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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 THE CONSTRUCTION CONTRACTS REGARDING**  
**THE SAFE AND INTELLIGENT EXPRESSWAY PROJECTS**

**ENTERING INTO THE CONSTRUCTION CONTRACTS REGARDING THE SAFE AND INTELLIGENT EXPRESSWAY PROJECTS**

The Board is pleased to announce that, on 24 December 2021, Operation Company (as the principal), Information Port Company (as the contractor) and each of the Owners (as the project owners) entered into the respective Construction Contracts Regarding the Safe and Intelligent Expressway Projects, pursuant to which, as entrusted by the Owners, Operation Company engages Information Port Company to be responsible for the construction of each project under the Construction Contracts Regarding the Safe and Intelligent Expressway Projects.

**LISTING RULES IMPLICATIONS**

As of the date of this announcement, Information Port Company is a wholly-owned subsidiary of Chengdu Communications Investment, the controlling Shareholder of the Company, and hence is a connected person of the Company. The Construction Contracts Regarding the Safe and Intelligent Expressway Projects and the transactions contemplated thereunder therefore constitute 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 Construction Contracts Regarding the Safe and Intelligent Expressway Projects on an aggregated basis exceeds 0.1% but are lower than 5%, the Construction Contracts Regarding the Safe and Intelligent Expressway Projects 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.

The Board is pleased to announce that, on 24 December 2021, Operation Company (as the principal), Information Port Company (as the contractor) and each of the Owners (as the project owners) entered into the respective Construction Contracts Regarding the Safe and Intelligent Expressway Projects, pursuant to which, as entrusted by the Owners, Operation Company engages Information Port Company to be responsible for the construction of each project under the Construction Contracts Regarding the Safe and Intelligent Expressway Projects.

**I. CONSTRUCTION CONTRACT REGARDING THE SAFE AND INTELLIGENT EXPRESSWAY PROJECT ON CHENGPENG EXPRESSWAY**

- Date:** 24 December 2021
- Parties:**
- (1) Operation Company, as the principal;
  - (2) Information Port Company, as the contractor; and
  - (3) Chengpeng Expressway Company, as the project owner.
- Subject:** to extract the existing information pooled by the intelligent traffic control system project at the Chengpeng Expressway Branch Center, establish the database, develop application software to realize certain application functions, integrate data and images from the intelligent traffic control system project and upload the same onto the platforms at the Chengwenqiong Expressway Branch Center and the Sichuan Provincial Center.
- Term:** the construction period is expected to be 35 calendar days, with a 3-month trial operation period upon completion and a 12-month defect liability period upon completion acceptance.
- Advance payment:** within 5 working days from the effective date of the contract, the project owner shall pay the contractor an advance payment of RMB374,986.25, which will be used to offset the first two measurement-based installments (50% of the advance payment for each installment).
- Project cost and determination basis:** the contract price is tentatively determined to be RMB2,137,904.86, and the final settlement amount is subject to the second review by the principal. The tentative contract price has been arrived at after arm's-length negotiations among the parties as the controlling price based on the project budget prepared by the independent third party budgeting agency, and examined by the independent third party cost consulting agency and referring to the downward proportion between the winning bid price and the bidding control price of similar projects in the market.

**Payment method:** The project cost shall be fully settled in cash by Chengpeng Expressway Company in the following manners:

- (1) after the accumulated completed workload reaches 30% of the contracted workload, the measurement-based payment shall be made according to the completed workload in line with the measurement cycle, and the total payment settled shall not exceed 80% of the price of the actually completed workload;
- (2) 90% of the settlement price shall be paid upon completion acceptance and the approval of the contractor's settlement information;
- (3) 97% of the second review settlement price shall be paid upon second review by the principal;
- (4) the remaining 3% of the second review settlement price shall be regarded as quality guarantee deposit, which will be paid after the defect liability period expires.

In addition, Information Port Company is also required to pay RMB103,567.74 to Chengpeng Expressway Company as the performance bond before contract execution, which will be refunded to Information Port Company within 30 working days after the project completion acceptance and deduction of the amount of liability for breach of contract (if any) as agreed in the contract.

## **II. CONSTRUCTION CONTRACT REGARDING THE SAFE AND INTELLIGENT EXPRESSWAY PROJECT ON CHENGGUAN EXPRESSWAY**

**Date:** 24 December 2021

- Parties:**
- (1) Operation Company, as the principal;
  - (2) Information Port Company, as the contractor; and
  - (3) The Company, as the project owner.

**Subject:** to extract the existing information pooled by the intelligent traffic control system project at the Chengguan Expressway Branch Center, establish the database, develop application software to realize certain application functions, integrate data and images from the intelligent traffic control system project and upload the same onto the platforms at the Chengwenqiong Expressway Branch Center and the Sichuan Provincial Center.

**Term:** the construction period is expected to be 35 calendar days, with a 3-month trial operation period upon completion and a 12-month defect liability period upon completion acceptance.

**Advance payment:** within 5 working days from the effective date of the contract, the project owner shall pay the contractor an advance payment of RMB201,159.83, which will be used to offset the first two measurement-based installments (50% of the advance payment for each installment).

**Project cost and determination basis:** the contract price is tentatively determined to be RMB1,488,462.88, and the final settlement amount is subject to the second review by the principal. The tentative contract price has been arrived at after arm's-length negotiations among the parties as the controlling price based on the project budget prepared by the independent third party budgeting agency, and examined by the independent third party cost consulting agency and referring to the downward proportion between the winning bid price and the bidding control price of similar projects in the market.

**Payment method:** The project cost shall be fully settled in cash by the Company in the following manners:

- (1) after the accumulated completed workload reaches 30% of the contracted workload, the measurement-based payment shall be made according to the completed workload in line with the measurement cycle, and the total payment settled shall not exceed 80% of the price of the actually completed workload;
- (2) 90% of the settlement price shall be paid upon completion acceptance and the approval of the contractor's settlement information;
- (3) 97% of the second review settlement price shall be paid upon second review by the principal;
- (4) the remaining 3% of the second review settlement price shall be regarded as quality guarantee deposit, which will be paid after the defect liability period expires.

In addition, Information Port Company is also required to pay RMB72,073.93 to the Company as the performance bond before contract execution, which will be refunded to Information Port Company within 30 working days after the project completion acceptance and deduction of the amount of liability for breach of contract (if any) as agreed in the contract.

### III. CONSTRUCTION CONTRACT REGARDING THE SAFE AND INTELLIGENT EXPRESSWAY PROJECT ON CHENGWENQIONG EXPRESSWAY

- Date:** 24 December 2021
- Parties:**
- (1) Operation Company, as the principal;
  - (2) Information Port Company, as the contractor; and
  - (3) Chengwenqiong Expressway Company, as the project owner.
- Subject:** to renovate and upgrade the machine room and monitoring hall of the Chengwenqiong Expressway Branch Center, establish the database, develop application software to realize certain application functions, and enrich the function of the Chengwenqiong Expressway Branch Center to achieve access to and management of image and data from Chenguan Expressway, Chengdu Airport Expressway, Chengwenqiong Expressway, Chengpeng Expressway, Qiongming Expressway and other city expressways.
- Term:** the construction period is expected to be 35 calendar days, with a 3-month trial operation period upon completion and a 12-month defect liability period upon completion acceptance.
- Advance payment:** within 5 working days from the effective date of the contract, the project owner shall pay the contractor an advance payment of RMB538,765.50, which will be used to offset the first two measurement-based installments (50% of the advance payment for each installment).
- Project cost and determination basis:** the contract price is tentatively determined to be RMB3,000,304.45, and the final settlement amount is subject to the second review by the principal. The tentative contract price has been arrived at after arm's-length negotiations among the parties as the controlling price based on the project budget prepared by the independent third party budgeting agency, and examined by the independent third party cost consulting agency and referring to the downward proportion between the winning bid price and the bidding control price of similar projects in the market.
- Payment method:** The project cost shall be fully settled in cash by Chengwenqiong Expressway Company in the following manners:
- (1) after the accumulated completed workload reaches 30% of the contracted workload, the measurement-based payment shall be made according to the completed workload in line with the measurement cycle, and the total payment settled shall not exceed 80% of the price of the actually completed workload;

- (2) 90% of the settlement price shall be paid upon completion acceptance and the approval of the contractor's settlement information;
- (3) 97% of the second review settlement price shall be paid upon second review by the principal;
- (4) the remaining 3% of the second review settlement price shall be regarded as quality guarantee deposit, which will be paid after the defect liability period expires.

In addition, Information Port Company is also required to pay RMB145,321.32 to Chengwenqiong Expressway Company as the performance bond before contract execution, which will be refunded to Information Port Company within 30 working days after the project completion acceptance and deduction of the amount of liability for breach of contract (if any) as agreed in the contract.

#### **IV. CONSTRUCTION CONTRACT REGARDING THE SAFE AND INTELLIGENT EXPRESSWAY PROJECT ON AIRPORT EXPRESSWAY**

**Date:** 24 December 2021

**Parties:**

- (1) Operation Company, as the principal;
- (2) Information Port Company, as the contractor; and
- (3) Chengdu Airport Expressway Company, as the project owner.

**Subject:** to extract the existing information pooled by the intelligent traffic control system project at the Airport Expressway Branch Center, establish the database, develop application software to realize certain application functions, integrate data and images from the intelligent traffic control system project and upload the same onto the platforms at the Chengwenqiong Expressway Branch Center and the Sichuan Provincial Center.

**Term:** the construction period is expected to be 35 calendar days, with a 3-month trial operation period upon completion and a 12-month defect liability period upon completion acceptance.

**Advance payment:** within 5 working days from the effective date of the contract, the project owner shall pay the contractor an advance payment of RMB229,508.64, which will be used to offset the first two measurement-based installments (50% of the advance payment for each installment).

**Project cost and determination basis:**

the contract price is tentatively determined to be RMB1,265,031.95, and the final settlement amount is subject to the second review by the principal. The tentative contract price has been arrived at after arm's-length negotiations among the parties as the controlling price based on the project budget prepared by the independent third party budgeting agency, and examined by the independent third party cost consulting agency and referring to the downward proportion between the winning bid price and the bidding control price of similar projects in the market.

**Payment method:**

The project cost shall be fully settled in cash by Chengdu Airport Expressway Company in the following manners:

- (1) after the accumulated completed workload reaches 30% of the contracted workload, the measurement-based payment shall be made according to the completed workload in line with the measurement cycle, and the total payment settled shall not exceed 80% of the price of the actually completed workload;
- (2) 90% of the settlement price shall be paid upon completion acceptance and the approval of the contractor's settlement information;
- (3) 97% of the second review settlement price shall be paid upon second review by the principal;
- (4) the remaining 3% of the second review settlement price shall be regarded as quality guarantee deposit, which will be paid after the defect liability period expires.

In addition, Information Port Company is also required to pay RMB61,239.45 to Chengdu Airport Expressway Company as the performance bond before contract execution, which will be refunded to Information Port Company within 30 working days after the project completion acceptance and deduction of the amount of liability for breach of contract (if any) as agreed in the contract.

Based on the information currently available to the Company, the Company expects that the total project cost payable by the Group to Information Port Company under the abovementioned contracts will not exceed RMB7.9 million. If the actual amount paid to Information Port Company exceeds the estimated amount contained herein, the Company will make further announcement(s) as and when appropriate and fulfill relevant requirements under the Listing Rules (if any).

## **V. REASONS FOR AND BENEFITS OF THE CONSTRUCTION CONTRACTS REGARDING THE SAFE AND INTELLIGENT EXPRESSWAY PROJECTS**

Each project under the Construction Contracts Regarding the Safe and Intelligent Expressway Projects is implemented in line with the requirements of the Sichuan Provincial Government on accelerating the construction of the safe and intelligent expressways within Sichuan Province. Upon completion, the projects will effectively reduce workload for data collection, processing and statistical analysis in expressway operation and management, reduce the cost of expressway operation and management; efficiently prevent the occurrence of accidents and lower the probability of congestion; speed up the response time and improve efficiency of emergency handling of traffic accidents and incidents, and improve the traffic control capacity of competent departments. Meanwhile, the traffic management department can coordinate with governments at all levels and departments in charge of transportation more effectively, and share data such as surveillance video, which is conducive to maintaining public order and social stability.

In view of the fact that the Information Port Company has significantly extensive construction experience in intelligent transportation construction, and taking into account that it has been implementing the Chengdu intelligent traffic management and control system project on Chengpeng Expressway, Chengdu Airport Expressway and Chengguan Expressway, in order to make full use of the existing resources (such as pipes and optical cables, etc.), improve project construction efficiency, ensure the smooth connection between the safe and intelligent expressway project of Chengpeng Expressway, Chengdu Airport Expressway and Chengguan Expressway and the project platform of the Chengdu intelligent traffic management and control system and achieve successful docking of the platforms at the above three expressway branch centers to the platform at Chengwenqiong Expressway Branch Center, so as to save the software docking development cost. The Group engaged Information Port Company to implement the construction of the safe and intelligent expressway projects on such four expressways.

Accordingly, the directors of the Company (including the independent non-executive directors) are of the opinion that, the Construction Contracts Regarding the Safe and Intelligent Expressway Projects 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.

## **VI. LISTING RULES IMPLICATIONS**

As of the date of this announcement, Information Port Company is a wholly-owned subsidiary of Chengdu Communications Investment, the controlling Shareholder of the Company, and hence is a connected person of the Company. The Construction Contracts Regarding the Safe and Intelligent Expressway Projects and the transactions contemplated thereunder therefore constitute 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 Construction Contracts Regarding the Safe and Intelligent Expressway Projects on an aggregated basis exceeds 0.1% but are lower than 5%, the Construction Contracts Regarding the Safe and Intelligent Expressway Projects 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 of the Company, is also a director of Chengdu Communications Investment, he is therefore considered to be materially interested in the Construction Contracts Regarding the Safe and Intelligent Expressway Projects 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 Construction Contracts Regarding the Safe and Intelligent Expressway Projects and the transactions contemplated thereunder and therefore are required to abstain from voting on relevant resolutions at the Board meeting.

## **VII. 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.

### **Chengpeng Expressway Company**

Chengpeng Expressway Company is a non-wholly-owned subsidiary of the Company and is primarily engaged in developing, operating and managing Chengpeng Expressway project, supporting passenger and freight stations and related properties alongside.

### **Chengwenqiong Expressway Company**

Chengwenqiong Expressway Company is a wholly-owned subsidiary of the Company and is primarily engaged in developing, operating and managing Chengwenqiong Expressway project, supporting passenger and freight stations and related properties alongside.

### **Chengdu Airport Expressway Company**

Chengdu Airport Expressway Company is a non-wholly-owned subsidiary of the Company and is primarily engaged in developing, operating and managing Chengdu Airport Expressway project, supporting passenger and freight stations and related properties alongside.

### **The Company**

The Company is primarily engaged in operating, managing and developing Chengguan Expressway. The Group is primarily engaged in operating, managing and developing expressways in Chengdu, Sichuan Province and its surrounding areas, and also carries out retail of refined oil and operation of natural gas.

## 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, the financing of and the 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.

## VIII. 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, which is a non-wholly-owned subsidiary of the Company
“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 the ultimate controlling Shareholder of the Company
“Chengpeng Expressway Company”	Chengdu Chengpeng Expressway Co., Ltd. (成都成彭高速公路有限責任公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company
“Chengwenqiong Expressway Company”	Chengdu Chengwenqiong Expressway Co., Ltd. (成都成溫邛高速公路有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“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

“Construction Contracts Regarding the Safe and Intelligent Expressway Projects”	collectively, the Construction Contract Regarding the Safe and Intelligent Expressway Project on Chengpeng Expressway, the Construction Contract Regarding the Safe and Intelligent Expressway Project on Chengguan Expressway, the Construction Contract Regarding the Safe and Intelligent Expressway Project on Chengwenqiong Expressway and the Construction Contract Regarding the Safe and Intelligent Expressway Project on Airport Expressway
“Construction Contract Regarding the Safe and Intelligent Expressway Project on Airport Expressway”	the Construction Contract Regarding the Safe and Intelligent Expressway Project on Airport Expressway entered into among Operation Company, Information Port Company and Chengdu Airport Expressway Company on 24 December 2021
“Construction Contract Regarding the Safe and Intelligent Expressway Project on Chengguan Expressway”	the Construction Contract Regarding the Safe and Intelligent Expressway Project on Chengguan Expressway entered into among Operation Company, Information Port Company and the Company on 24 December 2021
“Construction Contract Regarding the Safe and Intelligent Expressway Project on Chengpeng Expressway”	the Construction Contract Regarding the Safe and Intelligent Expressway Project on Chengpeng Expressway entered into among Operation Company, Information Port Company and Chengpeng Expressway Company on 24 December 2021
“Construction Contract Regarding the Safe and Intelligent Expressway Project on Chengwenqiong Expressway”	the Construction Contract Regarding the Safe and Intelligent Expressway Project on Chengwenqiong Expressway entered into among Operation Company, Information Port Company and Chengwenqiong Expressway Company on 24 December 2021
“Group”	the Company and its subsidiaries
“Hong Kong”	the 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, which is a wholly-owned subsidiary of Chengdu Communications Investment
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Operation Company”	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, which is a wholly-owned subsidiary of the Company
“Owner(s)”	individually and collectively, Chengpeng Expressway Company, Chengwenqiong Expressway Company, Chengdu Airport Expressway Company and the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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, 24 December 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.*