yuehuang Company are subsidiaries of Anhui Transportation Holding Group, Anlian Company, Liguang Company, Wangqian Company, Wuyan Company, Yangji Company and Yuehuang Company are associates of Anhui Transportation Holding Group and are also connected persons of the Company according to Chapter 14A of the Listing Rules. Therefore, the continuing connected transactions contemplated under the Entrusted Management Agreements constitute continuing connected transactions of the Company.

Under Rule 14A.81 of the Listing Rules, the continuing connected transactions contemplated under the Entrusted Management Agreements should be aggregated, since the parties to these agreements, namely, Anhui Transportation Holding Group, Anlian Company, Liguang Company, Wangqian Company, Wuyan Company, Yangji Company and Yuehuang Company, are interrelated with each other and each transaction of these agreements is of the same nature. The aggregated Annual Caps for the Entrusted Management Agreements for the financial years ending 31 December 2024, 31 December 2025 and 31 December 2026 are RMB14,348,300, RMB14,818,300 and RMB14,908,300, respectively.

As one or more of the applicable Percentage Ratios of the highest Annual Caps in respect of the transactions contemplated under the Entrusted Management Agreements in aggregate is or are more than 0.1% but all are less than 5%, those transactions contemplated under the Entrusted Management Agreements are 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 ENTRUSTED MANAGEMENT AGREEMENTS

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

Anhui Transportation Holding Group is principally engaged in the building, supervision, testing, design, construction, technical consultation and service of highways and related infrastructure; investment and asset management; real estate development and operation, etc.

Anlian Company is principally engaged in the construction, management, toll collection and operation services of high grade highways and supporting facilities; development and sales of real estate; storage (excluding hazardous chemicals), sales of machinery and equipment, vehicle spares and construction materials; interior and outdoor decoration.

Yuehuang Company is principally engaged in the construction, operation, and management of highway project; collect vehicle tolls; operate and management of highway facilities, ancillary facilities, and service facilities belonging to the highway project; operation and management of advertising and service areas within the permitted scope along the highway project.

Wangqian Company is principally engaged in the investment, management and operation and advertisement business of project highway and ancillary facilities.

Wuyan Company is principally engaged in the construction, building, management, toll collection, maintenance, rescue, service of high grade highways and supporting facilities, etc.

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

Liguang Company is principally engaged in the investment, management and operation and advertisement business of project highway and ancillary facilities.

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

Yangji Company is principally engaged in the construction, building, management, toll collection, maintenance, rescue service of high grade highways and supporting facilities, etc.

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), a company incorporated under the laws of the PRC
“Anlian Company”	Anhui Anlian Expressway Company Limited* (安徽安聯高速公路有限公司), 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 Entrusted Management Agreement I, the Entrusted Management Agreement II, the Entrusted Management Agreement III, the Entrusted Management Agreement IV, the Entrusted Management Agreement V, the Entrusted Management Agreement VI and the Entrusted Management Agreement VII
“associate(s)”	has the meaning ascribed to it under the Hong Kong 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

“Entrusted Management Agreements”	collectively, the Entrusted Management Agreement I, the Entrusted Management Agreement II, the Entrusted Management Agreement III, the Entrusted Management Agreement IV, the Entrusted Management Agreement V, the Entrusted Management Agreement VI and the Entrusted Management Agreement VII
“Entrusted Management Agreement I”	the entrusted management agreement entered into between Anhui Transportation Holding Group and the Company in relation to the management of expressways under Anhui Transportation Holding Group on 2 January 2024
“Entrusted Management Agreement II”	the entrusted management agreement entered into between Anlian Company and the Company in relation to the management of the Hexu South Section of Jingtai Expressway and Huangqi Expressway on 2 January 2024
“Entrusted Management Agreement III”	the entrusted management agreement entered into between Yuehuang Company and the Company in relation to the management of the Huangshan to Qiandao Lake section on the Liyang to Ningde Expressway and Wuwei to Yuexi section on the Shanghai to Wuhan Expressway on 2 January 2024
“Entrusted Management Agreement IV”	the entrusted management agreement entered into between Wangqian Company and the Company in relation to the management of the Wangdong Bridge North Connection Line of Jiguang Expressway on 2 January 2024
“Entrusted Management Agreement V”	the entrusted management agreement entered into between Wuyan Company and the Company in relation to the management of the Wuyan Expressway on 2 January 2024
“Entrusted Management Agreement VI”	the entrusted management agreement entered into between Liguang Company and Xuanguang Company in relation to the management of the Liguang Expressway on 2 January 2024

“Entrusted Management Agreement VII”	the entrusted management agreement entered into between Yangji Company and Ningxuanhang Company in relation to the management of the Ningji Section of Lihuang Expressway on 2 January 2024
“Group”	the Company and its subsidiaries
“Liguang Company”	Anhui Liguang Expressway Company Limited* (安徽省溧廣高速公路有限公司), a company incorporated under the laws of the PRC
“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), 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 Holding 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, 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
“Wangqian Company”	Anhui Wangqian Expressway Company Limited* (安徽望潛高速公路有限公司), a company incorporated under the laws of the PRC

“Wuyan Company”	Anhui Provincial Wuyan Expressway Company Limited* (安徽省蕪雁高速公路有限公司), a company incorporated under the laws of the PRC
“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
“Yangji Company”	Anhui Yangji Expressway Company Limited* (安徽省揚績高速公路有限公司), a company incorporated under the laws of the PRC
“Yuehuang Company”	Anhui Yuehuang Expressway Co., Ltd.* (安徽省岳黃高速公路有限責任公司), a company incorporated under the laws of the PRC
“%”	percentage

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

Hefei, Anhui, the PRC
2 January 2024

As at the date of this announcement, the Board of the Company comprises Xiang Xiaolong (Chairman) and Chen Jiping, being the executive directors; Yang Xudong and Du Jian, being the non-executive directors; and Liu Hao, Zhang Jianping and Fang Fang, being the independent non-executive directors.

This announcement was originally prepared in Chinese. In the event of discrepancies between the Chinese and the English version, the Chinese version shall prevail.

* translation for identification purpose only