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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)

CONNECTED TRANSACTION
ENTERING INTO OF THE CONSTRUCTION PROJECT ENTRUSTED
MANAGEMENT CONTRACTS

ENTERING INTO OF THE CONSTRUCTION PROJECT ENTRUSTED MANAGEMENT CONTRACTS

The Board is pleased to announce that on 17 March 2021, Chengdu Energy Development Company and Chengdu Communications entered into the Construction Project Entrusted Management Contracts, pursuant to which Chengdu Communications entrusts Chengdu Energy Development Company to provide project construction management services for the construction projects specified in the Construction Project Entrusted Management Contracts.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Chengdu Communications is the ultimate controlling Shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. The Construction Project Entrusted Management Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the transactions contemplated under the Construction Project Entrusted Management Contracts, when aggregated, are more than 0.1% but less than 5%, the Construction Project Entrusted Management Contracts and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 17 March 2021, Chengdu Energy Development Company and Chengdu Communications entered into the Construction Project Entrusted Management Contracts, pursuant to which Chengdu Communications entrusts Chengdu Energy Development Company to provide project construction management services for the construction projects specified in the Construction Project Entrusted Management Contracts.

I. LEIJIA SERVICE AREA CONSTRUCTION PROJECT ENTRUSTED MANAGEMENT CONTRACT

Date: 17 March 2021

Parties:

- (1) Chengdu Communications; and
- (2) Chengdu Energy Development Company.

Construction project under entrusted management: Construction of Leijia Service Area in Chengzi Freeway (Jianyang New Section), including service area complex building, parking lot, petrol station, charging station and other relevant ancillary facilities.

Scope of entrusted management services: The services to be provided by Chengdu Energy Development Company for the above construction project include but are not limited to supporting Chengdu Communications in preliminary planning, economic analysis and project assessment of construction project, conducting project tendering, project construction management and project inspection, acceptance and settlement on behalf of Chengdu Communications, and carrying out trial operation and project maintenance management on behalf of Chengdu Communications.

Management fee: The management fee was determined after arm's length negotiation between both parties, and the management fee to be received by Chengdu Energy Development Company shall be calculated based on the audited total investment amount less the project construction management fee, costs of land acquisition and compensation for relocation and other relevant expenses, if any, at the Excess Progressive Fee Rates. Calculated based on the expected total investment amount of the project of RMB62.75 million according to the Excess Progressive Fee Rates, the management fees payable by Chengdu Communications to Chengdu Energy Development Company is expected to be RMB0.953 million.

Payment method:

The management fees shall be fully paid by Chengdu Communications in cash in the following manner:

- (1) 30% of the expected management fees shall be paid within 15 working days after signing the contract;
- (2) 50% of the expected management fees shall be paid within 15 working days after commencement of construction; and

- (3) the remaining management fees shall be paid based on the final amount of management fee calculated based on audit results within 15 working days after the completion and acceptance of the project and completion of the final audit. If the management fee paid for the above two items has exceeded the final amount of management fee, Chengdu Energy Development Company will refund the excess amount to Chengdu Communications.

If Chengdu Energy Development Company completes the project construction management on schedule with great construction quality and controls the project investment amount within the approved total investment, Chengdu Communications may offer incentive payment equivalent to 10% of the management fees to Chengdu Energy Development Company after being approved by relevant financial authorities.

Effective date and term of contract: The contract shall become effective from the date of signing and sealing by both parties, and shall end after completion of the project transfer procedures and settlement of relevant fees by both parties based on the final audit.

II. JINTANG SERVICE AREA CONSTRUCTION PROJECT ENTRUSTED MANAGEMENT CONTRACT

Date: 17 March 2021

Parties:

- (1) Chengdu Communications; and
- (2) Chengdu Energy Development Company.

Construction project under entrusted management: Construction of Jintang Service Area in Chengjinjian Freeway (Jintang Section I), including service area complex building, parking lot, petrol station, charging station and other relevant ancillary facilities.

Scope of entrusted management services: The services to be provided by Chengdu Energy Development Company for the above construction project include but are not limited to supporting Chengdu Communications in preliminary planning, economic analysis and project assessment of construction project, conducting project tendering, project construction management and project inspection, acceptance and settlement on behalf of Chengdu Communications, and carrying out trial operation and project maintenance management on behalf of Chengdu Communications.

Management fee: The management fee was determined after arm's length negotiation between both parties, and the management fee to be received by Chengdu Energy Development Company shall be calculated based on the audited total investment amount less the project construction management fee, costs of land acquisition and compensation for relocation and other relevant expenses, if any, at the Excess Progressive Fee Rates. Calculated based on the expected total investment amount of the project of RMB68.40 million and the Excess Progressive Fee Rates, the management fees payable by Chengdu Communications to Chengdu Energy Development Company is expected to be RMB1.021 million.

Payment method:

The management fees shall be fully paid by Chengdu Communications in cash in the following manner:

- (1) 30% of the expected management fees shall be paid within 15 working days after signing the contract;
- (2) 50% of the expected management fees shall be paid within 15 working days after commencement of construction; and
- (3) the remaining management fees shall be paid based on the final amount of management fee calculated based on audit results within 15 working days after the completion and acceptance of the project and completion of the final audit. If the management fee paid for the above two items has exceeded the final amount of management fee, Chengdu Energy Development Company will refund the excess amount to Chengdu Communications.

If Chengdu Energy Development Company completes the project construction management on schedule with great construction quality and controls the project investment amount within the approved total investment, Chengdu Communications may offer incentive payment equivalent to 10% of the management fees to Chengdu Energy Development Company after being approved by relevant financial authorities.

Effective date and term of contract: The contract shall become effective from the date of signing and sealing by both parties, and shall end after completion of the project transfer procedures and settlement of relevant fees by both parties based on the final audit.

III. JIANZHOU NEW TOWN SERVICE AREA CONSTRUCTION PROJECT ENTRUSTED MANAGEMENT CONTRACT

Date: 17 March 2021

Parties:

- (1) Chengdu Communications; and
- (2) Chengdu Energy Development Company.

Construction project under entrusted management: Construction of Jianzhou New Town Service Area in Chenglongjian Freeway (Phase II), including service area complex building, parking lot, petrol station, charging station and other relevant ancillary facilities.

Scope of entrusted management services: The services to be provided by Chengdu Energy Development Company for the above construction project include but are not limited to supporting Chengdu Communications in preliminary planning, economic analysis and project assessment of construction project, conducting project tendering, project construction management and project inspection, acceptance and settlement on behalf of Chengdu Communications, and carrying out trial operation and project maintenance management on behalf of Chengdu Communications.

Management fee: The management fee was determined after arm's length negotiation between both parties, and the management fee to be received by Chengdu Energy Development Company shall be calculated based on the audited total investment amount less the project construction management fee, costs of land acquisition and compensation for relocation and other relevant expenses, if any, at the Excess Progressive Fee Rates. Calculated based on the expected total investment amount of the project of RMB35.28 million according to the Excess Progressive Fee Rates, the management fees payable by Chengdu Communications to Chengdu Energy Development Company is expected to be RMB0.579 million.

Payment method:

The management fees shall be paid by Chengdu Communications in cash in the following manner:

- (1) 30% of the expected management fees shall be paid within 15 working days after signing the contract;
- (2) 50% of the expected management fees shall be paid within 15 working days after commencement of construction; and
- (3) the remaining management fees shall be paid based on the final amount of management fee calculated based on audit results within 15 working days after the completion and acceptance of the project and completion of the final audit. If the management fee paid for the above two items has exceeded the final amount of management fee, Chengdu Energy Development Company will refund the excess amount to Chengdu Communications.

If Chengdu Energy Development Company completes the project construction management on schedule with great construction quality and controls the project investment amount within the approved total investment, Chengdu Communications may offer incentive payment equivalent to 10% of the management fees to Chengdu Energy Development Company after being approved by relevant financial authorities.

Effective date and term of contract: The contract shall become effective from the date of signing and sealing by both parties, and shall end after completion of the project transfer procedures and settlement of relevant fees by both parties based on the final audit.

IV. SANXING SERVICE AREA CONSTRUCTION PROJECT ENTRUSTED MANAGEMENT CONTRACT

Date: 17 March 2021

Parties:

- (1) Chengdu Communications; and
- (2) Chengdu Energy Development Company.

Construction project under entrusted management: Construction of Sanxing Service Area in Phase II of Jinjianren Freeway (Jintang Avenue to East-West Axis), including service area complex building, parking lot, petrol station, charging station and other relevant ancillary facilities.

Scope of entrusted management services: The services to be provided by Chengdu Energy Development Company for the above construction project include but are not limited to supporting Chengdu Communications in preliminary planning, economic analysis and project assessment of construction project, conducting project tendering, project construction management and project inspection, acceptance and settlement on behalf of Chengdu Communications, and carrying out trial operation and project maintenance management on behalf of Chengdu Communications.

Management fee: The management fee was determined after arm's length negotiation between both parties, and the management fee to be received by Chengdu Energy Development Company shall be calculated based on the audited total investment amount less the project construction management fee, costs of land acquisition and compensation for relocation and other relevant expenses, if any, at the Excess Progressive Fee Rates. Calculated based on the expected total investment amount of the project of RMB77.90 million according to the Excess Progressive Fee Rates, the management fees payable by Chengdu Communications to Chengdu Energy Development Company is expected to be RMB1.135 million.

Payment method:

The management fees shall be fully paid by Chengdu Communications in cash in the following manner:

- (1) 30% of the expected management fees shall be paid within 15 working days after signing the contract;
- (2) 50% of the expected management fees shall be paid within 15 working days after commencement of construction; and
- (3) the remaining management fees shall be paid based on the final amount of management fee calculated based on audit results within 15 working days after the completion and acceptance of the project and completion of the final audit. If the management fee paid for the above two items has exceeded the final amount of management fee, Chengdu Energy Development Company will refund the excess amount to Chengdu Communications.

If Chengdu Energy Development Company completes the project construction management on schedule with great construction quality and controls the project investment amount within the approved total investment, Chengdu Communications may offer incentive payment equivalent to 10% of the management fees to Chengdu Energy Development Company after being approved by relevant financial authorities.

Effective date and term of contract: The contract shall become effective from the date of signing and sealing by both parties, and shall end after completion of the project transfer procedures and settlement of relevant fees by both parties based on the final audit.

V. TAIPING BRIDGE SERVICE AREA CONSTRUCTION PROJECT ENTRUSTED MANAGEMENT CONTRACT

Date: 17 March 2021

Parties:

- (1) Chengdu Communications; and
- (2) Chengdu Energy Development Company.

Construction project under entrusted management: Construction of Taiping Bridge Service Area in Phase II of Jinjianren Freeway (East-West Axis to Airport South Line), including service area complex building, parking lot, petrol station, charging station and other relevant ancillary facilities.

Scope of entrusted management services: The services to be provided by Chengdu Energy Development Company for the above construction project include but are not limited to supporting Chengdu Communications in preliminary planning, economic analysis and project assessment of construction project, conducting project tendering, project construction management and project inspection, acceptance and settlement on behalf of Chengdu Communications, and carrying out trial operation and project maintenance management on behalf of Chengdu Communications.

Management fee: The management fee was determined after arm's length negotiation between both parties, and the management fee to be received by Chengdu Energy Development Company shall be calculated based on the audited total investment amount less the project construction management fee, costs of land acquisition and compensation for relocation and other relevant expenses, if any, at the Excess Progressive Fee Rates. Calculated based on the expected total investment amount of the project of RMB80.29 million according to the Excess Progressive Fee Rates, the management fees payable by Chengdu Communications to Chengdu Energy Development Company is expected to be RMB1.164 million.

Payment method:

The management fees shall be fully paid by Chengdu Communications in cash in the following manner:

- (1) 30% of the expected management fees shall be paid within 15 working days after signing the contract;
- (2) 50% of the expected management fees shall be paid within 15 working days after commencement of construction; and
- (3) the remaining management fees shall be paid based on the final amount of management fee calculated based on audit results within 15 working days after the completion and acceptance of the project and completion of the final audit. If the management fee paid for the above two items has exceeded the final amount of management fee, Chengdu Energy Development Company will refund the excess amount to Chengdu Communications.

If Chengdu Energy Development Company completes the project construction management on schedule with great construction quality and controls the project investment amount within the approved total investment, Chengdu Communications may offer incentive payment equivalent to 10% of the actual management fees to Chengdu Energy Development Company after being approved by relevant financial authorities.

Effective date and term of contract: The contract shall become effective from the date of signing and sealing by both parties, and shall end after completion of the project transfer procedures and settlement of relevant fees by both parties based on the final audit.

Based on the information currently available to the Company, the Company estimated that the total management fees and incentive payment (if any) payable by Chengdu Communications to Chengdu Energy Development Company in respect of the Construction Project Entrusted Management Contracts will not exceed RMB5.337 million. If the actual management fee and incentive payment received by Chengdu Energy Development Company exceeds the expected amount in this announcement due to increase in project investment amount and other reasons, the Company will make relevant announcement in due course and fulfill relevant requirements under the Listing Rules (if applicable).

VI. REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION PROJECT ENTRUSTED MANAGEMENT CONTRACTS

The freeway service area construction projects under the Construction Project Entrusted Management Contracts mainly include the construction of service area complex building, parking lot, petrol (gas) station, charging station and other relevant ancillary facilities. After completion of the service areas, Chengdu Communications intends to entrust the operation and management of the service areas to external parties. By undertaking the construction management business of the service area construction projects, Chengdu Energy Development Company will receive management fees from Chengdu Communications, thereby increasing its operating income and profits. In addition, provision of project construction management services will also be conducive to securing the entrusted operation and management business of petrol (gas) stations of the service areas after completion of the service areas, thereby further increasing the income and profits of Chengdu Energy Development Company.

As such, the Directors (including the independent non-executive Directors) are of the view that the Construction Project Entrusted Management Contracts are entered into on normal commercial terms in the usual and ordinary course of business of the Group, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

VII. LISTING RULES IMPLICATIONS

As of the date of this announcement, Chengdu Communications is the ultimate controlling Shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. The Construction Project Entrusted Management Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the transactions contemplated under the Construction Project Entrusted Management Contracts, when aggregated, are more than 0.1% but less than 5%, the Construction Project Entrusted Management Contracts and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Xiao Jun, a non-executive Director, is also a director of Chengdu Communications, he is therefore deemed to be materially interested in the Construction Project Entrusted Management Contracts and the transactions contemplated thereunder. Accordingly, he has abstained from voting on the relevant resolutions at the Board meeting. Save as disclosed above, no other Directors have material interests in the Construction Project Entrusted Management Contracts and the transactions contemplated thereunder and are required to abstain from voting on the relevant resolutions at the Board meeting.

VIII. GENERAL INFORMATION OF THE PARTIES

Chengdu Energy Development Company

Chengdu Energy Development Company is a joint stock company incorporated in the PRC with limited liability, which is principally engaged in retail of refined oil and also engaged in retail of CNG through its joint ventures and associates, and is a non-wholly-owned subsidiary of the Company. The Company is principally engaged in the operation, management and development of expressways located in and around Chengdu, Sichuan Province.

Chengdu Communications

Chengdu Communications is a company incorporated in the PRC with limited liability, and is principally engaged in the investment, the financing of and the construction, development, operation and management of transportation infrastructure in Sichuan province. Chengdu Communications is the ultimate controlling Shareholder of the Company, and directly holds 18.12% of the shares of the Company, and Chengdu Expressway Construction and Development Co., Ltd. (成都高速公路建設開發有限公司), a subsidiary of Chengdu Communications, holds 54.34% of the shares of the Company. The ultimate beneficial owner of Chengdu Communications is Chengdu Municipal State-owned Assets Supervision and Administration Commission (成都市國有資產監督管理委員會).

IX. DEFINITIONS

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

“Board”	the board of Directors of the Company
“Chengdu Communications”	Chengdu Communications Investment Group Co., Ltd. (成都交通投資集團有限公司), a company incorporated in the PRC with limited liability on 16 March 2007, which is the ultimate controlling Shareholder of the Company
“Chengdu Energy Development Company”	Chengdu Energy Development Co., Ltd. (成都能源發展股份有限公司), a joint stock company incorporated in the PRC with limited liability and a non-wholly-owned subsidiary of the Company with 94.49% shareholding, and the remaining 5.51% equity interest is held by Chengdu Communications Investment Property Company Limited (成都交投置業有限公司), an indirectly wholly-owned subsidiary of Chengdu Communications
“Company”	Chengdu Expressway Co., Ltd. (成都高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

“Construction Project Entrusted Management Contracts”	collectively, the Leijia Service Area Construction Project Entrusted Management Contract, the Jintang Service Area Construction Project Entrusted Management Contract, the Jianzhou New Town Service Area Construction Project Entrusted Management Contract, the Sanxing Service Area Construction Project Entrusted Management Contract and the Taiping Bridge Service Area Construction Project Entrusted Management Contract
“Excess Progressive Fee Rates”	for the purpose of this announcement only, according to the excess progressive fee rates as stipulated in the the Regulations on Management of Construction Costs of Basic Construction Projects (Cai Jian [2016] No. 504) (《基本建設項目建設成本管理規定》(財建[2016]504號)) promulgated by the Ministry of Finance of the People’s Republic of China, the entrusted management fee of construction project to be received shall be calculated by adding up the management fee of each portion divided as follows: for the portion within RMB10 million in the calculation base, the management fee shall be 2% of such amount; for the portion between RMB10.01 million and RMB50 million, the management fee shall be 1.5% of such amount; for the portion between RMB50.01 million and RMB100 million, the management fee shall be 1.2% of such amount
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jianzhou New Town Service Area Construction Project Entrusted Management Contract”	the Construction Project Entrusted Management Contract for Jianzhou New Town Service Area in Chenglongjian Freeway (Phase II) entered into between Chengdu Energy Development Company and Chengdu Communications on 17 March 2021
“Jintang Service Area Construction Project Entrusted Management Contract”	the Construction Project Entrusted Management Contract for Jintang Service Area in Chengjinjian Freeway (Jintang Section I) entered into between Chengdu Energy Development Company and Chengdu Communications on 17 March 2021
“Leijia Service Area Construction Project Entrusted Management Contract”	the Construction Project Entrusted Management Contract for Leijia Service Area in Chengzi Freeway (Jianyang New Section) entered into between Chengdu Energy Development Company and Chengdu Communications on 17 March 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Sanxing Service Area Construction Project Entrusted Management Contract”	the Construction Project Entrusted Management Contract for Sanxing Service Area in Phase II of Jinjianren Freeway (Jintang Avenue to East-West Axis) entered into between Chengdu Energy Development Company and Chengdu Communications on 17 March 2021
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiping Bridge Service Area Construction Project Entrusted Management Contract”	the Construction Project Entrusted Management Contract for Taiping Bridge Service Area in Phase II of Jinjianren Freeway (East-West Axis to Airport South Line) entered into between Chengdu Energy Development Company and Chengdu Communications on 17 March 2021
“%”	per cent

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

Chengdu, the PRC, 17 March 2021

As at the date of this announcement, the Board of the Company comprises Mr. Yang Tan, Ms. Wang Xiao, Mr. Zhang Dongmin 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.