

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONTROLLING SHAREHOLDER WON THE BID OF EXPRESSWAY
CONSTRUCTION AND OPERATION PROJECT**

This announcement is made in compliance with the disclosure obligations in the section headed “Relationship with our Controlling Shareholders” as set out in the prospectus published on 28 December 2018 (“**Prospectus**”) by Chengdu Expressway Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”).

Pursuant to the Non-competition Agreement entered into between the Company and its controlling shareholder, Chengdu Communications Investment Group Co., Ltd. (“**Chengdu Communications Investment**”), Chengdu Communications Investment undertakes that, Chengdu Communications Investment and its subsidiaries (excluding the Group) will not, during the term of the Non-competition Agreement, and will procure their associates not to directly or indirectly, engage in, individually or jointly, with other entities, or assist to engage in or participate in any business which competes with the principal business of the Company in Sichuan province. If Chengdu Communications Investment and its subsidiaries (excluding the Group) identify any new business opportunities which compete, directly or indirectly, or may compete with the principal business of the Company (the “**New Business Opportunities**”), they shall immediately notify the Company in writing to enable the Company to consider whether to accept such New Business Opportunities.

The Company has previously received a letter from Chengdu Communications Investment inquiring with the Company on whether to exercise the relevant rights as stated above to join with other bidders as a consortium to participate in the bundled project of (i) G7611 Line Xichang to Shangri-La (Sichuan section), (ii) Xichang to Ningnan and (iii) Huili to Luquan (Sichuan section) three expressways (the “**Project**”). Parties to the consortium will jointly set up a project company (the “**Project Company**”) to be responsible for the investment, financing, construction, management and operation of the Project.

After making analysis of the Project, all independent non-executive directors of the Company are of the view that: (i) the Company proposes to focus on acquiring or investing in expressway projects with a reasonable return on investment. The Project, although with certain profitability, has a relatively low return on investment; (ii) it is expected that the Project will be in a loss-making position during the first 10 years out of its up to 30 years of concession periods and the Company is expected to bear long-term and continuous losses if it invests in the Project, the amount of which will have a material negative impact on the results of the Company; and (iii) estimated based on the total investment amount, expected shareholding percentage of the Company in the Project Company and the assumption of registered capital of the Project Company being 20% of the total investment amount of the Project, the Company is expected to contribute approximately RMB2.27 billion to the registered capital of the Project Company (and the Company may also bear the guarantee liabilities for debt financing of the Project in subsequent periods) if it is to participate in the Project, which will exert substantial pressure on the liquidity of the Company and have a material impact on its follow-up financing capacity.

Taking into comprehensive consideration of the above factors, all independent non-executive directors of the Company have resolved that the Company will not participate in the investment, construction and operation of the Project, provided that the Company shall at all times be entitled to exercise the acquisition option, right of first refusal and other rights under the Non-competition Agreement.

The Company was recently informed that the consortium comprising Sichuan Provincial Railway Industry Investment Group Co., Ltd. (四川省鐵路產業投資集團有限責任公司), as the initiator, and Chengdu Communications Investment, Chengdu Construction Engineering Group Co., Ltd. (成都建工集團有限公司), Sichuan Road & Bridge (Group) Corporation Ltd. (四川公路橋樑建設集團有限公司), Guangxi Road & Bridge Engineering Group Co., Ltd. (廣西路橋工程集團有限公司), Sichuan Chuanjiao Road & Bridge Co., Ltd. (四川川交路橋有限責任公司) and Sichuan Road & Bridge Shengtong Construction Engineering Co. Ltd. (四川路橋盛通建築工程有限責任公司), as members, participated in and won the bid for G7611 Line Xichang to Shangri-La (Sichuan section) expressway project at a price of RMB55.252 billion and the bid for Xichang to Ningnan and Huili to Luquan (Sichuan section) expressway project at a price of RMB29.00001 billion. If the Company exercises relevant rights under the Non-competition Agreement in respect of the Project, the Company will comply with approval procedures and disclosure requirements in accordance with applicable laws and regulations as well as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Chengdu, the PRC, 21 July 2021

As at the date of this announcement, the board of directors 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.