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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 SAFETY MANAGEMENT AND
CONSTRUCTION COMPENSATION AGREEMENTS

ENTERING INTO OF THE SAFETY MANAGEMENT AND CONSTRUCTION COMPENSATION AGREEMENTS

The Board hereby announces that, due to implementation of the expressway intelligent traffic control system project, Information Port Company, a wholly-owned subsidiary of Chengdu Communications Investment (a controlling Shareholder of the Company), needs to temporarily occupy certain main roads and green belts on the K1+184 to K37+076 section of Chengguan Expressway and K0+660 to K10+690 section of Chengdu Airport Expressway and set up necessary facilities along the way, and Operation Company and the Company, Operation Company and Chengdu Airport Expressway Company will provide safety supervision and construction coordination to Information Port Company during the construction process of the intelligent traffic control system projects of corresponding expressways. Accordingly, on 6 May 2021, Operation Company, Information Port Company and the Company entered into the Chengguan Expressway Safety Management and Construction Compensation Agreement, and Operation Company, Information Port Company and Chengdu Airport Expressway Company entered into the Chengdu Airport Expressway Safety Management and Construction Compensation Agreement.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Information Port Company is a wholly-owned subsidiary of Chengdu Communications Investment, a controlling Shareholder of the Company, and is therefore a connected person of the Company. The Safety Management and Construction Compensation Agreements 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) in respect of the transactions contemplated under the Safety Management and Construction Compensation Agreements, when aggregated, exceeds 0.1% but all of them are less than 5%, the Safety Management and Construction Compensation Agreements and the transactions contemplated thereunder shall be subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board hereby announces that, due to implementation of the expressway intelligent traffic control system project, Information Port Company, a wholly-owned subsidiary of Chengdu Communications Investment (a controlling Shareholder of the Company), needs to temporarily occupy certain main roads and green belts on the K1+184 to K37+076 section of Chengguan Expressway and K0+660 to K10+690 section of Chengdu Airport Expressway and set up necessary facilities along the way, and Operation Company and the Company, Operation Company and Chengdu Airport Expressway Company will provide safety supervision and construction coordination to Information Port Company during the construction process of the intelligent traffic control system projects of corresponding expressways. Accordingly, on 6 May 2021, Operation Company, Information Port Company and the Company entered into the Chengguan Expressway Safety Management and Construction Compensation Agreement, and Operation Company, Information Port Company and Chengdu Airport Expressway Company entered into the Chengdu Airport Expressway Safety Management and Construction Compensation Agreement.

I. CHENGGUAN EXPRESSWAY SAFETY MANAGEMENT AND CONSTRUCTION COMPENSATION AGREEMENT

Date: 6 May 2021

Parties:

- (1) Operation Company;
- (2) Information Port Company; and
- (3) the Company.

Project and section: the expressway intelligent traffic control system construction project implemented by Information Port Company on the K1+184 to K37+076 section of Chengguan Expressway.

Safety supervision and construction coordination fee: Such fee was determined by the parties after arm’s length negotiation with reference to the fee rates as stipulated in the Opinions on Construction Management and Coordination of Overlapping (Crossing) or Relocation Projects (as further explained in the section headed “Definitions”), and Information Port Company shall pay the safety supervision and construction coordination fee of RMB50,000 for the safety supervision and construction coordination provided by Operation Company and the Company to Information Port Company during the construction period of such project.

Construction compensation: The construction compensation was determined by the parties after arm's length negotiation with reference to the fee rates as stipulated in the Notice on Compensation for Road Property Damage and Occupation (as further explained in the section headed "Definitions") as follows:

1. Compensation for temporary occupation: The project will temporarily occupy 143,150.25 square meters of the main road of Chengguan Expressway for a planned period of 7 days, set up 45,982 meters of pipes, lines and cables along the expressway site, attach 3,064 meters of pipes, lines and cables to the bridge, and set up 188 piles on the road shoulder and adjacent land of the expressway for a planned period of 3,650 days. Based on the above situation and according to the fee rates as stipulated in the Notice on Compensation for Road Property Damage and Occupation, the compensation for temporary occupation shall be RMB3,006,155.25 for temporary occupation of relevant main road of Chengguan Expressway; RMB919,640 for setting up pipes, lines and cables along the expressway site; RMB162,560 for attaching pipes, lines and cables to the bridge; and RMB686,200 for setting up piles on the road shoulder and adjacent land of the expressway. The total compensation for temporary occupation shall be RMB4,774,555.25. Upon completion of construction, relevant fee for the period beyond the planned period (if applicable) shall be settled based on the actual number of days exceeded.
2. Greening compensation: The project will occupy 110 cages of ordinary shrubs, and the total greening compensation for the project shall be RMB11,000 calculated according to the fee rates as stipulated in the Notice on Compensation for Road Property Damage and Occupation.

The total amount of construction compensation above shall be RMB4,785,555.25.

In addition, in order to ensure construction safety, Information Port Company is also required to pay the Performance Bond of RMB200,000 to the Company within 5 working days after signing the agreement. The Performance Bond will be refunded to Information Port Company without interest after passing the project acceptance inspection and after deducting the amount and penalty (if any) as agreed in the Safety Management and Construction Compensation Agreement.

Payment method:

1. Information Port Company shall pay the Performance Bond of RMB200,000 to the Company within 5 working days after signing the agreement;
2. Information Port Company shall pay the safety supervision and construction coordination fee of RMB50,000 to the Company within 5 working days after signing the agreement;
3. Information Port Company shall pay the construction compensation of RMB4,785,555.25 to the Company within 15 working days after signing the agreement.

II. CHENGDU AIRPORT EXPRESSWAY SAFETY MANAGEMENT AND CONSTRUCTION COMPENSATION AGREEMENT

Date: 6 May 2021

Parties:

- (1) Operation Company;
- (2) Information Port Company; and
- (3) Chengdu Airport Expressway Company.

Project and section: the expressway intelligent traffic control system construction project implemented by Information Port Company on the K0+660 to K10+690 section of Chengdu Airport Expressway.

Safety supervision and construction coordination fee: Such fee was determined by the parties after arm's length negotiation with reference to the fee rates as stipulated in the Opinions on Construction Management and Coordination of Overlapping (Crossing) or Relocation Projects (as further explained in the section headed "Definitions"), and Information Port Company shall pay the safety supervision and construction coordination fee of RMB50,000 for the safety supervision and construction coordination provided by Operation Company and Chengdu Airport Expressway Company to Information Port Company during the construction period of such project.

Construction compensation: The construction compensation was determined by the parties after arm's length negotiation with reference to the fee rates as stipulated in the Notice on Compensation for Road Property Damage and Occupation (as further explained in the section headed "Definitions") as follows:

1. Compensation for temporary occupation: The project will temporarily occupy 38,651 square meters of the main road of Chengdu Airport Expressway for a planned period of 3 days, set up 6,124 meters of pipes, lines and cables along the expressway site, attach 6,948 meters of pipes, lines and cables to the bridge, and set up 21 piles on the road shoulder and adjacent land of the expressway for a planned period of 3,650 days. Based on the above situation and according to the fee rates as stipulated in the Notice on Compensation for Road Property Damage and Occupation, the compensation for temporary occupation shall be RMB347,859 for temporary occupation of relevant main road of Chengdu Airport Expressway; RMB122,480 for setting up pipes, lines and cables along the expressway site; RMB317,920 for attaching pipes, lines and cables to the bridge; and RMB76,650 for setting up piles on the road shoulder and adjacent land of the expressway. The total compensation for temporary occupation shall be RMB864,909. Upon completion of construction, relevant fee for the period beyond the planned period (if applicable) shall be settled based on the actual number of days exceeded.

2. Greening compensation: The project will occupy 2,100 square meters of artificial grass and 131 cages of ordinary shrubs, and the total greening compensation for the project shall be RMB139,100 calculated according to the fee rates as stipulated in the Notice on Compensation for Road Property Damage and Occupation.

The total amount of construction compensation for the project shall be RMB1,004,009.

In addition, in order to ensure construction safety, Information Port Company is also required to pay the Performance Bond of RMB200,000 to Chengdu Airport Expressway Company within 5 working days after signing the agreement. The Performance Bond will be refunded to Information Port Company without interest after passing the project acceptance inspection and after deducting the amount and penalty (if any) as agreed in the Safety Management and Construction Compensation Agreement.

Payment method:

1. Information Port Company shall pay the Performance Bond of RMB200,000 to Chengdu Airport Expressway Company within 5 working days after signing the agreement;
2. Information Port Company shall pay the safety supervision and construction coordination fee of RMB50,000 to Chengdu Airport Expressway Company within 5 working days after signing the agreement;
3. Information Port Company shall pay the construction compensation of RMB1,004,009 to Chengdu Airport Expressway Company within 15 working days after signing the agreement.

As disclosed above, it is expected that the construction compensation, Performance Bond and safety supervision and construction coordination fee payable by Information Port Company to the Group in respect of the signing of the Safety Management and Construction Compensation Agreements will be approximately RMB6.29 million in aggregate, all of which will be paid by Information Port Company in cash. If the actual amount received by the Group exceed the estimated amount in this announcement as a result of the actual construction and occupation period of the project exceeding the originally planned period, the Company will make an announcement in due course and comply with relevant requirements under the Listing Rules (if applicable).

III. REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SAFETY MANAGEMENT AND CONSTRUCTION COMPENSATION AGREEMENTS

In order to build a real-time information-based, intelligent, digital and technology-driven city and strengthen the use of intelligent technologies in traffic management, expressway intelligent traffic control system projects need to be implemented on certain sections of the Chengguan Expressway and Chengdu Airport Expressway in accordance with relevant requirements of the municipal government of Chengdu. The construction of the project will temporarily occupy certain main roads and green belts of the Chengguan Expressway and Chengdu Airport Expressway and set up necessary facilities along the way. As such, Information Port Company will pay fair and reasonable construction compensation and other relevant fees to the Company and Chengdu Airport Expressway Company for the construction of relevant projects. In addition, the completion of such projects will also enhance the intelligence of traffic management of the Group's expressways, which is conducive to improving the intelligent traffic management of Chengguan Expressway and Chengdu Airport Expressway.

As such, the Directors (including the independent non-executive Directors) consider that the Safety Management and Construction Compensation Agreements are entered into by the Company in the ordinary and usual course of business and on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. LISTING RULES IMPLICATIONS

As of the date of this announcement, Information Port Company is a wholly-owned subsidiary of Chengdu Communications Investment, a controlling Shareholder of the Company, and is therefore a connected person of the Company. The Safety Management and Construction Compensation Agreements 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) in respect of the transactions contemplated under the Safety Management and Construction Compensation Agreements, when aggregated, exceeds 0.1% but all of them are less than 5%, the Safety Management and Construction Compensation Agreements and the transactions contemplated thereunder shall be subject to the reporting and announcement requirements but are exempt from the 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 Investment, he is therefore deemed to be materially interested in the Safety Management and Construction Compensation Agreements and the transactions contemplated thereunder. Accordingly, he has abstained from voting on the relevant resolution at the Board meeting. Save as disclosed above, no other Directors have material interests in the Safety Management and Construction Compensation Agreements and the transactions contemplated thereunder and are required to abstain from voting on the relevant resolution at the Board meeting.

V. GENERAL INFORMATION OF THE PARTIES

Operation Company

Operation Company is a wholly-owned subsidiary of the Company and is primarily engaged in expressway operation and management, maintenance and construction and asset management.

The Company

The Company is primarily engaged in the operation, management and development of expressways in Chengdu, Sichuan Province, the PRC and its surrounding areas. Its controlled companies, joint ventures and associates include companies engaged in expressway toll collection, operation and maintenance, investment and construction of service areas and other relevant business such as Chengdu Chengwenqiong Expressway Co., Ltd. (成都成溫邛高速公路有限公司) as well as Chengdu Energy Development Co., Ltd. (成都能源發展股份有限公司) and its subsidiaries, joint ventures and associates (including subsidiaries of associates).

Chengdu Airport Expressway Company

Chengdu Airport Expressway Company is a non-wholly-owned subsidiary of the Company and is primarily engaged in development, operation and management of road construction projects of Chengdu Airport Expressway, supporting passenger and freight stations and related properties alongside.

Information Port Company

Information Port Company is a wholly-owned subsidiary of Chengdu Communications Investment and is primarily engaged in construction and maintenance of intelligent transportation projects and construction, maintenance and value-added business development in relevant sectors. Chengdu Communications Investment is a controlling shareholder of the Company, and is primarily engaged in the investment in, the financing of and the construction, development, operation and management of transportation infrastructure in Sichuan province, and its ultimate beneficial owner is Chengdu State-owned Assets Supervision and Administration Commission.

VI. DEFINITIONS

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

“Board”	the board of Directors of the Company
“Chengdu Airport Expressway Company”	Chengdu Airport Expressway Co., Ltd. (成都機場高速公路有限責任公司), a company incorporated in the PRC with limited liability and a non-wholly-owned subsidiary of the Company

“Chengdu Airport Expressway Safety Management and Construction Compensation Agreement”	the Agreement on Operation Safety Management and Road Property Compensation for Intelligent Traffic Control System Construction (《智能交通管控系統施工作業安全管理暨路產賠(補)償協議》) entered into between Operation Company, Information Port Company and Chengdu Airport Expressway Company on 6 May 2021
“Chengdu Communications Investment”	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 one of the controlling shareholders of the Company
“Chengguan Expressway Safety Management and Construction Compensation Agreement”	the Agreement on Operation Safety Management and Road Property Compensation for Intelligent Traffic Control System Construction (《智能交通管控系統施工作業安全管理暨路產賠(補)償協議》) entered into between Operation Company, Information Port Company and the Company on 6 May 2021
“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 H shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Information Port Company”	Chengdu Communications Information Port Co., Ltd. (成都交通信息港有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Chengdu Communications Investment
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

<p>“Notice on Compensation for Road Property Damage and Occupation”</p>	<p>the Notice on Compensation for Road Property Damage and Occupation (Chuan Fa Gai Jia Ge [2012] No. 811) (《關於公路路產損壞、佔用賠(補)償費的通知》(川發改價格[2012]811號)) jointly issued by the Sichuan Development and Reform Commission, the Sichuan Provincial Department of Finance and the Sichuan Provincial Department of Transportation, which provided that the compensation for temporary occupation of main road of expressway shall be RMB3 to RMB5 per square meter per day (RMB3 per square meter per day as agreed in the Safety Management and Construction Compensation Agreements); the compensation for setting up pipes, lines and cables along the expressway site shall be RMB20 per meter; the compensation for attaching pipes, lines and cables to the bridge shall be RMB80 per meter with a 50% reduction for the portion exceeding 1,000 meters; the compensation for setting up piles on the road shoulder and adjacent land of the expressway shall be RMB1 per pile per day; the compensation for occupation of artificial grass shall be RMB60 to RMB80 per square meter (RMB60 per square meter as agreed in the Chengdu Airport Expressway Safety Management and Construction Compensation Agreement); and the compensation for occupation of ordinary shrubs shall be RMB100 to RMB120 per cage (RMB100 per cage as agreed in the Safety Management and Construction Compensation Agreements)</p>
<p>“Operation Company”</p>	<p>Chengdu Expressway Operation Management Co., Ltd. (成都高速運營管理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company</p>
<p>“Opinions on Construction Management and Coordination of Overlapping (Crossing) or Relocation Projects”</p>	<p>the Notice on Issue of Opinions on Construction Management and Coordination of the Projects of Overlapping (Crossing) or Relocation of Roads, Railways and Power Lines (Chuan Fa Gai Xiang Mu [2010] No. 393) (《關於印發<公路、鐵路、輸電線路相互交叉跨(穿)越或遷改工程建設管理協調意見>的通知》(川發改項目[2010]393號)) jointly issued by the Sichuan Development and Reform Commission, the Sichuan Provincial Department of Transportation, the Chengdu Railway Bureau and the Sichuan Electric Power Corporation, which provided that in principle, the safety supervision and construction coordination fee shall be controlled within RMB50,000 per site, and the specific amount shall be determined through negotiation between relevant parties</p>
<p>“Performance Bond”</p>	<p>the road property and environmental protection performance bond</p>
<p>“PRC”</p>	<p>the People’s Republic of China</p>
<p>“RMB”</p>	<p>Renminbi, the lawful currency of the PRC</p>

“Safety Management and Construction Compensation Agreement(s)”	the Chengguan Expressway Safety Management and Construction Compensation Agreement and/or the Chengdu Airport Expressway Safety Management and Construction Compensation Agreement
“Shareholder(s)”	shareholder(s) of the Company
“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, 6 May 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.