

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: 1785)

**CONTROLLING SHAREHOLDER WON
THE BID OF EXPRESSWAY CONSTRUCTION AND OPERATION PROJECT**

This Announcement is made in compliance with the disclosure obligations in the Chapter of “Relationship with our Controlling Shareholders” in the prospectus (“**Prospectus**”) published on 28 December 2018 by Chengdu Expressway Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”).

The Company recently received a letter from its controlling shareholder Chengdu Communications Investment Group Co., Ltd. (“**Chengdu Communications**”) to the effect that Chengdu Communications, as a member of the consortium with three other companies, participated in and won the bid for the project of Jingkun Expressway Expansion from Mianyang to Chengdu, Expressway from Mianyang to Cangxi and Expressway from Cangxi to Bazhong (the “**Project**”). The members of the consortium will jointly set up a project company (“**Project Company**”) to participate in the construction and operation management of the Project.

In accordance with the non-competition agreement entered into between the Company and Chengdu Communications, Chengdu Communications undertakes that, Chengdu Communications and its subsidiaries (excluding the Group) will not, during the term of the non-competition agreement, and will procure their associates not to directly or indirectly, engage in, individually or jointly, with other entities, or assist to engage in or participate in any business which competes with the principal business of the Company in Sichuan province. As the Project may shunt part of cars heading for Mianyang, thus it may compete with Chengpeng Expressway, one of the principal businesses of the Company, to a certain extent. Chengdu Communications asked the Company in the letter if the Company would like to exercise the relevant rights to take part in the investment and request the Company to reply.

Based on the analysis and calculation of the Project, all independent non-executive directors of the Company believe that: (i) the Company proposes to focus on acquiring or investing in expressway projects with a reasonable return on investment. The Project has a relatively low return on investment in spite of a certain level of profitability; (ii) the Project is estimated to be a loss making situation in the first eleven years of the entire term of about 29 years of the operating period. If the Company takes on the equity interest held by Chengdu Communications in the Project Company, it is anticipated that the Company will undertake a long-term and continuous loss of the Project, and the amount of which would materially affect the performance of the Company; and (iii) based on the total investment amount of the Project, the equity interest which would be taken on by the Company and the requirement that the registered capital shall be at least 20% of the total investment amount of the Project, if the Company participates in the Project, it is expected to contribute approximately RMB2.3 billion to the registered capital of the Project Company (and may subsequently undertake guarantee liability for the debt financing of the Project), which would exert considerable pressure on the cash flow of the Company.

Considering all above factors, on the date of this Announcement, all independent non-executive directors of the Company have resolved that the Company will not participate in the investment, construction and operation of the Project, provided that the Company at all times reserves the acquisition options, right of first refusal and other rights under the non-competition agreement. If the Company exercises relevant rights, the Company will comply with approval procedures and disclosure requirements in accordance with applicable laws and regulations as well as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board
Chengdu Expressway Co., Ltd.
Xiao Jun
Chairman

Chengdu, the PRC, March 11, 2019

As at the date of this announcement, the board of directors of the Company comprises Mr. Tang Fawei, Mr. Zhang Dongmin, Ms. Wang Xiao and Mr. Luo Dan as executive Directors, Mr. Xiao Jun and Mr. Yang Bin as non-executive Directors, and Mr. Shu Wa Tung, Laurence, Mr. Ye Yong and Mr. Li Yuanfu as independent non-executive Directors.