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四川成渝高速公路股份有限公司
Sichuan Expressway Company Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00107)

CONTINUING CONNECTED TRANSACTION
ENTERING INTO OF
CONSTRUCTION FRAMEWORK AGREEMENT

**Independent Financial Advisor to the Independent Board Committee and
the Independent Shareholders**



References are made to the announcement dated 19 November 2020 and the circular dated 8 December 2020 of the Company in relation to, among other things, the Previous Construction Framework Agreement entered into between the Company and STIG on 19 November 2020.

CONSTRUCTION FRAMEWORK AGREEMENT

Reference is made to the inside information announcement of the Company dated 28 May 2021, in relation to the progress of the strategic restructuring by controlling shareholder. STIG, the former controlling shareholder of the Company, finalised the strategic restructuring completion with Shudao Investment with the announcement date as the date of the completion. From the date of the completion, all the assets, liabilities, business, employees, contracts and qualifications together with all other rights and obligations of STIG, and the subordinate branch entities and equity interest or other interest in the subordinate companies held by STIG shall be vested in Shudao Investment. Accordingly, the controlling shareholder of the Company was changed from STIG to Shudao Investment.

As the Previous Construction Framework Agreement entered into between the Company and STIG will expire on 31 December 2021 (the rights and obligations contained therein have been undertaken by Shudao Investment from 28 May 2021), the Company and Shudao Investment entered into the Construction Framework Agreement on 16 November 2021, pursuant to which, Shudao Investment Group shall contract certain construction services from the Group for the period from 1 January 2022 to 31 December 2022.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shudao Investment is a controlling shareholder of the Company which holds approximately 35.865% of the issued Shares of the Company. Therefore, Shudao Investment is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. As one or more applicable percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the Construction Framework Agreement are, on an annual basis, over 5%, the Construction Framework Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

An Independent Board Committee has been formed by the Company to consider whether the terms of the Construction Framework Agreement and the transactions contemplated thereunder, and the annual cap for the year from 1 January 2022 to 31 December 2022 are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. Halcyon Capital has been appointed by the Company as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (i) further details of the transactions contemplated under the Construction Framework Agreement; (ii) the recommendation of the Independent Board Committee in connection with the Construction Framework Agreement; (iii) the advice of the Independent Financial Advisor in connection with the Construction Framework Agreement; and (iv) a notice convening the EGM will be despatched to the Shareholders on or before 6 December 2021.

CONSTRUCTION FRAMEWORK AGREEMENT

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As the Previous Construction Framework Agreement entered into between the Company and STIG will expire on 31 December 2021 (the rights and obligations contained therein have been undertaken by Shudao Investment from 28 May 2021), the Company and Shudao Investment entered into the Construction Framework Agreement on 16 November 2021, pursuant to which, Shudao Investment Group shall contract certain construction services from the Group for the period from 1 January 2022 to 31 December 2022.

The major terms of the Construction Framework Agreement are set out as follows:

Date:	16 November 2021
Term:	1 January 2022 to 31 December 2022
Parties:	the Company; and Shudao Investment
Content of Transaction:	Shudao Investment Group shall contract the construction works from the Group, including the following construction works: (A) Contracting and subcontracting of construction works of expressways (including roads, bridges, tunnels, etc.) and ancillary facilities (including auxiliary and supporting water supply and drainage, mechanical and electrical, greening, transportation security, terrace and other facilities for buildings including management offices, toll stations and service areas), which includes: (i) construction works of expressways and ancillary facilities (including restructuring and construction extension);

- (ii) daily maintenance works of expressways and ancillary facilities;
 - (iii) large and medium scale repair and maintenance works of expressways and ancillary facilities; and
 - (iv) emergency and rescue works of expressways and ancillary facilities.
- (B) Contracting and subcontracting of municipal construction works, which includes construction works such as urban roads, squares, parks, land consolidation and ancillary facilities (including facilities for buildings, water supply and drainage, mechanical and electrical, greening, transportation security and terrace) and others.

The above construction works include the tender and bidding projects conducted pursuant to the laws of the PRC.

Pricing policy:

1. For transactions excluding emergency rescue construction works

The final consideration will be determined through procedures for tender and bidding. The procedures for tender and bidding refer to the processes of invitation for tender, bid submission, bid opening, bid evaluation and bid granting implemented by the tenderer and bidder pursuant to the relevant rules and regulations of the PRC, which is subject to the inspection of relevant departments of the PRC government. In relation to the Construction Framework Agreement, the Group shall act as the tenderer via the relevant business department of the responsible construction unit of the Company and its subsidiaries, and the bid evaluation panel (comprised of bid evaluation experts and subject to the supervision of the government administration authorities of the PRC) will select the contractor for the construction works (excluding emergency rescue construction works) by conducting a comparison of the prices and service terms offered by all bidders so as to grant the construction works to the bidder who offers the best price and/or the service terms pursuant to the bid evaluation methods publicly published in the tender documents.

If special requirements are made by the tenderer, the tenderer could set out requirements on construction projects, bidders' experience, historical achievements and abilities and other information based on the principle of non-exclusivity pursuant to the relevant regulations in the process of open tender and bidding for all bidders' reference. The Group will not proceed with the transaction if Shudao Investment Group is the only bidder. With reference to the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), if there are less than three bidders, the tenderer shall invite bids again. As such, there shall be three or more units applying for bidding and submitting bidding documents during the process of tender and bidding. Pursuant to the Provisions on Tender and Bidding of Construction Projects (Order 30 of Seven Ministries) (《工程建設項目施工招標投標辦法(七部委30號令)》), if there are still less than three bidders in the rebidding, (i) for construction projects that are subject to examination and approval by the original examination and approval department of the PRC, the tenderer may not need to proceed with tender procedure after obtaining approval; or (ii) for construction projects other than those classified in (i), the tenderer may decide not to proceed with tender procedure at its own discretion.

If Shudao Investment Group satisfies all the requirements of the Group (as the tenderer) in relation to the qualifications, experience, strength and track record of the bidders, and participates in the bidding and eventually becomes the successful bidder, the transaction price will be the price for the construction works as specified in the bidding document of Shudao Investment Group. The transaction price is scrutinised and eventually confirmed in accordance with the same objective standard through the tendering mechanism which is also conducted on a non-exclusive basis.

Therefore, the aforementioned pricing mechanism will ensure that the price of the transaction arrangement under the Construction Framework Agreement is fair and reasonable, and no less favorable than those provided by any independent third party.

2. For transactions for emergency rescue construction works

Tender may not be carried out pursuant to relevant regulations in the PRC under special circumstances involving national security, emergency rescue and disaster relief, and for projects which are not applicable to tender in accordance with the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), the Regulations on the Implementation of the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》) (Order of the State Council No. 613) and other rules and regulations. Hence, emergency rescue construction works under the Construction Framework Agreement need not be carried out by tender pursuant to the aforesaid regulations.

For emergency rescue construction works under the Construction Framework Agreement, where the Group is the contract letting party and Shudao Investment Group is the contractor of construction works, the consideration is determined by the relevant business department of the responsible construction unit of the Company and its subsidiaries which should be the same as the most recent bidding prices of similar type of construction works. The bidding prices of recent similar type of construction works refer to the bidding prices of recent similar type of construction works (including but not limited to general condition of construction works, technical standard adopted in the construction, anticipated construction period and engineering quantity, etc.) determined through procedures for tender and bidding held by the Group or an independent third party which Shudao Investment Group participated in.

In practice, due to the uniqueness of each piece of construction work, it may be difficult to find a recent project which is directly comparable. If the bidding price of similar type of construction works is not available, the consideration shall be determined by the pricing consulting agencies (primarily a public institution or state-owned enterprise, being an independent third party under supervision and administration from the government administrative authorities of PRC and with relevant professional qualification) in accordance with the pricing basis and methods issued by the national or provincial authorities of the PRC.

3. Government Prescribed Price or Guidance Price

Under the Price Law of the People's Republic of China (《中華人民共和國價格法》), the government may implement government prescribed price or guidance price for special goods and services when necessary.

If there is corresponding government prescribed price or guidance price for the target subject of the construction works transaction (such government prescribed price or guidance price will be provided under stipulation of relevant laws and regulations or notice from relevant government administrative authorities as published from time to time), the Company will execute government prescribed price or guidance price in priority.

As at the date of this announcement, none of the construction works transactions signed or executed by the Company is subject to the above government prescribed price or guidance price by government authorities. Parties to the agreement shall execute the prescribed price or guidance price of the government authority in priority if any future prescribed price or guidance price of the government authority is applicable to the relevant transaction.

Payment terms:

The payment terms are determined based on the general condition of the construction site, construction works progress and technical standard of construction works, which are disclosed to all potential bidders (including connected persons and independent third parties) under the tender documents.

After the winner of the tender is decided, both parties will then determine the specific payment method according to the payment terms set out in the tender documents. Payment terms are determined on normal commercial terms and in a fair and reasonable manner, and shall be the same regardless of whether the winner of the tender is a connected person or an independent third party. Normally, the contract letting party shall pay to the contractor progress payment within 28 days upon receiving the application for bill of progress payment by the supervisor, being an independent third party responsible for the supervision of the construction progress.

According to the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), the supervisors of projects involving large-scale infrastructure, public utilities and other projects which are related to public interests and public safety must be recruited through procedures for tender and bidding. Accordingly, the supervisors of the projects under the Construction Framework Agreement would be recruited through procedures for tender and bidding (which are similar to the procedures for tender and bidding adopted in recruiting and engaging contractors for construction works under the Construction Framework Agreement). A bid evaluation panel (comprised of bid evaluation experts and subject to the supervision of the government administrative authorities of the PRC) will select the supervisor for the construction works by conducting a comparison of the prices and service terms offered by all bidders so as to grant the supervision of the construction works to the bidder who offers the best price and/or the service terms pursuant to the bid evaluation methods publicly published in the tender documents.

On the other hand, the Regulations on the Qualifications of Highway or Water Transport Engineering Supervision Enterprises (《公路水運工程監理企業資質管理規定》) have laid down the qualifications which supervision enterprises are required to possess in order to be qualified to act as supervisors of different projects. The qualifications of project supervisors cover different areas of construction works, which include but are not limited to the construction of bridges, tunnels, mechanical and electrical engineering for highways etc. In recruiting and engaging supervisors, the relevant departments of the Group would ensure that the tender documents stipulate the requisite qualifications and that the supervisors engaged possess the relevant qualifications and experience.

Conditions precedent:

The effectiveness of the agreement is conditional upon, among other things, the Company having complied with the requirements under the listing rules of the Stock Exchange and the Shanghai Stock Exchange in relation to continuing connected transactions, which include but are not limited to reporting, announcement and/or Independent Shareholders' approval requirements.

Annual Cap

Having considered the following factors and aggregated the estimated annual transaction amounts for the year ending 31 December 2022 for each of the constructions in progress and to be granted over the next year, the Directors propose that the annual cap for the Construction Framework Agreement for the year ending 31 December 2022 shall be as follows:

	Annual Cap (RMB'000)
For the year ending 31 December 2022	3,843,000

Basis for Determining the Annual Cap

In determining the annual cap for the Construction Framework Agreement, the Directors have considered a number of factors including: (i) the historical transaction amounts under the Previous Construction Framework Agreement; (ii) the construction and maintenance plans for each of the expressways of the Group for the next year; (iii) the business development plan of the Group, including the projects proposed under the strategic cooperation intentions reached between the Group and government authorities at different levels and other potential projects the Group observed in the market in which it can participate; and (iv) the potential business development of Shudao Investment Group.

Although independent third parties and Shudao Investment Group have equal opportunities in the bidding, in order to ensure the 2022 annual cap remains sufficient, the Directors prudently assumed a 100% success rate of Shudao Investment Group being awarded with the contracts for the year ending 31 December 2022.

Pursuant to the relevant tendering rules and regulations of the PRC, the interval between the announcement of the bidding results and the entering into of the relevant construction agreement shall not exceed 30 days. Thus, should the annual cap not be based on a 100% success rate of Shudao Investment Group being awarded the contracts, if the annual cap has been fully utilized, Shudao Investment Group will not be able to participate in the remaining tenders announced during the year as it takes time to refresh the annual cap. The procedures required for refreshing the annual cap, including but not limited to obtaining Shareholders' approval (of which the notice period to convene an EGM would require 10 business days or 15 days (whichever is longer)) and other necessary steps to ensure compliance with the Listing Rules, are very likely to take more than 30 days to accomplish. As such, the Directors consider the above 100% success rate assumption is prudent and reasonable.

(1) Basis of estimation

- (a) In estimating the contract sum of expressway and ancillary facilities construction and municipal construction works to be entered into, the Directors have taken into account the contracts on expressways and ancillary facilities and municipal construction works expected to be awarded in the coming year by the Group.
- (b) In estimating the timing and contract sum for upcoming construction contracts to be awarded, the Directors have made reference to the relevant government's development plan for municipal works, the Group's development plan for expressway and ancillary facilities and municipal construction works.
- (c) The Directors have taken into account the latest construction progress of each project and the estimated amount to be recognized.
- (d) In estimating the maintenance work to be taken place during the relevant periods, the Directors have made reference to the historical amounts of maintenance work taken place in the prior year and to the daily maintenance schedule of each of the expressway operated by the Group.

(2) Quantitative estimation

The Directors have prepared upcoming project participation schedules for the year ending 31 December 2022 which set out (i) the nature of the projects; (ii) the progress revenue recognition estimated by the Directors for each of Group's ongoing projects; and (iii) the expected total contract sum with estimated progress revenue recognition estimated by the Directors for each of the project expected to be participated by the Shudao Investment Group. By summing up the schedules, the Directors obtained a quantitative estimation of the annual cap required, details of which as follow:

- (a) The Directors estimated that the transaction amount for contracted projects to be recognized in 2022 pursuant to the construction plan and the latest construction progress would be RMB2,090.22 million, mainly involving (i) Expansion Construction Project; and (ii) municipal construction.
- (b) The Directors estimated that the amount of upcoming projects to be awarded and recognized during 2022 pursuant to the construction plan and the estimated construction progress would be RMB1,526.76 million, including (i) new road sections of Expansion Construction Project; and (ii) projects which the Group has identified in the market and intends to participate in.
- (c) The Directors estimated that the amount of expressway maintenance work to be carried out during 2022 would be RMB226.47 million.

Historical Transaction Amount

The recognized construction income received by STIG Group from 1 January 2020 to 27 May 2021 and by Shudao Investment Group from 28 May 2021 for providing the relevant construction works to the Group was as follows:

	RMB (‘000)
For the period from 1 January 2020 to 31 December 2020	1,359,012
For the six months ended 30 June 2021	204,710

The annual cap for the Construction Framework Agreement for the year ended 31 December 2021 was RMB2,985,000,000. The utilization rate of the annual cap for the first half of 2021 was 13.72%. The low utilization rate was mainly due to (i) the delay in several road sections of the Expansion Construction Project due to the waiting for land delivery; and (ii) irregular impact brought by recurring COVID-19 on the Company’s maintenance work and Expansion Construction Project.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION FRAMEWORK AGREEMENT

Based on the need of its business development, the Group intends to select contractors for its construction works mainly through tender and bidding. Shudao Investment Group may participate in such biddings in accordance with laws. Pursuant to the relevant PRC laws and regulations, construction works are primarily conducted by way of tender and bidding, by which all bidders have to comply with the prescribed time. In order to enable Shudao Investment Group to grasp the opportunities of the tenders organized by the Group from time to time and to ensure the Company’s compliance with the relevant requirements under the Listing Rules, Shudao Investment entered into the Construction Framework Agreement with the Company. The Directors (excluding the independent non-executive Directors whose views will be set out in the circular to be despatched to the Shareholders) consider that the Construction Framework Agreement is entered into in the ordinary and usual course of business of the Group and the terms as contained in the Construction Framework Agreement are normal commercial terms, which are arrived at after arm’s length negotiations between the parties, and that the annual cap and the terms of the Construction Framework Agreement stated in this announcement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the above, the Directors (including all the independent non-executive Directors) are of the view that the terms of the Construction Framework Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

DIRECTORS' OPINION ON INTERNAL CONTROL PROCEDURES RELATING TO TRANSACTIONS TERMS SUCH AS PRICING POLICY AND PAYMENT METHOD OF THE CONTINUING CONNECTED TRANSACTION

The Directors believe that in respect of the Construction Framework Agreement, the Group has implemented complete internal control procedures and steps in practicing the tender procedure and the transaction terms such as pricing policy and payment method of the continuing connected transaction. Particulars are set out as follows:

(i) Internal control measures in relation to tender procedure and pricing policy

(a) For transactions excluding emergency rescue construction works

The final consideration under construction works contracts will be determined through procedures for tender and bidding. The procedures for tender and bidding refer to the processes of invitation for tender, bid submission, bid opening, bid evaluation and bid granting implemented by the tenderer and bidder pursuant to the relevant rules and regulations of the PRC, which is subject to the inspection of relevant departments of the PRC government.

The Group as the tenderer

In relation to the Construction Framework Agreement, the Group shall act as the tenderer via the relevant business department of the responsible construction unit of the Company and its subsidiaries, and the bid evaluation panel (comprised of bid evaluation experts and subject to the supervision of the government administration authorities of the PRC) will select the contractor for the construction works (excluding emergency rescue construction works) by conducting a comparison of the prices and service terms offered by all bidders so as to grant the construction works to the bidder who offers the best price and/or the service terms pursuant to the bid evaluation methods publicly published in the tender documents. As the tenderer, the Group could set out requirements on construction projects, bidders' experience, historical achievements and abilities, and other information based on the principle of non-exclusivity pursuant to the relevant regulations in the process of open tender and bidding for all bidders' reference.

(b) For transactions for emergency rescue construction works

Tender may not be carried out pursuant to relevant regulations in the PRC under special circumstances involving national security, emergency rescue and disaster relief, and for projects which are not applicable to tender in accordance with the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), the Regulations on the Implementation of the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》) (Order of the State Council No. 613) and other rules and regulations. Hence, emergency rescue construction works under the Construction Framework Agreement need not be carried out by tender pursuant to the aforesaid regulations.

The Group as the contract letting party and Shudao Investment Group as the contractor of emergency rescue construction works

For emergency rescue construction works under the Construction Framework Agreement, where the Group is the contract letting party and Shudao Investment Group is the contractor of construction works, the consideration is determined by the relevant business department under the unit responsible for construction of the Company and its subsidiaries with reference to the recent bidding prices of similar type of construction works. The bidding prices of recent similar type of construction works refer to the bidding prices of the recent similar type of construction works (including but not limited to general condition of construction works, technical standard adopted in the construction, anticipated construction period and engineering quantity, etc.) determined through procedures for tender and bidding held by the Group or an independent third party which Shudao Investment Group participated in.

If the bidding price of similar type of construction works is not available, the consideration shall be determined by the pricing consulting agencies (primarily a public institution or state-owned enterprise, being an independent third party under supervision and administration from the government administrative authorities of PRC and with relevant professional qualification) in accordance with the pricing basis and methods issued by the national or provincial authorities of the PRC.

(ii) Internal control measures in relation to the payment terms

The payment terms of the Construction Framework Agreement are determined based on the general condition of the construction site, construction works progress and technical standard of construction works, which are disclosed to all potential bidders (including connected persons and independent third parties) under the tender documents. After the winner of the tender is decided, the relevant business department in charge of construction works of the Company and/or its subsidiaries will make sure that both parties will determine the specific payment method according to the payment terms set out in the tender documents. Payment terms are determined on normal commercial terms and in a fair and reasonable manner, and shall be the same regardless the winner of the tender is a connected person or an independent third party.

(iii) Other internal control measures

At the same time, in order to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted the following measures to monitor the transactions under the Construction Framework Agreement:

- (1) After the Construction Framework Agreement was proposed and reported by the department responsible for connected transactions, the Directors (including independent Directors) conducted investigation on the necessity and reasonableness of the connected transaction and fairness of pricing, and considered that the transaction terms are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Meanwhile, the Directors recognize the importance of good corporate governance in protection of the Shareholders' interests as well as resolving actual and/or potential conflict of interests between the Company, and its controlling shareholder and Directors. As such, though the Directors (including Directors who are holding directorship and/or under the employment of Shudao Investment Group ("**Interested Directors**")) participate in the abovementioned investigation and would monitor the implementation and execution of the transactions under the Construction Framework Agreement, the Interested Directors have abstained from voting on the Board resolutions approving the Construction Framework Agreement. The Interested Directors holding Shares of the Company would also abstain from voting at the EGM. Further, it has been the established practice of the Company to require Interested Directors to abstain from voting on relevant resolutions in relation to transactions with Shudao Investment in Board meetings and general meetings.
- (2) The Supervisory Committee of the Company has effectively supervised the consideration and voting of the Construction Framework Agreement, and also reviewed and approved such Construction Framework Agreement.

- (3) The Board Office (董事會辦公室) and the Discipline Inspection Unit (紀檢工作部) of the Company will review the transaction under the Construction Framework Agreement on a regular basis, so as to consider (i) the effective implementation of the pricing policy and the payment method as well as the appraisal of the balance of the annual cap; (ii) identify management weakness, and make recommendations for improvement to ensure that the internal control measures in respect of the transactions under the Construction Framework Agreement remain complete and effective and the Company will take measures to address the weakness identified, if any, as soon as practicable.
- (4) The Discipline Inspection Unit of the Company will conduct internal checks at least twice a year to ensure that internal control measures in respect of the transactions under the Construction Framework Agreement remain complete and effective.

ABSTENTION IN BOARD RESOLUTIONS AND AT THE EGM

As Mr. Li Wenhui and Mr. Li Chengyong held positions in Shudao Investment Group, they are regarded as being interested in the Construction Framework Agreement and therefore have abstained from voting on the Board resolutions to approve the said agreement. Saved and except for the aforesaid, none of the Directors has any material interest in the Construction Framework Agreement and was required to abstain from voting on the Board resolutions in relation to the said agreement.

In view of Shudao Investment's interest in the Construction Framework Agreement, Shudao Investment, the controlling shareholder which holds 35.865% equity interest in the Company, and its associates will abstain from voting at the EGM on the resolution in relation to the Construction Framework Agreement.

INFORMATION ON THE PARTIES TO CONSTRUCTION FRAMEWORK AGREEMENT

The Company is principally engaged in the investment, construction, operation and management of road infrastructure projects in Sichuan Province, the PRC, as well as the operation of other businesses related to toll roads.

Shudao Investment is a state-owned enterprise established in the PRC. Its business covers four major sectors including road and railway investment, construction, operation, related diversified industries (transportation engineering construction, transportation logistics, transportation services, new urbanization construction along transportation line, engineering design consulting, etc.), smart transportation and industry-finance integration.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shudao Investment is a controlling shareholder of the Company which holds approximately 35.865% of the issued Shares of the Company. Therefore, Shudao Investment is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. As one or more applicable percentage ratios (other than the profit ratio) in respect of the Construction Framework Agreement are, on an annual basis, over 5%, the Construction Framework Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

An Independent Board Committee has been formed to consider whether the terms of the Construction Framework Agreement and the transactions contemplated thereunder, and the annual cap for the year from 1 January 2022 to 31 December 2022 are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. Halcyon Capital has been appointed by the Company as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (i) further details of the transactions contemplated under the Construction Framework Agreement; (ii) the recommendation of the Independent Board Committee in connection with the Construction Framework Agreement; (iii) the advice of Halcyon Capital in connection with the Construction Framework Agreement; and (iv) a notice convening the EGM will be despatched to the Shareholders on or before 6 December 2021.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“A Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the Shanghai Stock Exchange (stock code: 601107)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Sichuan Expressway Company Limited* (四川成渝高速公路股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Framework Agreement”	the construction framework agreement entered into between the Company and Shudao Investment on 16 November 2021
“Construction Works”	the construction works contracted by Shudao Investment Group from the Group under the Construction Framework Agreement, details of which are set out in the section of major terms of the Construction Framework Agreement – Content of Transaction
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve, among others, the Construction Framework Agreement and the transactions contemplated thereunder
“Expansion Construction Project”	expansion construction project for Chengdu to Leshan Expressway
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the main board of the Stock Exchange (stock code: 00107)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Financial Advisor” or “Halcyon Capital”	Halcyon Capital Limited, a licensed corporation under the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial advisor to the Independent Board Committee and the Independent Shareholders in respect of the Construction Framework Agreement and the transactions contemplated thereunder

“Independent Shareholders”	Shareholders who are not required to abstain from voting on relevant resolutions at the EGM due to their material interests in Construction Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Previous Construction Framework Agreement”	the construction framework agreement entered into between the Company and STIG on 19 November 2020 in respect of contracting certain construction services from the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Shudao Investment”	Shudao Investment Group Company Limited* (蜀道投資集團有限責任公司), the controlling shareholder of the Company, subject to completion of the share transfer procedures disclosed in the announcement of the Company dated 28 May 2021 by Shudao Investment
“Shudao Investment Group”	Shudao Investment and its subsidiaries (other than the Group)
“STIG”	Sichuan Transportation Investment Group Company Limited* (四川省交通投資集團有限責任公司), the former controlling shareholder of the Company, the rights and obligations contained in the Previous Construction Framework Agreement have been undertaken by Shudao Investment from 28 May 2021
“STIG Group”	STIG and its subsidiaries (other than the Group)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	A Shares and H Shares
“Shareholders”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supervisor(s)” the supervisors of the Company

“%” per cent

By order of the Board
Sichuan Expressway Company Limited*
Zhang Yongnian
Company Secretary

Chengdu, Sichuan, the PRC
16 November 2021

As at the date of this announcement, the Board comprises Mr. Gan Yongyi (Chairman), Mr. Li Wenhui (Vice Chairman), Madam Ma Yonghan, Mr. You Zhiming and Mr. He Zhuqing as executive Directors, Mr. Li Chengyong as non-executive Directors, Mr. Yu Haizong, Madam Liu Lina, Mr. Yan Qixiang and Madam Bu Danlu as independent non-executive Directors.

* *For identification purposes only*