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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)

**DISCLOSEABLE TRANSACTION AND CONNECTED
TRANSACTION IN RELATION TO
THE EQUITY TRANSFER AGREEMENT**

Financial adviser to the Company



**Lego Corporate
Finance Limited**
力高企業融資有限公司

**Independent financial adviser to the Independent Board Committee and
Independent Shareholders**



EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that, on 30 June 2022, the Company and Shudao Capital entered into the Equity Transfer Agreement, pursuant to which the Company agreed to dispose of and Shudao Capital agreed to purchase the Sale Equity Interest at a consideration of RMB296,670,000 in cash.

Upon Completion, Chengyu Financial Leasing will cease to be an indirect subsidiary of the Company and the financial results of Chengyu Financial Leasing will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shudao Capital is a subsidiary of Shudao Investment, the controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, and the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders on the Equity Transfer Agreement. Halcyon Capital has been appointed as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL INFORMATION

According to the Listing Rules, a circular containing (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee in respect of the Equity Transfer Agreement; (iii) the advice of the Independent Financial Adviser in respect of the Equity Transfer Agreement; and (iv) a notice convening the EGM is required to be despatched to the Shareholders within 15 business days after publication of this announcement, being on or before 22 July 2022. As additional time is required to prepare and finalise certain information to be included in the circular, the circular is expected to be despatched on or before 29 July 2022.

INTRODUCTION

The Board is pleased to announce that on 30 June 2022, the Company entered into the Equity Transfer Agreement with Shudao Capital, pursuant to which the Company agreed to dispose of and Shudao Capital agreed to purchase the Sale Equity Interest at a consideration of RMB296,670,000 in cash.

Upon Completion, Chengyu Financial Leasing will cease to be an indirect subsidiary of the Company and the financial results of Chengyu Financial Leasing will no longer be consolidated into the consolidated financial statements of the Group.

EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

- Date** : 30 June 2022
- Parties** : (i) the Company, as the vendor; and
(ii) Shudao Capital, as the purchaser
- Subject matter** : Subject to terms and conditions under the Equity Transfer Agreement, the Company agreed to dispose of and Shudao Capital agreed to purchase the Sale Equity Interest, representing 44.95% any equity interest in Chengyu Financial Leasing. Upon Completion, the Company will no longer directly hold equity interest in Chengyu Financial Leasing, but it will still hold 25.05% equity interest in Chengyu Financial Leasing through CSI SCE Investment, a wholly-owned subsidiary of the Company, and therefore, Chengyu Financial Leasing will no longer be an indirect subsidiary of the Company.
- Consideration and payment** : Shudao Capital agreed to purchase the Sale Equity Interest at a consideration of RMB296,670,000 in cash. The consideration for the Sale Equity Interest was determined by both parties after arm's length negotiation based on the appraised value of the entire equity interest in Chengyu Financial Leasing as at the Valuation Benchmark Date as appraised by the PRC Valuer using the market approach, being RMB 660,000,000.

Pursuant to the Equity Transfer Agreement, Shudao Capital shall pay 30% of the consideration for the Sale Equity Interest to the designated account of the Company within 5 business days from the effective date of the Equity Transfer Agreement, and the remaining consideration shall be paid to the Company before the Completion Date.

Starting from the sixth business day from the effective date of the Equity Transfer Agreement, Shudao Capital shall, in respect of the remaining consideration, calculate the interest on a daily basis in accordance with the latest loan prime rate (LPR) promulgated by the National Interbank Funding Center on the effective date of the Equity Transfer Agreement, and shall pay the above interest and consideration before the Completion Date.

- Settlement of shareholder's loan** : As of 31 December 2021, the remaining principal and interest of shareholder's loan owed by Chengyu Financial Leasing to the Company amounted to approximately RMB880 million in aggregate. On the date falling one week prior to the Completion Date, Chengyu Financial Leasing shall repay to the Company the remaining principal of the outstanding shareholder's loan and all the outstanding relevant interest accrued up to such date.
- Conditions precedent** : The Equity Transfer Agreement shall come into effect upon the fulfillment of the following conditions:
- (i) the Equity Transfer Agreement having been duly signed by the Company and Shudao Capital;
 - (ii) the transfer of the Sale Equity Interest has been approved by the relevant regulatory authorities (including but not limited to relevant government departments, domestic and overseas securities regulatory authorities, etc.); and
 - (iii) the Company having complied with the relevant requirements under the Listing Rules in respect of the transactions contemplated under the Equity Transfer Agreement, including but not limited to reporting to the Stock Exchange and the SSE, making announcements and obtaining Independent Shareholders' approval in respect of the Equity Transfer Agreement.

Arrangement for Transitional Period : Chengyu Financial Leasing shall not carry out or determine the distribution of profit during the Transitional Period, and the profit and loss during the Transitional Period shall be audited by an accounting firm, and the Company shall be entitled to and assume the profit or loss in proportion to its shareholding. The calculation period of the profit and loss during the Transitional Period is from the Valuation Benchmark Date to the end of the month in which the registration of industrial and commercial changes is completed.

If Chengyu Financial Leasing records net profit during the Transitional Period, Chengyu Financial Leasing shall, within 45 business days from the Completion Date (i.e. no later than 25 December 2022), pay the Company the portion of such profit which the Company shall be entitled to in proportion to its corresponding shareholding.

If Chengyu Financial Leasing records net loss during the Transitional Period, the Company shall, within 45 business days from the Completion Date (i.e. no later than 25 December 2022), pay the Shudao Capital the portion of such loss which the Company shall be borne in proportion to its corresponding shareholding.

Information on Chengyu Financial Leasing

Chengyu Financial Leasing is a joint stock limited liability company established in the PRC on 13 April 2015. As at the date of this announcement, Chengyu Financial Leasing was owned as to 44.95% by the Company, 25.05% by CSI SCE Investment, a wholly-owned subsidiary of the Company, and 30.00% by Chengdu International Aviation. Its business scope covers financial leasing business; operating leasing business; acquisition of domestic and foreign leased property; dealing with and maintaining residual value of leased property; advisory and guarantee services for leasing transaction; consultation service for enterprise management, advisory service for investment in industry projects; wholesale of machinery and accessories; commission agency (excluding auction); import and export and related services (excluding goods administrated and operated by the State, or goods involving quota management, license management or other specific regulations and management which shall follow the relevant regulations of the PRC).

The table below illustrates the audited financial information of Chengyu Financial Leasing for the two years ended 31 December 2021:

	For the year ended 31 December 2020 <i>(audited)</i> <i>RMB million</i>	For the year ended 31 December 2021 <i>(audited)</i> <i>RMB million</i>
Revenue	169.7	198.6
Profit before taxation	67.3	28.0
Profit after taxation	51.1	21.0

As at 31 December 2021, the total assets and net assets value of Chengyu Financial Leasing were approximately RMB2,926.6 million and RMB622.8 million, respectively.

Based on the valuation on the Sale Equity Interest performed by the PRC Valuer, the appraised total assets and net assets value of Chengyu Financial Leasing as at the Valuation Benchmark Date were approximately RMB3,011.8 million and RMB640.7 million, respectively.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, Chengyu Financial Leasing will cease to be a subsidiary of the Company. The financial result of Chengyu Financial Leasing will no longer be consolidated into the Group's financial statements.

Assuming Completion took place on 31 August 2021, it is expected that there will be a gain before tax of approximately RMB8.7 million (subject to the relevant expenses and subject to audit) arising from the Disposal, being the consideration to be received of approximately RMB296.7 million minus the unaudited net assets value of the Sale Equity Interest of approximately RMB288.0 million as at 31 August 2021.

The actual gain or loss in connection with the Disposal will be assessed after Completion.

REASONS FOR AND BENEFIT OF THE DISPOSAL

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

The estimated proceeds from the Disposal in the total sum of RMB296.7 million (before taxation) will be used as the Company's working capital to enhance the robustness of the Group's operations. The Disposal will allow the Group to optimise its asset structure by realising a gain from the partial disposal of non-core business and improve its resources utilisation efficiency.

The Directors (excluding the independent non-executive Directors whose opinions will be set forth in the circular of the Company to shareholders after having been advised by the Independent Financial Adviser) consider that the terms of the Equity Transfer Agreement and the Disposal are on normal commercial terms, which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE COMPANY

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

INFORMATION ON SHUDAO CAPITAL

Shudao Capital Holding Group Co., Ltd. is a limited liability company established under the laws of the PRC, and a connected person of the Company. As at the date of this announcement, Shudao Capital was owned as to 51% by Sichuan Tibetan Area Expressway Co., Ltd.* (四川藏區高速公路有限責任公司), 46.1553% by Shudao Investment and 2.8447% Sichuan Expressway Construction and Development Group Co., Ltd.* (四川高速公路建設開發集團有限公司). Its business scope includes project investment and asset management of investment, investment information enquiry, financing information enquiry (illegal fund-raising, absorbing public capital and other finance activities are prohibited), corporate management consultancy, financial consultancy (excluding agency bookkeeping), and corporate management services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shudao Capital is a subsidiary of Shudao Investment, the controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, and the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders on the Equity Transfer Agreement. Halcyon Capital has been appointed as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

ABSTENTION FROM VOTING ON BOARD RESOLUTIONS AND ABSTENTION FROM VOTING AT THE EGM

As Mr. Li Chengyong, a non-executive Director, serves as the deputy general manager of the financial management department of Shudao Investment, he is regarded as being interested in the Disposal, and therefore, he has abstained from voting on the Board resolutions in relation to the approval of the Equity Transfer Agreement. Save as mentioned above, none of the Directors has material interest in the Disposal and is required to abstain from voting on the Board resolutions in relation to the Equity Transfer Agreement.

As Shudao Investment is interested in the Disposal, Shudao Investment (the controlling Shareholder of the Company holding approximately 37.025% equity interest in the Company as at the date of this announcement) and its associates will abstain from voting on the resolution in relation to the Equity Transfer Agreement at the EGM.

GENERAL INFORMATION

According to the Listing Rules, a circular containing (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee in respect of the Equity Transfer Agreement; (iii) the advice of the Independent Financial Adviser in respect of the Equity Transfer Agreement; and (iv) a notice convening the EGM is required to be despatched to the Shareholders within 15 business days after publication of this announcement, being on or before 22 July 2022. As additional time is required to prepare and finalise certain information to be included in the circular, the circular is expected to be despatched on or before 29 July 2022.

DEFINITIONS

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

“A Share(s)”	the ordinary share(s) of the Company with a par 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 in the Listing Rules
“Board”	the board of Directors
“Chengdu International Aviation”	Chengdu International Aviation Hub Development and Construction Co., Ltd. (成都國際航空樞紐開發建設有限公司), which holds 30.00% equity interest in Chengyu Financial Leasing as at the date of this announcement
“Chengyu Financial Leasing”	Chengyu Financial Leasing Company Limited (成渝融資租賃有限公司), a joint stock limited liability company established under the laws of the PRC, being an indirect subsidiary of the Company, and was owned as to 44.95% by the Company, 25.05% by CSI SCE Investment, a wholly-owned subsidiary of the Company, and 30.00% by Chengdu International Aviation as at the date of this announcement
“Company”	Sichuan Expressway Company Limited* (四川成渝高速公路股份有限公司), a joint stock 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
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Equity Transfer Agreement
“Completion Date”	the date of completion of the registration of industrial and commercial changes of Chengyu Financial Leasing (no later than 31 October 2022) according to the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules

“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“CSI SCE Investment”	CSI SCE Investment Holding Limited (信成香港投資有限公司), a wholly-owned subsidiary of the Company, which holds 25.05% equity interest in Chengyu Financial Leasing as at the date of this announcement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Equity Interest to Shudao Capital by the Company pursuant to the Equity Transfer Agreement
“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and Shudao Capital in respect of the Disposal on 30 June 2022
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) of the Company with a par 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)
“Halcyon Capital” or “Independent Financial Adviser”	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 Securities and Futures Ordinance, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder
“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 Shareholder(s)”	Shareholder(s) other than Shudao Investment and its associates and shareholder(s) not involved or interested in the transactions contemplated under the Equity Transfer Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange and/or the rules governing the listing of stocks on the SSE, as the case may be
“PRC” or “China”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Valuer”	Beijing North Asia Asset Assessment Firm (Special General Partnership)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity Interest”	the 44.95% equity interest in Chengyu Financial Leasing held by the Company as at the date of this announcement
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Shudao Capital”	Shudao Capital Holding Group Co., Ltd. (蜀道資本控股集團有限公司), a limited liability company established under the laws of the PRC, and was owned as to 51% by Sichuan Tibetan Area Expressway Co., Ltd.* (四川藏區高速公路有限責任公司), 46.1553% by Shudao Investment and 2.8447% Sichuan Expressway Construction and Development Group Co., Ltd.* (四川高速公路建設開發集團有限公司) as at the date of this announcement
“Shudao Investment”	Shudao Investment Group Co., Ltd. (蜀道投資集團有限責任公司), the controlling shareholder of the Company
“SSE”	the Shanghai Stock Exchange

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transitional Period”	the period from the Valuation Benchmark Date (inclusive) to the Completion Date (inclusive)
“Valuation Benchmark Date”	31 August 2021
“Valuation Report”	the asset valuation report in respect of the appraised value of the entire equity interest in Chengyu Financial Leasing as at the Valuation Benchmark Date, which was issued by the PRC Valuer on 16 January 2022
“%”	per cent

By order of the Board
Sichuan Expressway Company Limited*
Yao Jiancheng
Joint Company Secretary

Chengdu, Sichuan Province, the PRC
30 June 2022

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. Liu Changsong (Vice Chairman) and 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 purpose only*