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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)

ANNOUNCEMENT ON CHANGE IN ACCOUNTING ESTIMATES

The board of directors (the “**Board**”) of Chengdu Expressway Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that an adjustment has been made with effect from 1 January 2023 to the traffic volume within the remaining operating period used for amortisation of intangible assets underlying the service concession rights of Chengguan Expressway, Qiongming Expressway and Chengpeng Expressway (the “**Expressways**”) as included in the consolidation scope of the Company (the “**Change in Accounting Estimates**”).

REASONS FOR THE CHANGE IN ACCOUNTING ESTIMATES

In accordance with the accounting policy of the Company for “Intangible assets – Expressway service concession rights”, “Intangible assets – Expressway service concession rights” are amortised under the traffic flow method; namely, the amortisation of a given year will be provided based on the share of the annual whole-course actual daily average traffic volume over the sum of the annual whole-course actual daily average traffic volume and the predicted total traffic volume throughout the remaining operating period. The research reports on traffic volume forecast issued by Master Alliance (China) Limited are adopted for the Expressways. Given that: (i) due to the COVID-19 pandemic, the actual traffic volume of the Expressways has deviated to some extent from the forecast; and (ii) the existing research reports on traffic volume forecast have reached the service life limit, and thus requires a reassessment, in order to reflect the amortisation cost of expressway assets on a more objective and fair basis, the Company has engaged an expert to re-forecast the traffic volume of the Expressways within the remaining operating period, and calculate the amortisation of intangible assets underlying the service concession rights of the Expressways based on the adjusted traffic volume within the remaining operating period with effect from 1 January 2023.

IMPACT OF THE CHANGE IN ACCOUNTING ESTIMATES ON THE COMPANY

In accordance with relevant provisions of the “Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies and Accounting Estimates and Correction to Errors”, the Change in Accounting Estimates is applied prospectively and involves no retroactive adjustment in accounting treatment, and hence has no impact on the Company’s financial position and results of operations for the previous years.

Calculated based on “Intangible assets – Expressway service concession rights” of the Group as of 31 December 2022, the Change in Accounting Estimates is estimated to result in a decrease of approximately RMB1.73 million in amortisation of intangible assets, and an increase of approximately RMB1.47 million in both net profit and owners’ equity of the Group for 2023.

By Order of the Board
Chengdu Expressway Co., Ltd.
Yang Tan
Executive Director

Chengdu, the PRC, 27 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, 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.