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Chengdu Expressway Co., Ltd.
成都高速公路股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01785)

DISCLOSEABLE TRANSACTION
ENTERING INTO THE CONSTRUCTION CONTRACT FOR
CIVIL ENGINEERING CONSTRUCTION BID SECTION OF
CHENGGUAN EXPRESSWAY-CHENGDU RING EXPRESSWAY SECTION
RENOVATION PROJECT

Reference is made to the announcement of the Company dated 27 August 2019 in relation to the proposed implementation of the “expressway-to-expressway” inter-network construction project between Chengguan Expressway and Chengdu Ring Expressway (the “**Announcement**”). As disclosed in the Announcement, the Company proposes to implement the “expressway-to-expressway” inter-network construction project between Chengguan Expressway and Chengdu Ring Expressway in front of the Chengdu toll station on Chengguan Expressway. Upon initiation, the project has been officially named as the Chengguan Expressway-Chengdu Ring Expressway Section Renovation Project (the “**Chengguan Expressway-Chengdu Ring Expressway Section Renovation Project**”).

The Board hereby announces that, on 12 May 2020, the Company entered into the construction contract for the civil engineering construction bid section of the Chengguan Expressway-Chengdu Ring Expressway Section Renovation Project with the Contractor (the “**Project**”), pursuant to which, the Contractor shall be responsible for the civil engineering construction bid section of the Chengguan Expressway-Chengdu Ring Expressway Section Renovation Project, at the Consideration of RMB382,660,036.00.

PRINCIPAL TERMS OF THE CONSTRUCTION CONTRACT

Date of the contract: 12 May 2020

Parties: 1. the Company (as the Employer)
2. Powerchina Roadbridge Group Co., Ltd. (as the Contractor)

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are Independent Third Parties of the Group and its connected persons (as defined under the Listing Rules).

Project name: Civil Engineering Construction Bid Section of Chengguan Expressway-Chengdu Ring Expressway Section Renovation Project

Project scope: Civil engineering construction for renovation of approximately 3.692 kilometres connecting Chengguan Expressway and Chengdu Ring Expressway which is rated as first-grade with a designed speed of 60 km/h, paved by asphalt concrete and includes one interchange overpass, two super large bridges, two large bridges and other structural works.

Project duration: 300 calendar days from the date when the supervision engineer issues the commencement order according to the actual situation of the site progress to the completion date stated in the completion acceptance certificate.

Consideration: RMB382,660,036.00 (subject to adjustment based on settlement approval with no material adjustment expected), which is compiled based on the project design drawings and the “Highway Engineering Construction Project Investment Estimation and Budget Compilation Methods” (《公路工程建設項目投資估算、概算預算編製辦法》) and ancillary indicators and quota documents issued by the Ministry of Transport of the People’s Republic of China (中華人民共和國交通運輸部) in 2018, and determined through public tendering.

Payment terms of
the construction contract:

The construction payment of the construction contract (progress payment) shall be measured and paid on a monthly basis or according to the effective measurement and payment statement provided by the Contractor. The Employer shall suspend payment when the accumulative payment reaches 80% of the net contract amount (contract consideration less provisional estimate and provisional sum). Upon completion of acceptance of the Project, 85% of the net contract amount shall be paid. Upon completion of settlement of the Project, 95% of the verified settlement amount shall be paid. Upon second verification by the Employer, 97% of the second verified settlement amount shall be paid. The remaining amount shall be reserved as retention money, which will be returned by the Employer to the Contractor within 28 days upon the issuance of a certificate proving the termination of defect liability period by the supervision engineer after the expiration of the defect liability period.

In addition, the Company and the Contractor shall open a special account with the bank for the construction funds to ensure designated use thereof.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE CONSTRUCTION CONTRACT

The Chengguan Expressway-Chengdu Ring Expressway Section Renovation Project is an engineering project implemented by the Company according to the requirements of Chengdu Municipal Government on strengthening support of the transportation facilities in the electronic information industry functional areas. Upon completion of the Project and commencement of operation, it will effectively alleviate congestion at the node section of Chengguan Expressway and Chengdu Ring Expressway, and significantly improve the vehicle conversion rate of the two expressways, which is conducive to improving the regional traffic network of the electronic information industry functional areas of Chengdu and increasing the traffic volume on Chengguan Expressway. The Project represents the focus of Chengguan Expressway-Chengdu Ring Expressway Section Renovation Project and plays a decisive role in the completion of Chengguan Expressway-Chengdu Ring Expressway Section Renovation Project. The Company has carefully and thoroughly considered certain factors from a comprehensive perspective, including the bidder's project quotation, qualification, experience and project quality through public project bidding, and has selected Powerchina Roadbridge Group Co., Ltd. (中電建路橋集團有限公司) as the Contractor of the Project among six bidders according to applicable PRC laws.

The Directors are of the opinion that, the terms of the construction contract are entered into on normal commercial terms, fair and reasonable and in the interests of the Group and its shareholders as a whole.

INFORMATION OF THE PARTIES

The Company

The Company is principally engaged in the operation, management and development of expressways and the expressways it controls and operates jointly include: Chengguan Expressway, Chengwenqiong Expressway, Chengpeng Expressway, Qiongming Expressway, Chengdu Airport Expressway and Chengbei Exit Expressway.

Contractor

The Contractor is a limited liability company established under the PRC laws and is affiliated to Power Construction Corporation of China Co., Ltd. (中國電力建設集團有限公司), one of the world's top 500 enterprises. It is mainly engaged in investment, construction and operation of domestic and foreign expressways, municipalities, railway, rail transportation, bridges, tunnels, urban complex development, airports, ports, waterways, underground utility tunnel and water environment management, sponge city construction, environmental protection and other projects.

IMPLICATIONS OF THE LISTING RULES

As the relevant percentage ratio of the transaction under the Project calculated according to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, which is subject to the reporting and announcement requirements of the Listing Rules.

DEFINITIONS

In this announcement, unless otherwise indicated, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Company” or “Employer”	Chengdu Expressway Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed and traded on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Contractor”	Powerchina Roadbridge Group Co., Ltd. (中電建路橋集團有限公司)
“Consideration”	consideration of the civil engineering construction bid section of the Chengguan Expressway-Chengdu Ring Expressway Section Renovation Project, being RMB382,660,036.00
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“H Shares”	overseas-listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are approved to be listed and traded on the Stock Exchange
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

On behalf of the Board
Chengdu Expressway Co., Ltd.
Xiao Jun
Chairman

Chengdu, the PRC, 12 May 2020

As at the date of this announcement, the Board comprises Mr. Zhang Dongmin, Ms. Wang Xiao and Mr. Luo Dan as executive Directors, Mr. Xiao Jun and Mr. Yang Bin as non-executive Directors, and Mr. Shu Wa Tung, Laurence, Mr. Ye Yong and Mr. Li Yuanfu as independent non-executive Directors.