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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)

**DISCLOSEABLE TRANSACTION IN RELATION
TO ESTABLISHMENT OF JOINT VENTURE**

The Board is pleased to announce that on 16 January 2023, Energy Development Company entered into the Capital Contribution Agreement with Times Battery Services, pursuant to which both parties agreed to establish the Joint Venture for the development of battery replacement business and related value-added businesses. Pursuant to the Capital Contribution Agreement, the registered capital of the Joint Venture shall be RMB300,000,000. Energy Development Company and Times Battery Services have undertaken to contribute RMB144,000,000 and RMB156,000,000 respectively to the Joint Venture in cash as registered capital, and the Joint Venture will be owned as to 48% by Energy Development Company and 52% by Times Battery Services. The Joint Venture will not become a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Group.

The Joint Venture will focus on battery replacement business as its main business and actively develop various related value-added businesses, aiming to form a complex and diversified business system.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the establishment of the Joint Venture exceed 5% but are all less than 25%, the establishment of the Joint Venture constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the circular and shareholders' approval requirements.

I. INTRODUCTION

The Board is pleased to announce that on 16 January 2023, Energy Development Company entered into the Capital Contribution Agreement with Times Battery Services, pursuant to which both parties agreed to establish the Joint Venture for the development of battery replacement business and related value-added businesses. Pursuant to the Capital Contribution Agreement, the registered capital of the Joint Venture shall be RMB300,000,000. Energy Development Company and Times Battery Services have undertaken to contribute RMB144,000,000 and RMB156,000,000 respectively to the Joint Venture in cash as registered capital, and the Joint Venture will be owned as to 48% by Energy Development Company and 52% by Times Battery Services. The Joint Venture will not become a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Group.

II. CAPITAL CONTRIBUTION AGREEMENT

Date

16 January 2023

Parties

- (i) Party A: Times Battery Services
- (ii) Party B: Energy Development Company

Pursuant to the Capital Contribution Agreement, Energy Development Company and Times Battery Services will establish the Joint Venture in Chengdu, Sichuan Province for the development of battery replacement business and related value-added businesses. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge, information and belief, Times Battery Services and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the “**Listing Rules**”).

Basic Information of the Joint Venture

- Name: Chengdu Battery Services Jiaotou Energy Technology Co., Ltd. (成都電服交投能源科技有限公司) (temporary name, and the final name is subject to approval by the company registration authority)
- Address: Chengdu, Sichuan Province (subject to registration with the company registration authority)
- Business: The two parties have agreed to fully support the development of the Joint Venture with priority given to supporting the development of the battery replacement business of the Joint Venture in Chengdu and other advantageous areas. The Joint Venture will be principally engaged in battery replacement business and will actively develop various value-added businesses in order to form a complex and diversified business portfolio.

Schedule and Conditions of Capital Contribution

The total registered capital of the Joint Venture is RMB300,000,000. Details are as follows.

	Contribution method	Capital contribution amount (RMB'0000)	Shareholding (%)
Times Battery Services	Cash	15,600	52
Energy Development Company	Cash	<u>14,400</u>	<u>48</u>
Total		<u><u>30,000</u></u>	<u><u>100</u></u>

The first installment of the capital contribution of RMB100,000,000 shall be paid in full to the designated account of the Joint Venture within 60 working days from the date of incorporation of the Joint Venture by both parties to the Capital Contribution Agreement based on their respective capital contribution proportion.

The second installment of capital contribution of RMB100,000,000 shall be paid in full no later than 31 December 2024.

The remaining registered capital will be paid based on the operating requirements of the Joint Venture and is subject to the resolution of the shareholders' meeting.

The Joint Venture shall, within 5 working days of receipt of each installment of capital contribution from each shareholder, issue to each shareholder a certificate of capital contribution evidencing their respective shareholdings.

Shareholders' Rights and Obligations

The parties to the Capital Contribution Agreement shall enjoy the rights of shareholders in proportion to their respective actual contribution and shall be liable to the Joint Venture to the extent of their respective subscribed contribution.

Management of Shareholders' Meetings and the Joint Venture

Shareholders' meetings: The parties to the Capital Contribution Agreement shall exercise their voting rights at the shareholders' meeting of the Joint Venture in proportion to their respective actual contribution. General matters shall be approved by shareholders representing at least 1/2 (inclusive) of the voting rights of the Joint Venture. Material matters shall be approved by shareholders representing at least 2/3 (inclusive) of the voting rights of the shareholders of the Joint Venture.

Board of directors:	The board of directors of the Joint Venture shall consist of five directors, two of whom shall be recommended by Energy Development Company and three of whom shall be recommended by Times Battery Services. There shall be one chairman and vice chairman of the board, both of whom shall serve on a concurrent basis. General matters shall be approved by at least 1/2 (inclusive) of the directors of the Joint Venture. Material matters must be approved by at least 2/3 (inclusive) of the directors of the Joint Venture.
Supervisory committee:	The supervisory committee of the Joint Venture shall consist of three members. Each of Energy Development Company and Times Battery Services shall nominate one shareholder representative supervisor. The supervisory committee shall also have one staff representative supervisor.
Operational management of the Joint Venture:	The Joint Venture shall have a general manager, who shall serve as the legal representative of the Joint Venture, and an executive deputy general manager, a chief financial officer (i.e. the person in charge of finance) and a deputy general manager.

Investment, Construction and Operation of Battery Replacement Stations

Energy Development Company shall lease premises to the Joint Venture in accordance with the agreed principles and the Joint Venture shall be responsible for investment and construction of the battery replacement stations, and the land lease matters shall ultimately be subject to the contents of the lease agreements entered into between Energy Development Company and the Joint Venture.

Times Battery Services shall provide technical support to the Joint Venture and access to the nationwide integrated platform of Times Battery Services in accordance with the agreed principles, and the parties shall pay the relevant fees as agreed, subject to the terms of agreements entered into between Times Battery Services and the Joint Venture.

The Joint Venture shall be responsible for the daily operation and maintenance of the battery replacement stations, and may carry out value-added businesses other than battery replacement business. Times Battery Services shall be responsible for providing regular training to the operation and management team of the Joint Venture, and providing technical support and guidance to the operation and maintenance of the stations. The Joint Venture shall select high-quality replacement equipment and batteries for the stations on a market-oriented manner.

III. REASONS FOR AND BENEFITS OF ESTABLISHMENT OF THE JOINT VENTURE

The establishment of the Joint Venture is in line with the policies of the central and local governments of the PRC to support the development of new energy industry and fully utilizes the resources of both shareholders to achieve their own development. In addition, the active engagement in the battery replacement business is an important initiative of Energy Development Company in expanding its business scope and exploring profit growth drivers.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Capital Contribution Agreement and the transactions contemplated thereunder are entered into by the Group on normal commercial terms, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

IV. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the establishment of the Joint Venture exceed 5% but are all less than 25%, the establishment of the Joint Venture constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the circular and shareholders' approval requirements.

V. INFORMATION ON THE PARTIES

The Group and Energy Development Company

The Group is primarily engaged in the operation, management and development of expressways in and around Chengdu, Sichuan Province, carries out retail of refined oil and also expands into operation of natural gas.

Energy Development Company is a non-wholly-owned subsidiary of the Company and a joint stock company incorporated in the PRC with limited liability and principally engaged in investment in petrol station and gas station projects, retail of refined oil and operation of natural gas.

Times Battery Services

Times Battery Services was incorporated in the PRC in August 2021 as a wholly-owned subsidiary of Ningde Times with a registered capital of RMB200 million, and is principally engaged in the provision of mobile power solutions and services to users and the development of total solutions for modular battery replacement based on the vehicle-battery separation model.

Ningde Times is a joint stock company incorporated in the PRC with limited liability in 2011 and its shares are listed on the Shenzhen Stock Exchange (stock code: 300750).

VI. DEFINITIONS

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

“Board”	the board of Directors of the Company
“Capital Contribution Agreement”	the capital contribution agreement dated 16 January 2023 between Energy Development Company and Times Battery Services in relation to the establishment of the Joint Venture
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	third party(ies) independent of the Company and its connected persons
“Joint Venture”	a joint venture to be incorporated in the PRC, which will be owned as to 48% by Energy Development Company and 52% by Times Battery Services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningde Times”	Ningde Times New Energy Technology Co., Ltd. (寧德時代新能源科技股份有限公司), a joint stock company incorporated in the PRC with limited liability in 2011, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300750)

“PRC”	the People’s Republic of China, for the purpose of this announcement excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Times Battery Services”	Times Battery Services Technology Co., Ltd. (時代電服科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Ningde Times
“%” or “percentage”	per cent

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

Chengdu, the PRC, 16 January 2023

As at the date of this announcement, the Board of the Company comprises Mr. Yang Tan, Mr. Luo Dan and Mr. Ding Dapan as executive Directors, Mr. Xiao Jun, Ms. Wu Haiyan and Mr. Yang Bin as non-executive Directors, and Mr. Leung Chi Hang Benson, Mr. Qian Yongjiu and Mr. Wang Peng as independent non-executive Directors.