
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in **Chengdu Expressway Co., Ltd.**, you should at once hand this circular and the accompanying form of proxy and reply slip to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

**(1) CONNECTED TRANSACTION:
ENTERING INTO THE SUPPLEMENTAL AGREEMENT TO
THE NON-COMPETITION AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



A letter from the Board is set out on page 4 to page 15 of this circular. A letter from the Independent Board Committee, containing its advice to the Independent Shareholders, is set out on page 16 to page 17 of this circular. A letter from the Independent Financial Adviser, Octal Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on page 18 to page 27 of this circular.

The EGM of the Company will be held at the meeting room 1 of Chengdu Expressway Co., Ltd., 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the PRC at 10:00 a.m. on Friday, 27 December 2024. The notice convening the EGM is dispatched to the Shareholders together with this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. The form of proxy shall be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or to the Board Office of the Company in the PRC at 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the PRC (for holders of Domestic Shares) as soon as possible and in any event not less than 24 hours before the time appointed for convening the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

If you intend to attend the EGM in person or by proxy, you are required to lodge the completed reply slip to the Board Office of the Company on or before Friday, 20 December 2024.

5 December 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors 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, which is one of the Controlling Shareholders of the Company
“Chengdu Expressway” or “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
“Communications Investment Construction and Management”	Chengdu Communications Investment Transportation Construction and Management Group Co., Ltd. (成都交投交通建設管理集團有限公司), formerly known as Chengdu Expressway Construction and Development Co., Ltd. (成都高速公路建設開發有限公司), a company incorporated in the PRC with limited liability, which is one of the Controlling Shareholders of the Company
“Competing Businesses”	any business that competes or may compete, either directly or indirectly, with the principal business engaged in or proposed to be engaged in by the Group in Sichuan Province
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	Chengdu Communications Investment and Communications Investment Construction and Management
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“EGM”	the extraordinary general meeting of the Company to be held at the meeting room 1 of Chengdu Expressway Co., Ltd., 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the PRC at 10:00 a.m. on Friday, 27 December 2024
“Group”	the Company and its subsidiaries

DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are approved to be listed and traded on the Stock Exchange
“Independent Board Committee”	the independent board committee comprising all independent non-executive Directors, being Mr. Leung Chi Hang Benson, Mr. Qian Yongjiu and Mr. Wang Peng, to advise the Independent Shareholders in respect of the entering into of the Supplemental Agreement to the Non-competition Agreement
“Independent Financial Adviser” or “Octal Capital”	Octal Capital Limited, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the entering into of the Supplemental Agreement to the Non-competition Agreement
“Independent Shareholders”	the Shareholders other than Chengdu Communications Investment and Communications Investment Construction and Management
“Latest Practicable Date”	29 November 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Natural Gas”	compressed natural gas and liquefied natural gas
“New Business”	business newly identified or introduced upon entering into the Non-competition Agreement which competes or may compete, directly or indirectly, with the principal business of the Company
“Non-competition Agreement”	the Non-competition Agreement entered into between the Company and the Controlling Shareholders on 9 September 2022
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 28 December 2018

DEFINITIONS

“Relevant Petrol Stations”	Chengdu Chengke Huanghua Petrol Station (成都成科皇花加油站), Chengdu Xinhua Petrol Station (成都市新華加油站), Chengdu Huamin Municipal Petrol Station (成都市華民市政加油站) and Chengdu Municipal Shiling Petrol Station (成都市市政十陵加油站)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of the Company, including Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Supplemental Agreement to the Non-competition Agreement”	the Supplemental Agreement to the Non-competition Agreement entered into between the Company and the Controlling Shareholders on 28 November 2024
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Yang Tan (*Chairman of the Board*)
Mr. Xia Wei
Mr. Ding Dapan

Non-executive Director:

Ms. Wu Haiyan

Independent non-executive Directors:

Mr. Leung Chi Hang Benson
Mr. Qian Yongjiu
Mr. Wang Peng

Registered office:

9th Floor, Youyi Data Building
No. 28 Jingyuan East Road
Deyuan town (Jingrong town), Pidu District
Chengdu, Sichuan
PRC

Principal place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

5 December 2024

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION:
ENTERING INTO THE SUPPLEMENTAL AGREEMENT TO
THE NON-COMPETITION AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 28 November 2024 in relation to the entering into of the Supplemental Agreement to the Non-competition Agreement by the Company and the Controlling Shareholders.

The purpose of this circular is to provide you with (i) details regarding the entering into of the Supplemental Agreement to the Non-competition Agreement; and (ii) the notice convening the EGM, so as to enable you to make an informed decision while voting for or against the resolution to be submitted at the EGM.

LETTER FROM THE BOARD

II. ENTERING INTO THE SUPPLEMENTAL AGREEMENT TO THE NON-COMPETITION AGREEMENT

1. Background

Reference is made to the circular of the Company dated 14 September 2022 in relation to the Non-competition Agreement. Given that the Company proposed to publicly issue RMB-denominated ordinary shares (the “**A Shares**”) and list the same on a domestic stock exchange (the “**A-share Listing**”), in order to comply with relevant requirements of the regulatory authorities and stock exchanges of both the A-share and H-share markets, the Company and the Controlling Shareholders entered into the Non-competition Agreement on 9 September 2022.

As disclosed in the Company’s announcement dated 4 June 2024, the Company has withdrawn its application for the listing of A Shares with the Shanghai Stock Exchange. Taking into account the current business conditions and in order to better adapt to the future development, the Company and the Controlling Shareholders entered into the Supplemental Agreement to the Non-competition Agreement on 28 November 2024 to amend certain terms of the Non-competition Agreement.

2. Principle Terms of the Supplemental Agreement to the Non-competition Agreement

The principal terms of the Supplemental Agreement to the Non-competition Agreement are as follows:

Date

28 November 2024

Parties

- (1) The Company;
- (2) Chengdu Communications Investment; and
- (3) Communications Investment Construction and Management.

LETTER FROM THE BOARD

Principal Terms

Pursuant to the Supplemental Agreement to the Non-competition Agreement, the proposed amendments to the terms of the Non-competition Agreement are as follows:

New Business opportunity option

- (1) The Controlling Shareholders undertake that during the term of the Non-competition Agreement, the Controlling Shareholders or their subsidiaries shall, upon identifying any New Business opportunity, notify the Company in writing and provide the Company with all information necessary to consider whether to engage in the aforesaid business opportunity and to use its best endeavours to procure that such business opportunity is first offered to the Group on reasonable and fair terms and conditions.
- (2) The Group shall notify the Controlling Shareholders in writing on a timely basis and within 30 days from its decision not to take the aforesaid New Business opportunity for any reason. Upon receiving the written confirmation of the Company, or if the Company fails to make a written reply within the specified time limit, the Controlling Shareholders or their subsidiaries may, on their own, participate in the aforesaid New Business opportunity through equity investment, ~~provided that such investment shall not result in the investee becoming a subsidiary of the Controlling Shareholders.~~
- (3) The Controlling Shareholders shall ensure that they and their subsidiaries (excluding the Group) provide the Group the prioritised access to any New Business opportunity.

Business acquisition option

- (1) For those businesses which are developed by the Controlling Shareholders under the Permitted Investment Circumstances (as defined in page 8 of this circular) or have been invested ~~(but not controlled)~~ by the Controlling Shareholders as of the date of the Non-competition Agreement, and compete or might compete, directly or indirectly, with the principal business of the Group:
 - (i) The Controlling Shareholders undertake to give the Group an option during the term of the agreement that, to the extent permissible under applicable laws and regulations, the Group has the right to acquire any equity interests, assets and other interests in the Competing Businesses from the Controlling Shareholders or their subsidiaries (excluding the Group) at any time through one or multiple transactions, or opt to operate any asset or business owned by the Controlling Shareholders in the Competing Businesses through, including but not limited to, entrusted operation, lease or contracting.

LETTER FROM THE BOARD

- (ii) Notwithstanding the preceding provision, if a third party has and is to exercise, under the same terms and conditions, a statutory right of first refusal under relevant laws and the Articles of Association, the preceding provision shall not apply. But in such case the Controlling Shareholders shall, in their best endeavor, procure the third party to give up its statutory right of first refusal.
- (2) The Controlling Shareholders also undertake to ensure their subsidiaries (excluding the Group) to extend the same option to the Group.
- (3) If the exercise of the aforesaid option by the Group involves transfer of state-owned assets, the relevant consideration shall be negotiated on an arm's length basis between the Controlling Shareholders or their subsidiaries (excluding the Group) and the Group, and the state-owned assets shall be valued in accordance with the methodology and procedures required by applicable laws, subject to approval or registration according to law.

Right of first refusal

- (1) The Controlling Shareholders undertake that during the term of the Non-competition Agreement, if the Controlling Shareholders or their subsidiaries (excluding the Group) propose to a third party to transfer, sell, lease, license to use or otherwise transfer or permit to use any equity interests, assets and other interests in the businesses that are acquired by the Controlling Shareholders under the Permitted Investment Circumstances (as defined in page 8 of this circular) or have been invested (~~but not controlled~~) by the Controlling Shareholders as of the date of the Non-competition Agreement and compete or might compete, directly or indirectly, with the principal business of the Group, the Controlling Shareholders shall give the Company a prior written notice ("**Transfer Notice**"), attached with the terms and conditions for transfer, sale, lease or licensed use of the Competing Businesses or any interest therein to such third party by the Controlling Shareholders and reasonable relevant information for the Company to make an investment decision. The Company shall give a written reply to the Controlling Shareholders within 30 days upon receiving the Transfer Notice. Before receiving such written reply from the Company, the Controlling Shareholders shall not give a third party any Transfer Notice or intention (whether legally binding or not) in respect of the proposed transfer, sale, lease or licensed use of the Competing Businesses or any interest therein. If (i) the Company refuses to acquire the Competing Businesses or any interest therein or fails to reply to the Controlling Shareholders or their subsidiaries on the Transfer Notice within the aforesaid 30-day period, or (ii) the Company refuses to accept the terms contained in the Transfer Notice but has issued to the Controlling Shareholders, within the aforesaid 30-day period, a written notice specifying the acceptable transfer terms and conditions, but the parties fail to reach an agreement on the acquisition, then the Controlling Shareholders may transfer, sell, lease or license to use the Competing Businesses or any interest therein to a third party on the same terms and conditions set out in the Transfer Notice.

LETTER FROM THE BOARD

- (2) The Controlling Shareholders undertake to ensure their subsidiaries (excluding the Group) to extend the same right of first refusal to the Company.
- (3) If the exercise of the aforesaid right of first refusal by the Group involves transfer of state-owned assets, the assets shall be valued in accordance with the methodology and procedures required under applicable laws, subject to approval or registration according to law.

Undertakings on non-competition

Except for the stipulations in the sections below headed “New Business opportunity option” (in the case of New Business opportunities), “Business acquisition option” and “Right of first refusal”, the Controlling Shareholders irrevocably undertake that during the term of the Non-competition Agreement, except for the Relevant Petrol Stations, the Controlling Shareholders and their subsidiaries shall not engage in the Competing Businesses in any form. For the avoidance of doubt, ~~the foregoing stipulations shall not apply to~~ **for this provision**, the cases where the Controlling Shareholders and their subsidiaries acquire or hold other companies that compete or might compete with the principal business of the Group, ~~provided that such investment shall not result in the investee becoming a subsidiary of the Controlling Shareholders, and~~ shall be subject to the stipulations in “New Business opportunity option” (in the case of New Business opportunities), “Business acquisition option” and “Right of first refusal” (the “**Permitted Investment Circumstances**”).

Regarding the Relevant Petrol Stations, Chengdu Communications Investment undertakes that the Company will continue to have the right to exercise the “business acquisition option” and “right of first refusal” on the Relevant Petrol Stations, and Chengdu Communications Investment shall negotiate with the Company on the operating arrangements of the Relevant Petrol Stations prior to the completion of the acquisition of the Relevant Petrol Stations by the Company to ensure that the Company will be responsible for the operation of the Relevant Petrol Stations as soon as practicable.

The proposed amendments to the terms of the “business acquisition option”, the “right of first refusal” and the “undertakings on non-competition” are made mainly to align with the amended term of “New Business opportunity option”. Save as disclosed above, there are no other changes to the remaining terms of the Non-competition Agreement.

Validity Term

The Supplemental Agreement to the Non-competition Agreement shall take effect from the date of approval at the EGM.

LETTER FROM THE BOARD

3. Principal Terms of the Non-competition Agreement

Reference is made to the Company's circular dated 14 September 2022. Set out below are other principal terms of the Non-competition Agreement for Independent Shareholders' reference.

Date

9 September 2022

Parties

- (1) The Company;
- (2) Chengdu Communications Investment; and
- (3) Communications Investment Construction and Management.

Principal Terms

Scope of non-competition

The principal business that the Group operates or intends to operate in Sichuan Province, where the principal business refers to: (1) the operation, management and development of expressways and the sale of refined oil and Natural Gas in Sichuan Province that the Group is currently engaged in, and (2) the design, construction, operation, management and maintenance services of charging pile facilities for electric new energy vehicles that the Group proposes to operate in Sichuan Province.

Undertakings on non-competition

For the terms of the undertakings on non-competition and the proposed amendments thereto, please refer to the paragraph headed "2. Principle Terms of the Supplemental Agreement to the Non-competition Agreement" above.

LETTER FROM THE BOARD

New Business opportunity option

For the terms of the New Business opportunity option and the proposed amendments thereto, please refer to the paragraph headed “2. Principle Terms of the Supplemental Agreement to the Non-competition Agreement” above.

Business acquisition option

For the terms of the business acquisition option and the proposed amendments thereto, please refer to the paragraph headed “2. Principle Terms of the Supplemental Agreement to the Non-competition Agreement” above.

Right of first refusal

For the terms of the right of first refusal and the proposed amendments thereto, please refer to the paragraph headed “2. Principle Terms of the Supplemental Agreement to the Non-competition Agreement” above.

Further undertakings of the Controlling Shareholders

- (1) The Controlling Shareholders shall provide all information necessary for the Company’s independent non-executive Directors, upon their request, to carry out annual review on the implementation of the undertakings under the Non-competition Agreement and the compliance therewith of the Controlling Shareholders;
- (2) The Controlling Shareholders shall provide all information necessary for disclosing the review decision of independent non-executive Directors in respect of the implementation of and compliance with the Non-competition Agreement in annual reports and/or announcements of the Company, and shall agree on such disclosure;
- (3) The Controlling Shareholders shall make a representation on an annual basis in respect of their compliance with the undertakings under the Non-competition Agreement, and agree with the Company for disclosing such representation in its annual reports and/or announcements.

Validity Term

The Non-competition Agreement shall take effect from the date of approval by the Shareholders on 30 September 2022, until the Company’s Shares are delisted from the Stock Exchange and other internationally recognised stock exchanges.

LETTER FROM THE BOARD

4. Reasons for and Benefits of Entering into the Supplemental Agreement to the Non-competition Agreement

Given that the Company has withdrawn its application for listing of A Shares with the Shanghai Stock Exchange, the requirement of question 15 of the “Answers to Certain Questions on Initial Public Offering Business” issued by the China Securities Regulatory Commission requiring undertakings by controlling shareholders and their subsidiaries not to engage in competing businesses is no longer applicable. Taking into account the current business conditions and in order to better adapt to the future development, the Company and the Controlling Shareholders entered into the Supplemental Agreement to the Non-competition Agreement. Pursuant to the Supplemental Agreement to the Non-competition Agreement, the Controlling Shareholders and their subsidiaries are allowed to engage in relevant Competing Businesses or acquire the relevant New Business opportunities as their subsidiaries if the Company gives up the New Business opportunities. Such proposed amendments are mainly determined on the basis of the objective conditions for the long-term development of the Company’s operation and business. New Business opportunities are generally in the early stages of projects and are often characterized by low return on investment, high capital requirements and long payback periods. If the Controlling Shareholders and their subsidiaries can obtain control of New Business opportunities rejected by the Company, it will be conducive for them to explore potential high-quality business opportunities, which may be incubated into new business growth drivers after appropriate development. The Company may exercise its “business acquisition option” under the Non-competition Agreement to acquire high-quality projects at any time under appropriate circumstances. The signing of the Supplemental Agreement to the Non-competition Agreement is not detrimental to the interests of the Company and its Shareholders, does not affect the independence of the Company, and will not have any material impact on the current and future financial condition and operating results of the Company.

The Directors (excluding the independent non-executive Directors, whose opinions are included in the Letter from the Independent Board Committee) are of the view that, the Supplemental Agreement to the Non-competition Agreement is entered into on normal commercial terms and although the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, the terms and conditions thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

5. Corporate Governance Measures

To guarantee and procure the Controlling Shareholders and their subsidiaries to comply with the Non-competition Agreement and the Supplemental Agreement to the Non-competition Agreement, the Company will continue to implement the following measures:

- (1) the independent non-executive Directors shall be responsible for, after taking into account the compatibility of the geographical characteristics and the business nature of the New Business opportunity(ies)/businesses and the Group's strategies and prospects, reviewing and determining whether to accept such New Business opportunity(ies) provided by the Controlling Shareholders or their subsidiaries, and whether to exercise the business acquisition option or the right of first refusal (as the case may be). Upon receiving any notice on New Business opportunity(ies) or the transfer notice issued by the Controlling Shareholders or their subsidiaries, the same shall be immediately reported to the independent non-executive Directors;
- (2) announcement(s) will be made by the Company on its decision to accept or refuse any New Business opportunity(ies) and the basis thereof, and sufficient disclosure will be made in the Company's annual reports. The Company will also comply with applicable requirements under the Listing Rules while exercising the business acquisition option and right of first refusal under the Non-competition Agreement (including the Supplemental Agreement to the Non-competition Agreement);
- (3) any Directors and/or any of their respective close associates with a material interest in any matter to be considered by the Board regarding compliance or implementation of the Non-competition Agreement (including the Supplemental Agreement to the Non-competition Agreement) shall not vote in respect of relevant Board resolution(s) approving such matter, and shall not be counted in the quorum of the relevant meeting; and
- (4) the Company will pay close attention to the implementation of undertakings given by the Controlling Shareholders under the section headed "Further undertakings of the Controlling Shareholders", and request relevant information from the Controlling Shareholders depending on the actual needs of the Company.

LETTER FROM THE BOARD

6. General Information of the Parties

The Company

The Company is primarily engaged in the operation, management and development of Chengguan Expressway. The Group is primarily engaged in the 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.

Chengdu Communications Investment

Chengdu Communications Investment is principally engaged in the investment, the financing of and the construction, development, operation and management of transportation infrastructure in Sichuan Province. It is one of the Controlling Shareholders and its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government (成都市國有資產監督管理委員會).

Communications Investment Construction and Management

Communications Investment Construction and Management is an immediate controlling shareholder of the Company, and is principally engaged in the construction and development of toll expressways, large-scale overpasses, stations, ancillary facilities and properties alongside toll expressways in Sichuan Province. It is one of the Controlling Shareholders and is wholly owned by Chengdu Communications Investment.

7. Listing Rules Implications

As at the Latest Practicable Date, as Chengdu Communications Investment and Communications Investment Construction and Management are Controlling Shareholders of the Company, each of Chengdu Communications Investment and Communications Investment Construction and Management is therefore a connected person of the Company under the Listing Rules. Accordingly, entering into of the Supplemental Agreement to the Non-competition Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The entering into of the Supplemental Agreement to the Non-competition Agreement is subject to the requirements including reporting, announcement, circular and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Supplemental Agreement to the Non-competition Agreement, and is required to abstain from voting on the relevant resolution at the Board meeting.

LETTER FROM THE BOARD

III. EGM

1. Notice, Form of Proxy and Reply Slip of the EGM

The EGM of the Company will be held at the meeting room 1 of Chengdu Expressway Co., Ltd., 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the PRC at 10:00 a.m. on Friday, 27 December 2024. The notice convening the EGM is set out on pages 34 to 36 of this circular.

The reply slip and form of proxy for use at the EGM are also enclosed herein and published on the website of the Stock Exchange (www.hkexnews.hk). If the Shareholders intend to attend the EGM by proxy, they are required to duly complete and return the form of proxy according to the instructions printed thereon.

For holders of H Shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 24 hours before the time for holding the EGM in order for such documents to be valid. For holders of Domestic Shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Board Office of the Company in the PRC at 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the PRC, not less than 24 hours before the time for holding the EGM in order for such documents to be valid.

Holders of H Shares and Domestic Shares who intend to attend the EGM must complete the reply slip and return the same to the Board Office of the Company not later than Friday, 20 December 2024.

2. Closure of the Register of Members

In order to ascertain Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 20 December 2024 to Friday, 27 December 2024 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of members of the Company on Friday, 20 December 2024 shall be eligible to attend and vote at the EGM.

In order to qualify for attending and voting at the EGM, for holders of H Shares, all transfer documents accompanied by the relevant Share certificates shall be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Thursday, 19 December 2024; while for holders of domestic shares, all transfer documents accompanied by the relevant Share certificates shall be lodged with the Company's Board Office in the PRC at 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the PRC, before 4:30 p.m. on Thursday, 19 December 2024.

LETTER FROM THE BOARD

3. Abstention from Voting

Pursuant to the Listing Rules, any Shareholder and his/her/its associates with a material interest in the Supplemental Agreement to the Non-competition Agreement are required to abstain from voting on the resolution approving such transaction at the EGM. Accordingly, Chengdu Communications Investment and Communications Investment Construction and Management will abstain from voting on the resolution regarding the entering into of the Supplemental Agreement to the Non-competition Agreement at the EGM. As at the Latest Practicable Date, Chengdu Communications Investment and Communications Investment Construction and Management held an aggregate of 1,200,000,000 Shares in the Company, representing approximately 72.46% of the issued share capital of the Company, and controlled or were entitled to exercise control over the voting rights in respect of the Shares held in the Company.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, except for Chengdu Communications Investment and Communications Investment Construction and Management who have a material interest in the Supplemental Agreement to the Non-competition Agreement and therefore are required to abstain from voting on the resolution regarding entering into the Supplemental Agreement to the Non-competition Agreement, no other Shareholder has a material interest in, and therefore is required to abstain from voting on the relevant resolution to be proposed at the EGM.

IV. RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee, the full text of which is set out on page 16 to page 17 of this circular, containing its advice to the Independent Shareholders regarding the Supplemental Agreement to the Non-competition Agreement; (ii) the letter from the Independent Financial Adviser, the full text of which is set out on page 18 to page 27 of this circular, containing its advice to the Independent Board Committee and the Independent Shareholders regarding the Supplemental Agreement to the Non-competition Agreement as well as the principal factors and reasons considered in arriving at its opinion; and (iii) the Appendix to this circular.

The Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the EGM.

By order of the Board
Chengdu Expressway Co., Ltd.
Yang Tan
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

5 December 2024

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION:
ENTERING INTO THE SUPPLEMENTAL AGREEMENT TO THE
NON-COMPETITION AGREEMENT**

We refer to the circular of the Company dated 5 December 2024 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to form the Independent Board Committee, to consider whether the terms of the Supplemental Agreement to the Non-competition Agreement, the details of which are set out in the Letter from the Board, are fair and reasonable so far as the Independent Shareholders are concerned and to advise you in this regard.

Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the entering into of the Supplemental Agreement to the Non-competition Agreement. Details of the opinion of Octal Capital Limited and the principal factors considered when arriving at such opinion are set out in the Letter from the Independent Financial Adviser on page 18 to page 27 of the Circular.

Your attention is also drawn to the Letter from the Board on page 4 to page 15 and other information set out in the appendix of the Circular.

Having taken into account the content of the Supplemental Agreement to the Non-competition Agreement, the interests of the Independent Shareholders and the opinion from the Independent Financial Adviser, we are of the view that, the Supplemental Agreement to the Non-competition Agreement is entered into on normal commercial terms and although the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, the terms and conditions thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favor of the relevant ordinary resolution to be proposed at the EGM to approve the Supplemental Agreement to the Non-competition Agreement.

Yours faithfully,
Independent Board Committee

Mr. Leung Chi Hang Benson

Mr. Qian Yongjiu
Independent non-executive Directors

Mr. Wang Peng

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Octal Capital Limited to the Independent Board Committee and Independent Shareholders prepared for the purpose of inclusion in this Circular.



801-805, 8/F, Nan Fung Tower,
88 Connaught Road Central,
Hong Kong

5 December 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION: ENTERING INTO THE SUPPLEMENTAL AGREEMENT TO THE NON-COMPETITION AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Supplemental Agreement to the Non-competition Agreement, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) of the circular of the Company dated 5 December 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined under the definitions section of the Circular.

On 28 November 2024, the Company entered into the Supplemental Agreement to the Non-competition Agreement with Chengdu Communications Investment and Communications Investment Construction and Management.

As at the Latest Practicable Date, Chengdu Communications Investment and Communications Investment Construction and Management are the controlling shareholders of the Company, and thus they are considered as connected persons of the Company under the Listing Rules. Accordingly, entering into the Supplemental Agreement to the Non-competition Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all independent non-executive Directors, namely Mr. Leung Chi Hang Benson, Mr. Qian Yongjiu and Mr. Wang Peng has been established to advise the Independent Shareholders whether the terms of the Supplemental Agreement to the Non-competition Agreement are fair and reasonable and are on normal commercial terms, and whether the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Group, Chengdu Communications Investment and Communications Investment Construction and Management or, where applicable, any of their respective substantial shareholders, directors or chief executives, or any of their respective subsidiaries or associates. During the last two years, there has been no other engagement entered into between the Company and us. We are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Supplemental Agreement to the Non-competition Agreement.

Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company, the Group, Chengdu Communications Investment and Communications Investment Construction and Management or any of their respective subsidiaries or associates that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management of the Company were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Supplemental Agreement to New Non-competition Agreement including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed neither in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Company, Chengdu Communications Investment and Communications Investment Construction and Management, and any of their respective subsidiaries and their respective associates, nor have we carried out any independent verification of the information supplied to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations in respect of entering into the Supplemental Agreement to the Non-competition Agreement, we have taken into consideration the following principal factors and reasons:

1. Information of the Company

The Company is 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 since 15 January 2019. As at the Latest Practicable Date, the Group are principally engaged in (i) the operation, management and development of expressways located in and around Chengdu City, Sichuan Province, the PRC; and (ii) the refined oil business, natural gas business and new energy business. The business operation of the Group are therefore categorised into “expressway” segment and “energy” segment.

The table below summarizes the revenue of the Group for the two years ended 31 December 2022 and 2023 (“FY2022” and “FY2023”, respectively) and the six months ended 30 June 2023 and 2024 (“HY2023” and “HY2024”) as extracted from the annual report of the Company for FY2023 (the “FY2023 Annual Report”) and the interim report of the Company for HY2024 (the “HY2024 Interim Report”):

Expressed in RMB’ million	FY2022 (audited)	FY2023 (audited)	HY2023 (unaudited)	HY2024 (unaudited)
Toll income	1,211	1,470	708	680
Revenue from sales of refined oil	1,268	1,269	621	632
Other revenue	118	155	69	98
Total revenue	<u>2,597</u>	<u>2,894</u>	<u>1,398</u>	<u>1,410</u>

During the two years ended 31 December 2023, the major source of revenue of the Group is the toll income and the revenue from sales of refined oil. During FY2023, the toll income and the sales of refined oil accounted for approximately 50.8% and 43.8% of the total revenue as compared to the relevant contribution to the total revenue of approximately 46.6% and 48.8% respectively in FY2022.

During HY2024 and HY2023, the toll income remained relatively stable at RMB680 million and RMB708 million, respectively. The revenue from sales of refined oil increased from RMB621 million in HY2023 to RMB632 million in FY2024. The overall revenue of the Group remained stable in HY2023 and HY2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Background of Chengdu Communications Investment

Chengdu Communications Investment is principally engaged in the investment, the financing of and the construction, development, operation and management of transportation infrastructure in Sichuan Province. It is one of the Controlling Shareholders and its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government (成都市國有資產監督管理委員會). Chengdu Communications Investment is a signing party to the Non-competition Agreement.

3. Background of Communications Investment Construction and Management

Communications Investment Construction and Management is one of the Controlling Shareholders of the Company and is wholly-owned by Chengdu Communications Investment as at the Latest Practicable Date. It is principally engaged in the construction and development of toll expressways, large-scale overpasses, stations, ancillary facilities and properties alongside toll expressways in Sichuan Province. Communications Investment Construction and Management (formerly known as Chengdu Expressway Construction and Development Co., Ltd) is a signing party to the Non-competition Agreement.

4. Background of the non-competition arrangement between the Company, Chengdu Communications Investment and Communications Investment Construction and Management

As disclosed in the Prospectus, the Company entered into the non-competition agreement with Chengdu Communications Investment on 29 June 2017 (the “**First Non-competition Agreement**”), pursuant to which, Chengdu Communications Investment has irrevocably undertaken to the Company that, Chengdu Communications Investment and its subsidiaries (excluding the Group) shall not and shall procure their associates not to, directly or indirectly, individually or jointly with other entities, engage in or assist to engage in or participate in any business which competes with the principal business of the Company in Sichuan Province. Moreover, Chengdu Communications Investment undertakes to (i) notify the Company of any new business opportunities that compete or may compete, directly or indirectly, with the Group’s principal business and procure such new business opportunities to be provided to the Company first; (ii) grant an option to the Company to acquire, at all times, the relevant new competing business that has been rejected by the Company and then engaged by Chengdu Communications Investment or its subsidiaries; and (iii) a right of first refusal with regard to any new competing business that has been rejected by the Company and then engaged by Chengdu Communications Investment or its subsidiaries.

As disclosed in the circular of the Company dated 10 July 2020, the Company and Chengdu Communications Investment entered into a supplemental agreement to the First Non-competition Agreement on 25 May 2020 (the “**1st Supplemental Agreement**”) make several amendments to the non-competition arrangement regarding the definition of “principal business” and the scope of “retained business” of the Group to align with the new business scope of the Group after the completion of the acquisition of Chengdu Energy Development Company and its subsidiaries.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the circular of the Company dated 14 September 2022, the Company, Chengdu Communications Investment and Chengdu Expressway Construction and Development Co. Ltd. (currently known as Communications Investment Construction and Management) entered into the Non-competition Agreement to make several amendments to the non-competition arrangement because the Company was planning publicly issue RMB-denominated ordinary shares (the “**A Shares**”) and list the same on a domestic stock exchange (the “**A-share Listing**”). Subsequent to the entering into the Non-competition Agreement, the Company submitted the application materials for the purpose of the A-share offering and received the notice from the China Securities Regulatory Commission accepting the relevant application materials submitted by the Company on 23 December 2022. In March 2023, the proposed A-share offering of the Company has been transferred to the Shanghai Stock Exchange for review. On 4 June 2024, the Company decided to withdraw its application for listing of A Shares after considering the future strategic positioning of the Company’s own businesses.

5. Rationale behind the entering into of the Supplemental Agreement to the Non-competition Agreement

As disclosed in the Letter from the Board, the Company has withdrawn its application for listing of A Shares with the Shanghai Stock Exchange, the relevant regulatory requirements of the Shanghai Stock exchange in relation to the competition between the Group and the Controlling Shareholders relating to the New Business opportunities are no longer applicable to the Company. The Company and the Controlling Shareholders entered into the Supplemental Agreement to the Non-competition Agreement, pursuant to which the Controlling Shareholders and their subsidiaries are allowed to engage in relevant Competing Businesses or acquire the relevant New Business opportunities as their subsidiaries if the Company gives up the New Business opportunities. Due to the said amendments in New Business opportunities, all relevant description in the Non-competition Agreement in relation to those business have been invested (but not controlled) by the Controlling Shareholders are also required to amend the relevant terms in order to align with the amended terms of the New Business opportunity option.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Major amendments are summarized as below:

	Non-competition Agreement	Supplemental Agreement to the Non-competition Agreement
The Company has the first priority to the New Business opportunities.	the Controlling Shareholders or their subsidiaries shall, upon identifying any New Business opportunity, notify the Company in writing and provide the Company with all information necessary to consider whether to engage in the aforesaid business opportunity and to use its best endeavors to procure that such business opportunity is first offered to the Group on reasonable and fair terms and conditions.	Remain unchanged
The Company replies whether to accept or reject the New Business opportunity.	<p>The Group shall notify the Controlling Shareholders in writing on a timely basis and within 30 days from its decision not to take the aforesaid New Business opportunity for any reason.</p> <p>Upon receiving the written confirmation of the Company, or if the Company fails to make a written reply within the specified time limit, the Controlling Shareholders or their subsidiaries may, on their own, participate in the aforesaid New Business opportunity through equity investment.</p>	Remain unchanged
Shareholding restriction on the New Business opportunity by the Controlling Shareholder.	Such investment shall not result in the investee becoming a subsidiary of the Controlling Shareholders.	No restriction on the shareholding of the investee by the Controlling Shareholders.
Priority access to any New Business opportunity from the Controlling Shareholders.	The Controlling Shareholders shall ensure that they and their subsidiaries (excluding the Group) provide the Group the prioritized access to any New Business opportunity.	Remain unchanged

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	Non-competition Agreement	Supplemental Agreement to the Non-competition Agreement
Business acquisition option	For those businesses which are developed by the Controlling Shareholders under the Permitted Investment Circumstances or have been invested <i>(but not controlled)</i> by the Controlling Shareholders as of the date of the Non-competition Agreement.	<i>“but not controlled”</i> was removed.
Right of first refusal	The Controlling Shareholders undertake that during the term of the Non-competition Agreement, if the Controlling Shareholders or their subsidiaries (excluding the Group) propose to a third party to transfer, sell, lease, license to use or otherwise transfer or permit to use any equity interests, assets and other interests in the businesses that are acquired by the Controlling Shareholders under the Permitted Investment Circumstances or have been invested <i>(but not controlled)</i> by the Controlling Shareholders as of the date of the Non-competition Agreement.	<i>“but not controlled”</i> was removed.
Undertakings on non-competition	the cases where the Controlling Shareholders and their subsidiaries acquire or hold other companies that compete or might compete with the principal business of the Group, <i>provided that such investment shall not result in the investee becoming a subsidiary of the Controlling Shareholders.</i>	<i>“provided that such investment shall not result in the investee becoming a subsidiary of the Controlling Shareholders”</i> was removed.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As compared to the Non-competition Agreement as disclosed in the Letter from the Board, the scope in relation to New Business opportunity as stipulated in the Supplemental Agreement to the Non-competition Agreement remained unchanged, except that the restriction on the Controlling Shareholders' shareholding interest percentage in the New Business opportunity has been removed. Under the revised terms of the Supplemental Agreement to the Non-competition Agreement, if the Company rejects to invest in such New Business opportunity, the Controlling Shareholders are allowed to invest in the said New Business opportunity which may become a subsidiary of the Controlling Shareholders. Such revised terms are actually same as the terms of the First Non-competition Agreement and such terms have been adopted when the Company listed on the Stock Exchange in January 2019 up to September 2022 when the Non-competition Agreement become effective.

As disclosed in the Letter from the Board, the proposed amendments to the terms of the "business acquisition option", the "right of first refusal" and the "undertakings on non-competition" are made mainly to align with the amended terms of "New Business opportunity option", reflecting that the Controlling Shareholders are allowed to invest and control a New Business opportunity (which has been rejected by the Company). Apart from the above-mentioned amendments, there are no other changes to the remaining terms of the Non-competition Agreement.

According to the announcements made by the Company, four New Business opportunities had been offered by the Controlling Shareholders since the Company was listed on the Stock Exchange up to the Latest Practicable Date. Based on the information provided by the management of the Company, these potential opportunities had been reviewed and assessed by the independent non-executive Directors pursuant to the terms of the Non-competition Agreement. The independent non-executive Directors determined to reject investing in these projects due to various reasons including the profitability, the payback period and the substantial amount of investment cost etc. Subsequently, a member of the Controlling Shareholders jointly invested in these projects with other business enterprises. Up to the Latest Practicable Date, the Company has not exercised its business acquisition options in relation these New Business opportunities which have been rejected by the Company previously.

As disclosed in the Letter from the Board, the Company indicated that the New Business opportunities are generally in the early stage of development with low investment return, high capital requirement and long payback periods. The management of the Company advised that if the Controlling Shareholders and their subsidiaries can obtain control on these New Business opportunities (which have been rejected by the Company) for future development and advance their business prospect. The Company may exercise its "business acquisition option" under the Non-competition Agreement to acquire these projects at any appropriate time. We concur with the Directors and believe that the Controlling Shareholders are allowed to invest in the New Business opportunity with controlling stake, the Controlling Shareholders and the Group would create a stronger strategic image to the Company's competitors by presenting a strong unified front in the industries of the principal businesses of the Group, which combat the fierce competition faced by the Group in the expressway market and energy market in the PRC. The business acquisition option provides another opportunity for the Company to acquire these businesses in the future if these businesses are suitable and beneficial for the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to understand the general market practice of the non-competition arrangement with their respective controlling shareholders, we have reviewed the prospectuses/circular of the newly listed companies on the Main Board of the Stock Exchange (i.e. listed from 1 January 2024 up to the Latest Practicable Date), in which the prospectus/circular have detailed disclosure on the terms of non-competition agreement/undertakings entered with their controlling shareholders (the “**Comparable Issuers**”). Among an exhaustive list of 23 Comparable Issuers, 20 of them included a mechanism for new business opportunity offered by the respective controlling shareholders. We noted that these 20 issuers have adopted a similar mechanism of the Company in relation to the New Business opportunity offered by the Controlling Shareholders, i.e. there are no restrictions on the controlling shareholders’ equity interests in these new business opportunities which have been rejected by the issuer. Based on the above analysis, it is common that a controlling shareholder of a listed issuer is permitted to pursue the new business opportunity after certain procedures are followed and certain conditions are satisfied in accordance to the non-competition agreement between the listed issuer and its controlling shareholders.

Having considered that (i) the Supplemental Agreement to the Non-competition Agreement only removes the restrictions on shareholding interest percentage of the New Business opportunity to be held by the Controlling Shareholders; (ii) the proposed amendment is comparable to general market practice as disclosed in the recent prospectus/circular; and (iii) the Company may exercise the business acquisition option under the Non-competition Agreement to acquire the New Business opportunity (which was rejected by the Company and taken up by the Controlling Shareholders), we are of the review that the Supplemental Agreement to the Non-competition Agreement are fair and reasonable.

6. Corporate governance measures

In order to ensure and facilitate the compliance with the Supplemental Agreement to the Non-competition Agreement, the Company continues to implement the following measures:

- (a) the independent non-executive Directors shall be responsible for, after taking into account the compatibility of the geographical characteristics and the business nature of the New Business opportunities and the Group’s strategies and prospects, reviewing and determining whether to accept such New Business opportunity provided by the Controlling Shareholders or their subsidiaries, and whether to exercise the business acquisition option or the right of first refusal (as the case may be). Upon receiving any notice on New Business opportunities or the transfer notice issued by the Controlling Shareholders or their subsidiaries, the same shall be immediately reported to the independent non-executive Directors;
- (b) announcement will be made by the Company on its decision to accept or refuse any New Business opportunities and the basis thereof, and sufficient disclosure will be made in the Company’s annual reports. The Company will also comply with applicable requirements under the Listing Rules while exercising the business acquisition option and right of first refusal under the Non-competition Agreement (including the Supplemental Agreement to the Non-competition Agreement);

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) any Directors and/or any of their respective close associates with a material interest in any matter to be considered by the Board regarding compliance or implementation of the Non-competition Agreement (including the Supplemental Agreement to the Non-competition Agreement) shall not vote in respect of relevant Board resolution(s) approving such matter, and shall not be counted in the quorum of the relevant meeting; and
- (d) the Company will pay close attention to the implementation of undertakings given by the Controlling Shareholders under the sub-section headed “Further undertakings of the Controlling Shareholders” in the Letter from the Board, and request relevant information from the Controlling Shareholders depending upon the actual needs of the Company.

To ensure the above internal control procedures to be carried out effectively, the Controlling Shareholders undertake to provide all necessary information required by the independent non-executive Directors of the Company to carry out the assessment of each New Business opportunity referred by the Controlling Shareholders and the annual review on the implementation of Non-competition Agreement. In addition, the rational and decision of the new business opportunities assessed by the independent non-executive Directors will be disclosed in the announcement of the Company to increase the information transparency to the Shareholders.

We are of the view that the above measures will monitor the proper implementation of the Supplemental Agreement to the Non-competition Agreement at the operational level and ensure any new project will adhere to the priority acceptance mechanism under the Non-competition Agreement and the Supplemental Agreement to the Non-competition Agreement.

OPINION AND RECOMMENDATION

Having considered the above principal factors, we consider that entering into the Supplemental Agreement to the Non-competition Agreement is not in the ordinary and usual course of business of the Company; while the terms of the Supplemental Agreement to the Non-competition Agreement are on normal commercial terms, and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Supplemental Agreement to the Non-competition Agreement.

Yours faithfully,

For and on behalf of

Octal Capital Limited

Alan Fung
Managing Director

Wong Wai Leung
Executive Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 28 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions of listed companies in Hong Kong subject to the compliance to the Listing Rules and the Takeovers Code. Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities), Type 6 (advising on corporate finance) regulated activities since 2008 and is also a responsible officer Type 9 (asset management) regulated activities. Mr. Wong has accumulated experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Listing Rules and the Takeovers Code.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, based on the information available to the Company and to the best knowledge of the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, based on the information available to the Company and to the best knowledge of the Directors, the following persons (other than the Directors, Supervisors and chief executive of the Company) or corporations had interests or short positions in the Shares or underlying Shares of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 336 of the SFO:

Domestic Shares

Name of Shareholders	Nature of interest and capacity	Class of Shares	Long position/ Short position	Number of Shares interested	Percentage of relevant class of Shares	Percentage of total issued Share capital
Chengdu Communications Investment ¹	Interest in controlled corporation	Domestic Shares	Long position	900,000,000	100%	72.46%
	Beneficial owner	Domestic Shares	Long position	300,000,000		
Communications Investment Construction and Management ²	Beneficial owner	Domestic Shares	Long position	900,000,000	75%	54.34%

Notes:

1. Chengdu Communications Investment is owned as to 90% by the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government and 10% by the Sichuan Provincial Finance Department.
2. Communications Investment Construction and Management is wholly owned by Chengdu Communications Investment.

H Shares

Name of Shareholders	Nature of interest and capacity	Class of Shares	Long position/ Short position	Number of Shares interested	Percentage of relevant class of Shares	Percentage of total issued Share capital
Guangdong Provincial Communication Group Company Limited (廣東省交通集團有限公司) ¹	Interest in controlled corporation	H Shares	Long position	100,000,000	21.92%	6.04%
Xin Yue Company Limited (新粵有限公司) ¹	Beneficial owner	H Shares	Long position	100,000,000	21.92%	6.04%
Chengdu Jiaozi Financial Holding Group Co., Ltd. (成都交子金融控股集團有限公司)	Beneficial owner	H Shares	Long position	50,000,000	10.96%	3.02%
Chengdu Rail Transit Group Co., Ltd. (成都軌道交通集團有限公司) ²	Interest in controlled corporation	H Shares	Long position	49,950,000	10.95%	3.02%
Chengdu Rail Industrial Investment Group Co., Ltd. (成都軌道產業投資集團有限公司) ²	Beneficial owner	H Shares	Long position	49,950,000	10.95%	3.02%
Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司) ³	Investment manager	H Shares	Long position	49,900,000	10.94%	3.01%
Chengdu Urban Construction Investment Management Group Co., Ltd. (成都城建投資管理集團有限責任公司)	Beneficial owner	H Shares	Long position	49,900,000	10.94%	3.01%
Chengdu Environment Investment Group Company Limited (成都環境投資集團有限公司)	Beneficial owner	H Shares	Long position	45,450,000	9.96%	2.74%
Chengdu Tianfu New Area Investment Group Co., Ltd. (成都天府新區投資集團有限公司) ⁴	Interest in controlled corporation	H Shares	Long position	42,939,000	9.41%	2.59%
Sichuan Tianfu New Area Capital Investment Co., Ltd. (四川天府新區資本投資有限公司) ⁴	Trust beneficiary	H Shares	Long position	42,939,000	9.41%	2.59%

Name of Shareholders	Nature of interest and capacity	Class of Shares	Long position/ Short position	Number of Shares interested	Percentage of relevant class of Shares	Percentage of total issued Share capital
Chengdu Industry Investment Group Co., Ltd. (成都產業投資集團有限公司) ⁵	Interest in controlled corporation	H Shares	Long position	25,646,000	5.62%	1.55%
Chengdu Advanced Manufacturing Industry Investment Co., Ltd. (成都先進製造產業投資有限公司) ⁵	Beneficial owner	H Shares	Long position	25,646,000	5.62%	1.55%

Notes:

- (1) Guangdong Provincial Communication Group Company Limited holds interests in 100,000,000 H Shares of the Company through its wholly-owned subsidiary, Xin Yue Company Limited.
- (2) Chengdu Rail Industrial Investment Group Co., Ltd. is wholly-owned by Chengdu Rail Transit Group Co., Ltd. Chengdu Rail Industrial Investment Group Co., Ltd. holds interests in 49,950,000 H Shares of the Company through investment in the trust scheme of China Credit Trust Co., Ltd (中誠信託有限責任公司).
- (3) As an investment manager, Fullgoal Fund Management Co., Ltd. holds interests in 49,900,000 H Shares of the Company. The fund it manages is the Fullgoal Fund Global Allocation No. 6 QDII-Asset Management Plan (富國基金全球配置6號QDII – 資產管理計劃).
- (4) Chengdu Tianfu New Area Investment Group Co., Ltd. holds 100% interests in Sichuan Tianfu New Area Capital Investment Co., Ltd. (formerly known as Chengdu Tianfu Capital Investment Co., Ltd. (成都天府資本投資有限公司)). Sichuan Tianfu New Area Capital Investment Co., Ltd. holds interests in 42,939,000 H Shares of the Company through investment in the trust scheme of China Credit Trust Co., Ltd.
- (5) Chengdu Advanced Manufacturing Industry Investment Co., Ltd. is wholly owned by Chengdu Industry Investment Group Co., Ltd. Chengdu Advanced Manufacturing Industry Investment Co., Ltd. is interested in 25,646,000 H Shares of the Company through investment in the Chengxin No. 103 Trusted Overseas Wealth Management Project of China Credit Trust (中誠信託誠信海外配置103號受託境外理財項目).

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than Directors, Supervisors or chief executive of the Company) or corporations holding interests or short positions in the Shares or underlying Shares of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 336 of the SFO.

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, to the best knowledge of the Directors, there was no material adverse change in the financial or operating condition of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

5. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or Supervisors or any of their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group.

6. INTERESTS OF DIRECTORS AND SUPERVISORS IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up. None of the Directors or Supervisors or any of their respective associates was materially interested in any contract or arrangement which was significant in relation to the business of the Group subsisting as at the Latest Practicable Date.

7. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or Supervisors had entered, or proposed to enter, into a service contract with any member of the Group which will not expire within one year or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

8. DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at the Latest Practicable Date, except for Ms. Jiang Yan, chairperson of the Supervisory Committee of the Company who also serves as the dedicated external director of Chengdu Communications Investment Capital Management Co., Ltd. (成都交投資本管理有限責任公司) and Communications Investment Construction and Management, Mr. Zhang Chengyi, a Supervisor who also serves as the chairperson of Communications Investment Construction and Management, and Mr. Zhang Yi, a Supervisor who also serves as the head of investment and operation department of Communications Investment Construction and Management, none of the Directors or Supervisors served as directors or employees in companies which had interests or short positions in the Shares or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

Name	Qualification
Octal Capital Limited	a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
a.	as at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up;
b.	as at the Latest Practicable Date, the above expert did not have any beneficial interest in the share capital of any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate other persons to subscribe for securities in any member of the Group; and
c.	the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name or opinion in the form and context in which it appears.

10. MISCELLANEOUS

- a. the company secretary of the Company is Ms. Kwong Yin Ping, Yvonne. Ms. Kwong received a bachelor's degree in accounting from Hong Kong Polytechnic University in November 1997. She has been a fellow of The Hong Kong Institute of Chartered Secretaries and a fellow of United Kingdom Institute of Chartered Secretaries and Administrators since December 2012;
- b. the registered office of the Company is situated at 9th Floor, Youyi Data Building, No. 28 Jingyuan East Road, Deyuan town (Jingrong town), Pidu District, Chengdu, Sichuan Province, the PRC, and the headquarters of the Company is located at 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the PRC; and
- c. the H Share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

11. DOCUMENTS ON DISPLAY

The following document (or the copies thereof) will be published on the HKEx news website (<http://www.hkexnews.hk>) and the website of the Company (<http://www.chengdugs.com/>) for 14 days from the date of this circular (both days inclusive):

- a. the Supplemental Agreement to the Non-competition Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, 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 notice.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Chengdu Expressway Co., Ltd. (the “**Company**”) will be held at meeting room 1 of Chengdu Expressway Co., Ltd., 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the People’s Republic of China (the “**PRC**”) at 10:00 a.m. on Friday, 27 December 2024, for the purpose of considering, and if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. To consider and approve the Supplemental Agreement to the Non-competition Agreement entered into between the Company and Chengdu Communications Investment Transportation Construction and Management Group Co., Ltd. (成都交投交通建設管理集團有限公司) and Chengdu Communications Investment Group Co., Ltd. (成都交通投資集團有限公司) on 28 November 2024.

On behalf of the Board
Chengdu Expressway Co., Ltd.
Yang Tan
Chairman

Chengdu, the PRC, 5 December 2024

As at the date of this notice, the Board of the Company comprises Mr. Yang Tan, Mr. Xia Wei and Mr. Ding Dapan as executive directors, Ms. Wu Haiyan as non-executive director, and Mr. Leung Chi Hang Benson, Mr. Qian Yongjiu and Mr. Wang Peng as independent non-executive directors.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. CLOSURE OF REGISTER OF MEMBERS FOR THE EGM

For the purpose of holding the EGM, the register of members of the Company (the “**Register of Members**”) will be closed from Friday, 20 December 2024 to Friday, 27 December 2024 (both days inclusive), during which period no transfer of shares can be registered.

In order to qualify for attending and voting at the EGM, for holders of H shares, all transfer documents accompanied by the relevant share certificates shall be lodged with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, before 4:30 p.m. on Thursday, 19 December 2024; while for holders of domestic shares, all transfer documents accompanied by the relevant share certificates shall be lodged with the Company’s Board Office in the PRC at 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the PRC, before 4:30 p.m. on Thursday, 19 December 2024.

Shareholders whose names appear on the Register of Members on Friday, 20 December 2024 shall be eligible to attend and vote at the EGM.

2. APPOINTMENT OF PROXIES

Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalfs. A proxy need not be a member of the Company.

The instrument appointing a proxy must be in writing under the hand of a shareholder or his/her attorney duly authorised in writing. If the shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same.

In order to be valid, the form of proxy must be deposited, for the holders of H shares, at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, or for the holders of domestic shares, at the Board Office of the Company in the PRC at 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the PRC not less than 24 hours before the time fixed for holding the EGM. If the form of proxy is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited with the form of proxy at the same address as mentioned above. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjourned meetings should you so wish.

Shareholders shall produce their identity documents and supporting documents in respect of the shares of the Company held when attending the EGM in person. If corporate shareholders appoint authorised representative to attend the EGM, the authorised representative shall produce his/her identity documents and a notarially certified copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the form of proxy signed by the shareholders or their attorney when attending the EGM.

3. JOINT SHAREHOLDERS

In the case of joint holders of shares of the Company, only the holder whose name stands first in the register of members shall alone be entitled to vote at the EGM either in person or by proxy in respect of such shares.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. REPLY SLIP

Shareholders who intend to attend the EGM should complete the reply slip and return it to the Board Office of the Company in the PRC by hand, by post or by fax on or before Friday, 20 December 2024. The contact details are as follows:

Contact Person:	Mr. Xia Wei
Telephone No.:	86 28 86056068
Fax No.:	86 28 86056070
Address:	9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan Province, the PRC

5. MISCELLANEOUS

The EGM is expected to take for less than half a day. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.