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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)

INSIDE INFORMATION
INVESTMENT IN THE CHENGWENQIONG EXPRESSWAY
EXPANSION PROJECT

This announcement is made pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The Board is pleased to announce that the Company proposes to invest in the Chengwenqiong Expressway Expansion Project, for which the Company will act as the project investor and Chengwenqiong Company will act as the project owner to conduct its financing and construction work.

MAJOR DETAILS OF THE PROJECT

Set out below are the major details of the Project:

Project background

Chengwenqiong Expressway starts from Wenjiachang Junction Interchange on Chengdu Ring Expressway and terminates at Sangyuan Interchange, Qionglai City, connecting Wenjiang District, Chongzhou City and Dayi County, with a designed speed of 100km per hour. It was completed and open to traffic in 2004, and has a total mileage of 65.6km, including two-way 6-lane section from Wenjiachang Junction Interchange to Chongzhou City, and two-way 4-lane section from Chongzhou City to Qionglai City. Since commencement of operation, Chengwenqiong Expressway has maintained a rapid increase in traffic volume, and currently suffers increasingly intensified traffic congestion.

Project content

Chengwenqiong Expressway will be expanded along its original route subject to the two-way 8-lane standard.

**Investment and
construction mode**

The Project will involve the Company as the investor and Chengwenqiong Company as the owner to conduct its financing and construction work.

Plan for construction period	Based on the preliminary plan, the construction of the Project will start in, as far as practicable, 2023 and its construction period will be three years.
Tolling Policy	The actual Tolling Policy of the Project following completion shall be subject to the final approval of the Sichuan Government.
Total investment amount	The total estimated investment amount is approximately RMB12.652 billion.
Source of funds	The Project will be financed by, among other things, the Company's self-owned funds and bank loans.

PROJECT FEASIBILITY

Chengwenqiong Expressway serves as an important passage connecting western Chengdu. The Expansion Project has been incorporated into the Sichuan Expressway Network Planning (2022-2035) (《四川省高速公路網佈局規劃(2022-2035年)》), Sichuan Province's Plan to Strengthen the Transportation Infrastructure Construction of Chengdu-Chongqing Dual-city Economic Circle (《四川省加強成渝地區雙城經濟圈交通基礎設施建設規劃》), Sichuan Province's List of Key Projects of Comprehensive Transportation Construction Development Plan in the "14th Five-Year Period" (《四川省“十四五”綜合交通建設發展規劃重點項目清單》) and Chengdu's Key Projects Plan in 2023 (《2023年成都市重點項目計劃》), and thus it is supported by policy stimulus and the government. In addition, the feasibility study report of the Project has been prepared, and having taken into account the internal rate of return, the Company expects that the Project will also bring favorable financial income to the Group.

PROJECT NECESSITY

As an important passage connecting urban agglomeration in western Chengdu, Chengwenqiong Expressway has an imminent demand for expansion given prolonged congestion on most of its road sections with the economic development. The Project will effectively mitigate the pressure on radial passages extending to western Chengdu, further shorten the time travelling from western counties and cities to downtown Chengdu, and enhance the economic influence of downtown Chengdu over western counties and cities. In addition, the successful implementation of the Project will expand the asset scale of the Company, strengthen the sustainability of the operation of quality assets of the Company, instill new vitality into the Company and improve the capability for sustainable development and operating quality of the Company.

PROJECT RISKS AND COUNTERMEASURES

1. Risk of not obtaining the official approval

As considered at the standing meeting of the Sichuan Government, the Company and Chengwenqiong Company have been designated as the investor and owner of the Project, respectively. However, an official approval in this respect has not been obtained yet. The Company will expedite liaison and exchange with government authorities and relevant departments, so as to obtain the official approval from the Sichuan Government as soon as practicable.

2. Risk of Tolling Policy

Pursuant to relevant policies, Tolling Policy of expressway projects, upon completion, shall be subject to approval of the Sichuan Government taking into comprehensive consideration of factors such as total investment amount. As a result, the Tolling Policy of the Project cannot be determined at this stage, and the expected income involves uncertainties. The Company will keep abreast of industry policy dynamics, and maintain communications with relevant competent government authorities to strive for the most favorable Tolling Policy.

3. Technical risk of the construction

Construction of expressways poses relatively high requirements for design and construction technologies, and thus involves certain technical risks. The Company will supervise each party involved in the construction to strictly abide by industry norms and guarantee construction quality, and overcome potential technical risks during the construction process through improvement of construction methods and employing new technologies and processes.

4. Investment control risk

The total investment amount of the Project cannot be accurately calculated at this stage. The Company will engage intermediary institution(s) to launch preliminary preparations as soon as practicable, and limit the total investment amount within RMB12.652 billion.

5. Financing risk

If the construction funds of the Project cannot be financed in time as the Company does not receive the financing funds, the Project progress will be materially affected. Besides, an increase in floating interest rate at which financing is raised during the operation period will result in an increase in finance cost, and in turn have an impact on the yield of the Project. The Company will formulate reasonable financing schemes in advance and proactively seek financing, adopt multiple credit enhancement measures to reduce financing cost, and complete delivery of financing in time in strict accordance with the investment agreement and Project progress to ensure Project construction.

6. Operation risk

Profit generated during the operation period will be reduced in case of possible decrease in traffic volume and increase in maintenance cost of the Project during the construction period or following its completion. The Company will adopt professional management approaches to improve operation quality and expressway accessibility, reinforce road network marketing, enhance personnel arrangement leveraging reasonable use of new techniques to achieve cost reduction and efficiency enhancement, and endeavor to minimise operation risk.

LISTING RULES IMPLICATIONS

The Company expects to conduct a series of contemplated transactions with different parties for the purpose of the Project, and if materialised, such contemplated transactions may constitute discloseable and/or connected transactions of the Company under Chapter 14 and Chapter 14A of the Listing Rules. The Company will comply with relevant requirements of the Listing Rules with respect to such transactions.

GENERAL INFORMATION

Pursuant to the Articles of Association and relevant PRC laws and regulations, the Project is subject to approval of the Shareholders by way of ordinary resolution. To comply with the Articles of Association and relevant PRC laws and regulations, the Company will convene a general meeting for the Shareholders to consider and approve, if though fit, among other things, the Project and other relevant matters.

A circular containing, among other things, details of the Project and notice of the general meeting of the Company, will be despatched to the Shareholders in due course.

As the Project is subject to approval of the Shareholders, it may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution while dealing in the Shares.

DEFINITIONS

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

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors of the Company
“Chengwenqiong Company”	Chengdu Chengwenqiong Expressway Co., Ltd. (成都成温邛高速公路有限公司)
“Chengwenqiong Expressway”	the expressway connects Chengdu to Qionglai via Wenjiang
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Project” or “Expansion Project”	the expansion project on the Chengdu-Wenjiang-Qionglai expressway
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)” or “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
“Shareholder(s)”	registered holders(s) of the Shares
“Sichuan Government”	the People’s Government of Sichuan Province (四川省人民政府)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tolling Policy”	tolling standards and term

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

Chengdu, the PRC, 1 March 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.