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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)**

**CONTINUING CONNECTED TRANSACTION  
ENTERING INTO THE REFINED OIL PURCHASE AND SALE CONTRACTS**

**ENTERING INTO THE REFINED OIL PURCHASE AND SALE CONTRACTS**

The Board is pleased to announce that on 28 April 2022, (i) Energy Operation and Management Company entered into the Huamin Refined Oil Purchase and Sale Contract with Huamin Petrol Station, pursuant to which Huamin Petrol Station and Shiling Petrol Station (established by Huamin Petrol Station) agreed to purchase refined oil from Energy Operation and Management Company, and Energy Operation and Management Company agreed to sell refined oil to Huamin Petrol Station and Shiling Petrol Station; and (ii) Energy Operation and Management Company entered into the Xinhua Refined Oil Purchase and Sale Contract with Xinhua Petrol Station, pursuant to which Xinhua Petrol Station agreed to purchase refined oil from Energy Operation and Management Company, and Energy Operation and Management Company agreed to sell refined oil to Xinhua Petrol Station.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Petrol Stations, which are controlled by Chengdu Communications Investment, are associates of Chengdu Communications Investment, and hence are connected persons of the Company. Energy Operation and Management Company is an indirect subsidiary of the Company, and the transactions contemplated under the Refined Oil Purchase and Sale Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the transactions contemplated under the Refined Oil Purchase and Sale Contracts calculated on an aggregated basis exceeds 0.1% but all of such applicable percentage ratios are lower than 5%, the Refined Oil Purchase and Sale Contracts and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirement.

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**I. HUAMIN REFINED OIL PURCHASE AND SALE CONTRACT**

- Date : 28 April 2022
- Parties : (1) Huamin Petrol Station;  
(2) Energy Operation and Management Company (as the vendor).
- Term : From the effective date of the contract to 31 August 2023
- Subject of transaction : The vendor shall supply refined oil to Huamin Petrol Station and Shiling Petrol Station (established by Huamin Petrol Station) (hereinafter collectively referred to as the “**Purchasers**”), payment of which shall be settled on a weekly (seven days) basis with the cumulative delivery quantity of the preceding week to be determined on Mondays (or the first working day thereafter in case of statutory holidays).
- Pricing policy : The unit price of respective oil products shall be determined based on the arithmetic average of the average oil prices of Chengdu Sinopec and Chengdu PetroChina of a given week as published by the Refined Oil Price Center of JLC (<http://www.315i.com/>) (“**JLC**”), and, in case that no weekly average oil price is available for a given week, the arithmetic average of the average oil prices of the preceding week for which payment has been settled shall apply (the aforesaid prices include transportation expenses).
- Payment : Both parties shall check and verify the quantity and unit price of oil products for each settlement cycle, and upon confirmation after verification, the Purchasers shall remit the amount payable incurred in the preceding settlement cycle (amount payable = confirmed quantity of oil products delivered × unit price determined according to the pricing policy) to the vendor’s account before Tuesdays (or the second working day thereafter in case of statutory holidays).
- Validity : The contract shall come into effect from execution of both parties.

Since Chengdu Sinopec and Chengdu PetroChina occupy a large market share in Chengdu, their oil prices basically represent the oil price in Chengdu where the Petrol Stations are located and are therefore selected as the basis for determining the unit price of oil products.

## II. XINHUA REFINED OIL PURCHASE AND SALE CONTRACT

Save and except for the change of counterparty from Huamin Petrol Station to Xinhua Petrol Station, i.e. the purchaser of refined oil, the other terms of the Xinhua Refined Oil Purchase and Sale Contract are the same as those set out in the Huamin Refined Oil Purchase and Sale Contract.

### Annual Caps

Both Huamin Petrol Station and Xinhua Petrol Station have been purchasing refined oil from Energy Operation and Management Company since 21 April 2022 with a total purchase amount of approximately RMB2.4 million as of the date of this announcement, and Shiling Petrol Station is expected to commence to purchase refined oil from Energy Operation and Management Company from 1 October 2022.

The annual caps for the continuing connected transactions contemplated under the Huamin Refined Oil Purchase and Sale Contract and Xinhua Refined Oil Purchase and Sale Contract for the year ending 31 December 2022 and the eight months ending 31 August 2023 are as follows:

	<b>For the year ending 31 December 2022 (RMB million)</b>	<b>For the eight months ending 31 August 2023 (RMB million)</b>
Transaction amount of supplying refined oil to Huamin Petrol Station and Shiling Petrol Station by Energy Operation and Management Company under the Huamin Refined Oil Purchase and Sale Contract	53	82
Transaction amount of supplying refined oil to Xinhua Petrol Station by Energy Operation and Management Company under the Xinhua Refined Oil Purchase and Sale Contract	36	32

## **Basis of Determining the Annual Caps**

With reference to the historical sales volume of the Petrol Stations and the procurement demand for refined oil (including 0# diesel oil for vehicles, 92# petrol for vehicles and 95# petrol for vehicles) in 2022 and 2023, the Company expects that: (i) the quantity of refined oil to be purchased by Huamin Petrol Station and Shiling Petrol Station from Energy Operation and Management Company under the Huamin Refined Oil Purchase and Sale Contract will not exceed 6,426 tons and 9,942 tons in 2022 and the eight months ending 31 August 2023, respectively; and (ii) the quantity of refined oil to be purchased by Xinhua Petrol Station from Energy Operation and Management Company under the Xinhua Refined Oil Purchase and Sale Contract will not exceed 4,400 tons and 3,888 tons in 2022 and the eight months ending 31 August 2023, respectively. The Company determined the above annual caps taking into account the aforementioned expected procurement quantity of the respective oil products and the unit price of oil products calculated based on the arithmetic average of the annual average oil prices of respective oil products of Chengdu PetroChina and Chengdu Sinopec published by JLC in 2021.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE REFINED OIL PURCHASE AND SALE CONTRACTS**

The supply of oil to the Petrol Stations under the Refined Oil Purchase and Sale Contracts could boost the sales volume of Energy Operation and Management Company and thus increase the Group's revenue. In addition, the increase of sales volume is beneficial for Energy Operation and Management Company to enhance its bargaining power when purchasing oil products, which will facilitate Energy Operation and Management Company to reduce its overall purchase cost of oil products and further enhance its profitability. Based on the above, entering into the Refined Oil Purchase and Sale Contracts will help to broaden the Group's revenue stream and profit, which is in the interests of the Company and its shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that, the Refined Oil Purchase and Sale Contracts and the transactions contemplated thereunder are conducted in the usual and ordinary course of business of the Group on normal commercial terms, are fair and reasonable and in the interests of the Company and the shareholders as a whole.

As stated in the announcement of the Company dated 22 April 2022, the Company shall at all times be entitled to exercise the rights (such as the acquisition option) under the Non-competition Agreement entered into between the Company and Chengdu Communications Investment following the completion of registration of change in capital contributor of the Petrol Stations and Chengdu Chengke Huanghua Petrol Station by Chengdu Communications Investment with the market administration and regulation authorities and settlement of the issues relating to the property ownership and labor and personnel of the Petrol Stations and Chengdu Chengke Huanghua Petrol Station. Based on the information currently available to the Company (including time required to resolve the unsettled issues) and taking into account the approval procedures required for the acquisition, the Company expects that the acquisition of the Petrol Stations and Chengdu Chengke Huanghua Petrol Station could be completed on or before 31 August 2023. Upon completion of the acquisition, the Petrol Stations will cease to be connected persons of the Company and the supply of refined oil to the Petrol Stations by Energy Operation and Management Company will cease to constitute a connected transaction of the Company. If the Company fails to complete the acquisition as expected and Energy Operation and Management Company still supplies refined oil to the Petrol Stations by then, Energy Operation and Management Company will fulfill the approval and disclosure obligations (including but not limited to renewing the Refined Oil Purchase and Sale Contracts and raising the annual caps thereof) as required under the Listing Rules in a timely manner to comply with relevant requirements under Chapter 14A of the Listing Rules. Chengdu Chengke Huanghua Petrol Station currently purchases oil from an independent third party in accordance with the agreement previously executed. If Energy Operation and Management Company commences to supply oil to Chengdu Chengke Huanghua Petrol Station, the Company will comply with the relevant requirements in relation to connected transaction.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Petrol Stations, which are controlled by Chengdu Communications Investment, are associates of Chengdu Communications Investment, and hence are connected persons of the Company. Energy Operation and Management Company is an indirect subsidiary of the Company, and the transactions contemplated under the Refined Oil Purchase and Sale Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the transactions contemplated under the Refined Oil Purchase and Sale Contracts calculated on an aggregated basis exceeds 0.1% but all of such applicable percentage ratios are lower than 5%, the Refined Oil Purchase and Sale Contracts and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirement.

As Mr. Xiao Jun, a non-executive Director, is also a director of Chengdu Communications Investment, he is therefore considered to be materially interested in the Refined Oil Purchase and Sale Contracts and the transactions contemplated thereunder and has abstained from voting on relevant resolutions at the Board meeting. Save as disclosed above, none of the other Directors have any material interests in the Refined Oil Purchase and Sale Contracts and the transactions contemplated thereunder and therefore are required to abstain from voting on relevant resolutions at the Board meeting.

## **GENERAL INFORMATION OF THE PARTIES**

### **Energy Operation and Management Company and the Group**

Energy Operation and Management Company is an indirect non-wholly-owned subsidiary of the Company, which is mainly engaged in the operation of petrol stations or gas stations and positions itself for three major businesses, i.e. oil and gas operation, comprehensive operation of service areas and operation of new energy business. The Group is primarily engaged in operation, management and development of expressways in and around Chengdu, Sichuan Province, and also carries out retail of refined oil and operation of natural gas.

### **Xinhua Petrol Station**

Xinhua Petrol Station is a wholly people-owned enterprise (全民所有制企業) incorporated in the PRC, which is currently controlled by Chengdu Communications Investment and is mainly engaged in the retail of refined oil (limited to hazardous chemicals), retail of tobacco products, food business (sales of prepackaged foods), repair and maintenance of motor vehicles, car washing services, etc. Chengdu Communications Investment is a controlling shareholder of the Company, and is primarily engaged in the investment, financing of and construction, development, operation and management of transportation infrastructure in Sichuan Province, and its ultimate beneficial owner is Chengdu Municipal State-owned Assets Supervision and Administration Commission.

## Huamin Petrol Station

Huamin Petrol Station is a collective-owned enterprise (集體所有制企業) incorporated in the PRC, which is currently controlled by Chengdu Communications Investment and is mainly engaged in the operation of refined oil (retail of petrol and diesel oil), vehicle cleaning services and automobile beauty services. Huamin Petrol Station established and wholly owned Shiling Petrol Station, which is mainly engaged in the retail of refined oil (limited to hazardous chemicals), sales of health food, food business (only selling prepackaged foods), car washing services, etc.

## DEFINITIONS

“Board”	the board of Directors
“Chengdu Chengke Huanghua Petrol Station”	Chengdu Chengke Huanghua Petrol Station (成都成科皇花加油站), an enterprise incorporated in the PRC
“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
“Chengdu PetroChina”	PetroChina Company Limited Sichuan Chengdu Sales Branch (中國石油天然氣股份有限公司四川成都銷售分公司)
“Chengdu Sinopec”	Sinopec Sales Company Limited Sichuan Chengdu Petroleum Branch (中國石化銷售股份有限公司四川成都石油分公司)
“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 and traded on The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Energy Operation and Management Company”	Chengdu Communications Investment Energy Operation and Management Co., Ltd. (成都交投能源經營管理有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Huamin Petrol Station”	Chengdu Huamin Municipal Petrol Station (成都市華民市政加油站), an enterprise incorporated in the PRC
“Huamin Refined Oil Purchase and Sale Contract”	the Refined Oil Purchase and Sale Contract entered into between Energy Operation and Management Company and Huamin Petrol Station on 28 April 2022

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Petrol Stations”	Xinhua Petrol Station, Huamin Petrol Station and Shiling Petrol Station
“Refined Oil Purchase and Sale Contracts”	Huamin Refined Oil Purchase and Sale Contract and Xinhua Refined Oil Purchase and Sale Contract
“refined oil”	0# diesel oil for vehicles (VI), 92# petrol for vehicles (VIB) and 95# petrol for vehicles (VIB), for the purpose of this announcement only
“RMB”	Renminbi, the lawful currency of the PRC
“Shiling Petrol Station”	Chengdu Municipal Shiling Petrol Station (成都市市政十陵加油站), an enterprise incorporated in the PRC which is established and wholly-owned by Huamin Petrol Station
“Xinhua Petrol Station”	Chengdu Xinhua Petrol Station (成都市新華加油站), an enterprise incorporated in the PRC
“Xinhua Refined Oil Purchase and Sale Contract”	the Refined Oil Purchase and Sale Contract entered into between Energy Operation and Management Company and Xinhua Petrol Station on 28 April 2022
“%”	per cent

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

Chengdu, the PRC, 28 April 2022

*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.*