

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



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)

**CONTINUING CONNECTED TRANSACTIONS
ENTERING INTO THE COMMODITY PURCHASE AND
SALE FRAMEWORK AGREEMENT**

ENTERING INTO THE COMMODITY PURCHASE AND SALE FRAMEWORK AGREEMENT

The Company and Chengdu Communications Investment entered into the Commodity Purchase and Sale Framework Agreement on 22 November 2024, pursuant to which the Company and Chengdu Communications Investment agree to sell the Relevant Commodities to each other in accordance with the terms of the agreement and undertake to procure their respective subsidiaries to sell the Relevant Commodities to each other in accordance with the terms and principles of the agreement for a period commencing from 22 November 2024 and ending on 31 December 2026.

LISTING RULES IMPLICATIONS

Chengdu Communications Investment is one of the controlling shareholders of the Company and a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Commodity Purchase and Sale Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions under the Commodity Purchase and Sale Framework Agreement exceeds 0.1% but all of such applicable percentage ratios are lower than 5%, the Commodity Purchase and Sale Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular and independent shareholders' approval requirements.

I. COMMODITY PURCHASE AND SALE FRAMEWORK AGREEMENT

The Company and Chengdu Communications Investment entered into the Commodity Purchase and Sale Framework Agreement on 22 November 2024, pursuant to which the Company and Chengdu Communications Investment agree to sell the Relevant Commodities to each other from 22 November 2024 to 31 December 2026.

The principal terms of the Commodity Purchase and Sale Framework Agreement are set out below:

Date	:	22 November 2024
Parties	:	(1) Chengdu Communications Investment; and (2) the Company.
Term	:	Commencing from 22 November 2024 and ending on 31 December 2026.
Content of transaction	:	The Company and Chengdu Communications Investment agree to sell the Relevant Commodities to each other in accordance with the terms of the agreement and undertake to procure their respective subsidiaries to sell the Relevant Commodities to each other in accordance with the terms and principles of the agreement.

The Company and Chengdu Communications Investment unanimously agree that, to the extent permitted by law, the Company and Chengdu Communications Investment shall sell the Relevant Commodities to each other. The Relevant Commodities to be purchased by the Company from Chengdu Communications Investment include but are not limited to equipment and spare parts and engineering raw materials, and the Relevant Commodities to be sold by the Company to Chengdu Communications Investment include but are not limited to food, ingredients and daily necessities, as well as other Relevant Commodities to be sold to each other as agreed between the Company and Chengdu Communications Investment.

Principle of transaction : The Company and Chengdu Communications Investment agree that in respect of the Relevant Commodities to be provided by Chengdu Communications Investment to the Company or purchased by Chengdu Communications Investment from the Company, where the Relevant Commodities or transaction conditions offered by a third party are better, priority should be given to purchasing the Relevant Commodities from the third party. The terms and conditions of the sale of the Relevant Commodities by the Company to Chengdu Communications Investment (including but not limited to the pricing of the Relevant Commodities and calculation method) shall not be less favorable than those available to the Company for the sale of comparable Relevant Commodities to third parties.

The Company and Chengdu Communications Investment undertake that all the Relevant Commodities to be sold by one party to the other party are guaranteed to be of good quality and at fair and reasonable prices, on normal or better commercial terms.

Pricing policy : The prices of the Relevant Commodities under the Commodity Purchase and Sale Framework Agreement shall be determined in the following order:

- (1) government pricing;
- (2) government-guided prices;
- (3) in the absence of the above two pricing standards, where prices of the same or similar Relevant Commodities from third parties on normal commercial terms and in the ordinary course of business are available, reference shall be made to the prevailing market prices;

- (4) in the absence of the three aforementioned standards, the pricing standards shall be determined based on the agreed prices;
- (5) for the Relevant Commodities for which applicable laws and regulations require the use of tendering procedures, the prices shall be determined based on the prices finally determined through the tendering procedures.

Implementation method : The parties may separately enter into specific contracts which shall not violate the terms of the Commodity Purchase and Sale Framework Agreement.

1. Historical Transaction Amount

Based on the Company's reasonable enquiry, the Group has been purchasing the Relevant Commodities from Chengdu Communications Investment Group since October 2024. The historical transaction amount of the above purchases of the Relevant Commodities by the Group for the ten months ended 31 October 2024 amounted to approximately RMB1.1 million. Considering that the above are sporadic purchases, the historical transaction amount is not a factor for consideration in determining the annual caps for 2025 and 2026 in respect of the Company's purchases of the Relevant Commodities from Chengdu Communications Investment under the Commodity Purchase and Sale Framework Agreement. Each of the applicable percentage ratios calculated based on the above amount and the historical transaction amount of the purchases in 2024 up to the date of this announcement is less than 0.1% and therefore meets the requirements for fully exempted transactions under Chapter 14A of the Listing Rules.

In addition, based on the Company's reasonable enquiry, the Group has been selling the Relevant Commodities to Chengdu Communications Investment Group since September 2022. The historical transaction amounts of the above sales of the Relevant Commodities by the Group for 2022, 2023 and the ten months ended 31 October 2024 amounted to approximately RMB0.3 million, RMB1.6 million and RMB1.4 million, respectively. Each of the applicable percentage ratios calculated based on the above amounts and the historical transaction amount of the sales in 2024 up to the date of this announcement is less than 0.1% and therefore meets the requirements for fully exempted transactions under Chapter 14A of the Listing Rules.

2. Proposed Annual Caps

The Company proposes the following annual caps for the continuing connected transactions contemplated under the Commodity Purchase and Sale Framework Agreement for the three years ending 31 December 2026:

	For the year ending 31 December 2024 (RMB million)	For the year ending 31 December 2025 (RMB million)	For the year ending 31 December 2026 (RMB million)
Transaction amount of the Relevant Commodities to be purchased by the Group from Chengdu Communications Investment Group	4.0 ^{Note}	18.8	29.0
Transaction amount of the Relevant Commodities to be sold by the Group to Chengdu Communications Investment Group	3.7 ^{Note}	8.7	8.8

Note: The annual caps include the transaction amounts of the Group prior to the date of the Commodity Purchase and Sale Framework Agreement in respect of the purchase or sale (as the case may be) of the Relevant Commodities by the Group from/to Chengdu Communications Investment Group which will be recognized in 2024.

The annual caps in respect of the purchase of the Relevant Commodities by the Group from Chengdu Communications Investment Group are determined after taking into account the following:

- (i) in respect of the annual cap for 2024, having taken into account:
 - (1) the historical transaction amount of the purchase of the Relevant Commodities by the Group from Chengdu Communications Investment Group for the ten months ended 31 October 2024; and
 - (2) the business cooperation between the Group and Chengdu Communications Investment Group, and the transaction amount of the purchase of the Relevant Commodities (mainly including equipment and spare parts) expected to be recognized for the two months ending 31 December 2024;

- (ii) in respect of the annual caps for 2025 and 2026, having taken into account:
 - (1) the development plan and future expansion plan of the business cooperation between the Group and Chengdu Communications Investment Group, in particular, the Group's estimated annual purchase volume, type, quantity and price of commodities based on the expected scale of demand for the Relevant Commodities; and
 - (2) in estimating the purchase volume and transaction amount of the Relevant Commodities (mainly including equipment and spare parts (such as toll collection robots, industrial control computers, cameras, etc.) and engineering raw materials expected to be not more than 1.6 million cubic meters) required to be purchased in the future, and with reference to the Group's daily business and project schedule and progress and the Relevant Commodities required by the Group, the Company expects that during the years of 2025 and 2026, it will purchase equipment and spare parts of approximately RMB3.5 million and engineering raw materials of approximately RMB15.1 million and approximately RMB25.1 million, respectively, and assuming that Chengdu Communications Investment Group has a competitive advantage over other suppliers in terms of supply price, supply capacity and other factors, such that the Group's purchase of the Relevant Commodities will all be provided by Chengdu Communications Investment Group; and
- (iii) a reasonable buffer has been included to allow for any unanticipated increase in the prices of the Relevant Commodities and related costs during the term of the Commodity Purchase and Sale Framework Agreement.

The annual caps in respect of the sale of the Relevant Commodities by the Company to Chengdu Communications Investment are determined after taking into account the following:

- (i) in respect of the annual cap for 2024, having taken into account:
 - (1) the historical transaction amount of the sale of the Relevant Commodities by the Group to Chengdu Communications Investment Group for the ten months ended 31 October 2024; and
 - (2) the business cooperation between the Group and Chengdu Communications Investment Group, and the transaction amount of the sale of the Relevant Commodities (mainly including food and ingredients) expected to be recognized for the two months ending 31 December 2024;

- (ii) in respect of the annual caps for 2025 and 2026, having taken into account the development plan and future expansion plan of the business cooperation between the Group and Chengdu Communications Investment Group, the estimated annual sales volume based on the expected scale of demand of Chengdu Communications Investment Group for the Relevant Commodities (e.g. the Relevant Commodities to be sold by the Group to gas stations under Chengdu Communications Investment Group, the Relevant Commodities to be sold to canteens, etc.), as well as the type, quantity and prices of the Relevant Commodities currently and expected to be sold by the Company to Chengdu Communications Investment up to 31 December 2026; and
- (iii) a reasonable buffer has been included to allow for any unanticipated increase in the prices of the Relevant Commodities and related costs during the term of the Commodity Purchase and Sale Framework Agreement.

II. REASONS FOR AND BENEFITS OF ENTERING INTO THE COMMODITY PURCHASE AND SALE FRAMEWORK AGREEMENT

In previous years, the Group has sold the Relevant Commodities to Chengdu Communications Investment Group and in the current year, the Group has started purchasing the Relevant Commodities from Chengdu Communications Investment Group. The Company believes that the continuation of the relevant transactions with Chengdu Communications Investment Group by entering into the Commodity Purchase and Sale Framework Agreement will ensure continuity of operations and more effective management of the transactions of sale of the Relevant Commodities between the Group and Chengdu Communications Investment Group, strengthen the mutually beneficial and complementary relationship between the Group and Chengdu Communications Investment Group, and facilitate the long-term growth and development of the Group's business.

The sale of the Relevant Commodities to Chengdu Communications Investment Group is conducive to expanding the revenue stream of the Group. Taking into account the development plan of the business cooperation between the Group and Chengdu Communications Investment Group, it is expected that the transaction amount of the sale of the Relevant Commodities by the Group to Chengdu Communications Investment Group will increase, therefore the Company entered into the Commodity Purchase and Sale Framework Agreement with Chengdu Communications Investment to enhance the regulation of the continuing connected transactions contemplated thereunder.

In respect of the purchase of the Relevant Commodities from Chengdu Communications Investment Group, the entering into of the Commodity Purchase and Sale Framework Agreement will enable the Group to secure a stable supply of the Relevant Commodities and optimize the Group's supplier channels for the purchase of the Relevant Commodities. In respect of the temporary and urgent purchase of the Relevant Commodities, entrusting Chengdu Communications Investment Group to provide such Relevant Commodities will comparatively reduce the cost of communication, enhance efficiency, facilitate the more efficient and orderly implementation of the projects, enable the sustainable and steady development of the daily business of the Group, and is beneficial to the interests of the Company and its shareholders as a whole.

III. INTERNAL CONTROL MEASURES

The Company has a comprehensive internal control system in place to ensure that the continuing connected transactions under the Commodity Purchase and Sale Framework Agreement are fair and reasonable and conducted in the ordinary course of business of the Company in accordance with relevant transaction agreements and on normal commercial terms or better, and in the interests of the Company and its shareholders as a whole. The relevant internal control measures include the following:

1. After determining the pricing method in accordance with the pricing policy of the Commodity Purchase and Sale Framework Agreement, the Company will take the following measures to ensure that the specific transactions are in compliance with the terms of the Commodity Purchase and Sale Framework Agreement before entering into the specific agreements. The Directors (including the independent non-executive Directors) consider that the following methods and procedures will ensure that the transactions contemplated under the Commodity Purchase and Sale Framework Agreement will be conducted on normal commercial terms and will not be detrimental to the interests of the Company and its minority shareholders:
 - a. Government pricing or government-guided prices: determining the prices based on government pricing or government-guided prices (as the case may be) in accordance with applicable laws and regulations, and the Group will monitor the government pricing regulations or government-guided prices of the Relevant Commodities on a real-time basis;
 - b. Market prices: The Group will actively seek to obtain market prices through various channels, for example, by comparing the terms and quoted prices of specific agreements with those of at least two third parties in the vicinity providing the same or similar services to ensure that the terms and quoted prices offered by Chengdu Communications Investment Group to the Group are fair and reasonable and that such prices are on normal commercial terms and on terms and conditions no less favourable than those on which the third parties purchase or sell (as the case may be) the Relevant Commodities from/to the Group, in order to determine whether to accept the quoted prices offered by Chengdu Communications Investment Group. If the Group considers that the quoted prices offered by Chengdu Communications Investment Group are not fair and reasonable or are not in the best interests of the Company and its shareholders as a whole, it will decide not to purchase or sell the Relevant Commodities from/to Chengdu Communications Investment Group;
 - c. Agreed prices: the prices agreed between the parties for the Relevant Commodities purchased and sold by them, based on the reasonable cost plus a reasonable profit (normally not exceeding 15% of the cost) as disclosed by the Group, or by Chengdu Communications Investment Group to the Group in good faith; and
 - d. Tendering: the prices shall be determined through tendering procedures in strict accordance with applicable laws and regulations.

2. The Company has completed the approval procedures for the Commodity Purchase and Sale Framework Agreement in accordance with the management rules for connected transactions and relevant internal control system;
3. The Company's audit and compliance department, together with the finance management department, will regularly review the actual transaction amounts incurred to ensure that such amounts will not exceed relevant annual caps;
4. The Company's management team will regularly organize and conduct internal control inspection to assess the completeness and effectiveness of internal control measures related to continuing connected transactions;
5. The audit and risk management committee under the Board will review the annual financial statements and express an opinion on the continuing connected transactions for the year, including whether the terms of the continuing connected transactions are fair and reasonable and whether the transaction amounts are within relevant annual caps;
6. The Board will review the implementation of the Commodity Purchase and Sale Framework Agreement on an annual basis. The review mainly covers whether the Company and the connected persons have fulfilled the terms of the said agreements in the relevant years and whether the actual transaction amounts incurred between the Company and the connected persons are within the annual caps;
7. The independent non-executive Directors will review the continuing connected transactions on an annual basis and provide annual confirmation in the Company's annual report as to whether the continuing connected transactions are conducted (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company and the shareholders as a whole; and
8. In order to assist the Company in complying with the applicable rules as set out in Chapter 14A of the Listing Rules, the Company's auditor will perform relevant work annually to confirm and issue a letter as to whether the transactions have been approved by the Board, whether the transactions have been conducted in accordance with relevant transaction agreements in material respects and whether the caps have been exceeded.

IV. LISTING RULES IMPLICATIONS

Chengdu Communications Investment is one of the controlling shareholders of the Company and a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Commodity Purchase and Sale Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions under the Commodity Purchase and Sale Framework Agreement exceeds 0.1% but all of such applicable percentage ratios are lower than 5%, the Commodity Purchase and Sale Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular and independent shareholders' approval requirements.

None of the Directors has a material interest in the transactions contemplated under the Commodity Purchase and Sale Framework Agreement and is required to abstain from voting on the relevant resolutions at the Board meetings. The Directors (including the independent non-executive Directors) consider that the Commodity Purchase and Sale Framework Agreement are entered into in the ordinary and usual course of business of the Group and on normal commercial terms and the terms and conditions thereof as well as the proposed annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

V. GENERAL INFORMATION OF THE PARTIES

The Group is primarily engaged in 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 is one of the controlling shareholders of the Company, holds 72.46% equity interests in the Company directly and indirectly through Communications Investment Construction and Management, is primarily engaged in the investment, the financing of and the construction, development, operation and management of transportation infrastructure in Sichuan province, and its ultimate beneficial owner is Chengdu Municipal State-owned Assets Supervision and Administration Commission (成都市國有資產監督管理委員會).

VI. DEFINITIONS

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

“agreed prices”	the prices agreed by the parties for each of the commodities purchased and sold by them, which shall be determined based on the reasonable costs and expenses incurred for the provision of such commodities plus a reasonable profit. Reasonable costs and expenses mainly include the raw material prices or original purchase costs, labor costs, transportation costs, etc. The prices shall be determined after arm’s length negotiations between the parties based on the basic cost, reasonable cost and reasonable profit of the commodities to be sold, as disclosed by a party to the other party in good faith. The upper limit of reasonable profit (normally not exceeding 15% of the cost) shall be determined after arm’s length negotiation with reference to the prevailing profit margins in previous transactions between the two parties and shall not be less favorable than the terms and conditions of comparable commodities purchased or sold (as the case may be) by a third party from/to 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 on 16 March 2007, which is one of the controlling shareholders of the Company
“Chengdu Communications Investment Group”	Chengdu Communications Investment and/or its associates, but excluding the Company and/or its subsidiaries
“Commodity Purchase and Sale Framework Agreement”	the Commodity Purchase and Sale Framework Agreement entered into between the Company and Chengdu Communications Investment on 22 November 2024
“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), a company incorporated in the PRC with limited liability on 25 June 1996, which is one of the controlling shareholders of the Company

“Company”	Chengdu Expressway Co., Ltd. (成都高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“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 listed and traded on the Stock Exchange
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“government-guided prices”	if the national or local government authority has set government-guided prices for the commodity, and the guided prices have been published on the official website of the government authority or through the relevant official pricing document, the prices shall be negotiated within the scope of the government-guided prices
“government pricing”	if the commodity is subject to the price regulation of the national or local government, the price of the commodity will be determined based on the prescribed price officially announced by the governmental authority and the relevant official pricing documents
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“market prices”	the prices or quoted prices for the time being charged by at least two third parties who offer comparable (in terms of, among other things, the type of commodity, the quality of the commodity, the size of the purchase or sale, etc.) commodities in the ordinary course of business on normal commercial terms in or near the place where such commodities are supplied
“percentage ratio(s)”	has the meaning ascribed thereto under the Listing Rules

“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong Special Administrative Region of the PRC, Macao Special Administrative Region of the PRC and Taiwan
“Relevant Commodities”	all kinds of commodities other than refined oil
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“third party(ies)”	economic entities (companies, enterprises, units) and natural persons other than Chengdu Communications Investment, its subsidiaries and/or associates and the Group
“%”	per cent

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

Chengdu, the PRC, 22 November 2024

As at the date of this announcement, the Board 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.