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Chengdu Expressway Co., Ltd.
成都高速公路股份有限公司

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

(Stock Code: 01785)

CONNECTED TRANSACTION
ENTERING INTO THE BORROWING AGREEMENT

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The Board hereby announces that on 16 June 2022, the Company entered into the Borrowing Agreement with Chengming Company, pursuant to which, the Company agreed to provide Chengming Company with the Borrowing in an amount of RMB35 million.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Chengming Company is held as to 51% and 49%, respectively, by the Company and Chengdu Expressway Construction, a controlling shareholder of the Company. Accordingly, Chengming Company is a connected subsidiary of the Company, and the transaction contemplated under the Borrowing Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the transaction contemplated under the Borrowing Agreement exceeds 0.1%, but all of such applicable percentage ratios are lower than 5%, the Borrowing Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirement.

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PRINCIPAL TERMS OF THE BORROWING AGREEMENT

Date : 16 June 2022

Parties : (1) the Company, as the lender; and
(2) Chengming Company, as the borrower

Principal and purpose of the Borrowing : RMB35 million, which shall be used to repay the consortium loans of Chengming Company. Chengming Company shall go through the formalities required for repaying such consortium loans within 15 days from receipt of the Borrowing. Without the written consent of the Company, Chengming Company shall neither change the purpose of the Borrowing nor lend the Borrowing to other parties

Term of the Borrowing : One year commencing from the date on which Chengming Company receives the Borrowing. Upon expiry of the term, Chengming Company shall repay the principal of the Borrowing and interest accrued thereon in one lump sum with its own funds

Provided that the borrowing term shall be not less than 270 days, Chengming Company, after obtaining the consent of the Company, shall have the right to repay the Borrowing in advance, in which case, the interest thereon shall be accrued based on the actual borrowing term at the daily interest rate detailed below

Where Chengming Company may not be able to repay the Borrowing as scheduled as a result of deterioration in its operation condition, the Company shall have the right to demand early repayment of the Borrowing. In such event, if the actual borrowing term is less than 270 days, the interest shall be accrued based on 270 days at the daily interest rate detailed below; and if the actual borrowing term exceeds 270 days (inclusive), the interest shall be accrued based on the actual borrowing term at the daily interest rate detailed below

Interest rate : Annual interest rate of 2.8%, which was determined after arm’s length negotiations between the parties with reference to the annual interest rate of the ultra-short-term debentures of 2.37%, and the issuance cost of the portion of ultra-short-term debentures of which the proceeds will be used to finance the Borrowing. In case of the aforementioned situation resulting in the actual borrowing term to be less than one year, the interest shall be accrued on a daily basis at the rate to be calculated as follows: daily interest rate = annual interest rate/360 days

Advancement of the Borrowing : To be advanced in one lump sum upon entering into the agreement

The 270-day term as stated above represents the term of the ultra-short-term debentures of the Company, proceeds from which will be partially used to finance the Borrowing.

REASONS FOR AND BENEFITS OF ENTERING INTO THE BORROWING AGREEMENT

The Company has successfully issued the ultra-short-term debentures of RMB300 million on 31 May 2022. The Company proposes to lend RMB35 million out of the proceeds raised from the abovementioned ultra-short-term debentures to Chengming Company for early repayment of its consortium loans due in November 2022 with an amount of RMB33 million and May 2023 with an amount of RMB2 million. The Borrowing to be advanced by the Company to Chengming Company will carry an annual interest rate of 2.8%, while the annual interest rate of consortium loans upon early repayment by Chengming Company is expected to be 4.11%. Taking into account the amount of the consortium loans which can be repaid in advance with the Borrowing from the Company and partial consortium loans due in May 2023 which may be repaid by Chengming Company in advance following the improvement in its cash flow position, it is therefore expected that early repayment of the consortium loans will save interest expenses of approximately RMB400,000 in aggregate for the Group. Considering that the annual interest rate charged by the Company to Chengming Company is higher than the comprehensive issuance cost of the portion of ultra-short-term debentures of which the proceeds will be used to finance the Borrowing, i.e. the sum of the annual interest rate of the ultra-short-term debentures of 2.37% and the issuance cost of such portion of ultra-short-term debentures, and the interest period of the Borrowing is not less than the term of the ultra-short-term debentures, the interest to be charged by the Company to Chengming Company will be higher than the comprehensive financing cost of the portion of the ultra-short-term debentures of which the proceeds will be used to finance the Borrowing, and early repayment of the consortium loans by Chengming Company will reduce the overall finance cost of the Group.

Accordingly, the Directors (including the independent non-executive Directors) are of the opinion that, although the Borrowing Agreement and the transaction contemplated thereunder are not entered into in the usual and ordinary course of business of the Company, the terms thereof constitute normal commercial terms, are fair and reasonable, and in the interests of the Company and the shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES

The Company

The Company is primarily engaged in operating, managing and developing Chengguan Expressway. The Group is primarily engaged in operating, managing and developing expressways in Chengdu, Sichuan Province and its surrounding areas, and also carries out retail of refined oil and operation of natural gas. Chengdu Expressway Construction is an immediate controlling shareholder of the Company, is principally engaged in the construction and development of toll expressways, large-scale overpasses, stations, ancillary facilities and properties alongside toll expressways in Sichuan Province, and is owned as to 81.51% by Chengdu Communications Investment. Chengdu Communications Investment is principally 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).

Chengming Company

Chengming Company is a subsidiary of the Company, which is entitled to the service concession rights of Qiongming Expressway and is primarily engaged in the management and operation of Qiongming Expressway.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Chengming Company is held as to 51% and 49%, respectively, by the Company and Chengdu Expressway Construction, a controlling shareholder of the Company. Accordingly, Chengming Company is a connected subsidiary of the Company, and the transaction contemplated under the Borrowing Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the transaction contemplated under the Borrowing Agreement exceeds 0.1%, but all of such applicable percentage ratios are lower than 5%, the Borrowing Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirement.

As Mr. Xiao Jun, being a non-executive Director, is also a director of Chengdu Communications Investment, and Mr. Zhang Dongmin and Mr. Luo Dan, being executive Directors, are also directors of Chengming Company, they are therefore deemed to be materially interested in the Borrowing Agreement and the transaction contemplated thereunder, and have abstained from voting on the relevant resolution at the Board meeting. Save as disclosed above, no other Director has a material interest in the Borrowing Agreement and the transaction contemplated thereunder and was required to abstain from voting on the relevant resolution at the Board meeting.

DEFINITIONS

“Board”	the board of Directors
“Borrowing”	the borrowing in the principal of RMB35 million to be advanced by the Company to Chengming Company pursuant to the terms of the Borrowing Agreement
“Borrowing Agreement”	the borrowing agreement dated 16 June 2022 entered into between the Company, as the lender, and Chengming Company, as the borrower, in relation to the provision of the Borrowing
“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 Expressway Construction”	Chengdu Expressway Construction and Development Co., Ltd. (成都高速公路建設開發有限公司), a company incorporated in the PRC with limited liability on 25 June 1996, which is one of the controlling shareholders of the Company

“Chengming Company”	Sichuan Chengming Expressway Co., Ltd. (四川成名高速公路有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company with 51% of its equity interests held by 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 of Hong Kong Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

On behalf of the Board
Chengdu Expressway Co., Ltd.
Xiao Jun
Chairman

Chengdu, the PRC, 16 June 2022

As at the date of this announcement, the Board of the Company comprises Mr. Yang Tan, Ms. Wang Xiao, Mr. Zhang Dongmin 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.