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中國華融資產管理股份有限公司

China Huarong Asset Management Co., Ltd.

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

(Stock Code: 2799)

DISCLOSEABLE TRANSACTION ENTERING INTO THE SHARE TRANSFER AGREEMENT

The Board announced that on 20 November 2023, the Company entered into a Share Transfer Agreement with Zhongxin No.1, pursuant to which, Zhongxin No.1 intended to transfer 358,330,000 tradable shares held by it in China Merchants Expressway (equivalent to 5.776% of the total share capital of China Merchants Expressway as of the date of this announcement) (the “**Underlying Shares**”) to the Company for a consideration of RMB3,009,972,000 (the “**Transaction**”). The Transaction is subject to approval by domestic regulatory authorities.

As the highest applicable percentage ratio calculated in respect of the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company in accordance with Chapter 14 of the Listing Rules, which is therefore subject to the reporting and announcement requirements but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

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Main Terms of the Share Transfer Agreement

Date

20 November 2023

Parties

Zhongxin No.1, as the transferor; and

The Company, as the transferee

To the knowledge, information and belief of the Directors after making all reasonable inquiries, Zhongxin No.1 and its ultimate beneficial owner are independent third parties other than the Company and its connected persons.

Transfer Target and Price Payment

Zhongxin No.1 transfers 358,330,000 tradable shares held by it in China Merchants Expressway (equivalent to 5.776% of the total share capital of China Merchants Expressway as of the date of this announcement) to the Company. The transfer price of the Transaction is RMB8.4 per share, and the total transfer price is RMB3,009,972,000.

The transfer price of the Transaction shall be paid in three installments to the account as agreed in the Share Transfer Agreement. The specific payment method and amount are as follows:

- (1) The Company shall pay the down payment, i.e. RMB586,944,540, to Zhongxin No.1 within 10 trading days from the signing date of the Share Transfer Agreement;
- (2) The Company shall pay the second installment of the share transfer price, i.e. RMB2,347,778,160, to Zhongxin No.1 within 10 trading days from the date when the register for the agreed transfer of the Underlying Shares is completed, i.e. the date on which the Underlying Shares are transferred to the Company;
- (3) The Company shall pay the remaining transfer price, i.e. RMB75,249,300, to Zhongxin No.1 at the earliest of the following dates: (i) within 10 trading days after receiving the 2023 annual dividend of China Merchants Expressway; (ii) within 10 trading days after the publication of the announcement by China Merchants Expressway of no equity distribution or cancelation of equity distribution for 2023; (iii) 30 September 2024; and
- (4) If the Transaction still fails to obtain the compliance confirmation documents of the SZSE within one month after the signing of the Share Transfer Agreement, it shall be deemed to have failed, and Zhongxin No.1 shall return the down payment, which was paid by the Company, to the Company without interest within three working days (after deducting the corresponding liquidated damages, if any). The Share Transfer Agreement will be terminated automatically and both parties shall not pursue the liability for termination against each other.

Taxes arising from the Transaction shall be borne by each of the subjects of obligations stipulated in relevant laws, regulations or regulatory documents.

Basis for Determination of the Consideration

The consideration of the Transaction was determined after arm's length negotiation between the transferor and the transferee, taking into consideration the following factors: (1) with reference to the requirements under Rule 10 of the Guidelines on Share Transfer of Listed Companies through Agreement on the Shenzhen Stock Exchange (2021 Revision) (《深圳證券交易所上市公司股份協議轉讓業務辦理指引(2021年修訂)》), the share transfer of a listed company shall be based on the closing price of the transferred shares in the secondary market on the trading day preceding the date of entering into the agreement, and the price shall range from 90% to 110% of the closing price on the trading day preceding the date of entering into the agreement. The transfer price of the Transaction was RMB8.4 per share, representing 90.71% of the closing price of China Merchants Expressway of RMB9.26 per share on the trading day preceding the date of entering into the Share Transfer Agreement; (2) the corresponding net assets per share for 30 September 2023 is RMB9.09 per share in the latest financial statements of China Merchants Expressway; and (3) other factors set out in the section headed "Reasons and Benefits of the Transaction" below.

Completion

After the Company pays the down payment as agreed in the Share Transfer Agreement, both parties to the agreement shall jointly submit an application for confirmation of the compliance of the transfer of the Underlying Shares to the SZSE at the earliest date permitted by the laws of the PRC.

Within 5 working days after obtaining the confirmation documents from the SZSE in respect of the Transaction, both parties to the agreement shall jointly apply to the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited ("CSDC") for the transfer and registration of the Underlying Shares. Once the Underlying Shares have been transferred to and registered under the name of the Company, it shall be deemed as the completion of the closing of the Underlying Shares. From the date of completion of closing, the Company, as a shareholder of a listed company, shall be entitled to the rights and assume the obligations of shareholders in respect of the Underlying Shares in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Articles of Association of the Listed Companies.

Liability for Breach of Contract

If any party to the Share Transfer Agreement fails to fulfil its obligations or undertakings under the Share Transfer Agreement, or if any statement, representation or warranty made by any party to the Share Transfer Agreement therein is fraudulent or false, which has a significant impact on the performance of the Share Transfer Agreement, then such party shall constitute a breach of contract, and the non-breaching party is entitled to choose to continue to perform or unilaterally rescind the Share Transfer Agreement and require the breaching party to compensate for losses.

If the Company fails to pay the share transfer price as agreed in the Share Transfer Agreement, the Company shall pay the liquidated damages at a rate of 0.05% of the unpaid transfer price payable to Zhongxin No.1 for each day overdue. If the Company fails to make the overdue payment for more than 15 days, Zhongxin No.1 shall have the right to require the Company to continue to perform or unilaterally rescind the Share Transfer Agreement; if Zhongxin No.1 requests the Company to continue to perform the Share Transfer Agreement, the liquidated damages for the overdue will be charged as agreed aforesaid. In the event that Zhongxin No.1 elects to rescind the Share Transfer Agreement, the Company shall pay the liquidated damages of 20% of the total transfer price of the Underlying Shares to Zhongxin No.1.

If no application for compliance confirmation is submitted to the SZSE or no application is made to the CSDC for registration of the transfer of shares within the time limit as agreed in the Share Transfer Agreement due to the intentional delay of either party, the breaching party shall pay the liquidated damages at a rate of 0.05% of the transfer price to the non-breaching party for each day overdue.

If Zhongxin No.1 fails to return the down payment paid by the Company as agreed in the Share Transfer Agreement, Zhongxin No.1 shall pay the liquidated damages to the Company at a rate of 0.05% of the outstanding price repayable for each day overdue.

If any party breaches the terms of this Share Transfer Agreement, the breaching party shall, in addition to being liable for the breach in accordance with the terms of the Share Transfer Agreement, be liable for the reasonable costs incurred by the non-breaching party in defending its rights, including but not limited to attorney fees, litigation costs, costs of preservation and other expenses.

Reasons and Benefits of the Transaction

The Transaction helps the Company to give full play to its main responsibilities and core businesses, so as to revitalize the existing assets of local state-owned enterprises. The Transaction can optimize the Company's assets allocation, which is expected to bring stable earnings to the Company and enhance the Company's sustainable operation.

The Directors believe that the terms of the Transaction have been entered into based on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Listing Rules Implications

As the highest applicable percentage ratio calculated in respect of the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company in accordance with Chapter 14 of the Listing Rules, which is therefore subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

General Information

(1) The Company

The Company mainly engages in such businesses as distressed asset management, financial services, and asset management and investment business in the PRC.

(2) Zhongxin No.1

Zhongxin No.1 is a limited partnership incorporated in the PRC and principally engages in equity investment (being a special fund established for investment in China Merchants Expressway). Zhongxin No.1 is held as to 0.1071% by Sino-Sin Fund, and as to 99.8929% by Chongqing Yufu Holding Group Co., Ltd (the ultimate beneficial owner of which is Chongqing SASAC), respectively.

(3) China Merchants Expressway

China Merchants Expressway is a joint stock limited liability company incorporated in the PRC, the shares of which are listed on the SZSE (stock code: 001965). China Merchants Expressway mainly engages in highway-related operating toll road business and transportation technology business.

Key financial data of China Merchants Expressway prepared in accordance with the China Accounting Standards for Business Enterprises are as follows:

In RMB Yuan

Items	For the year ended 31 December 2022	For the year ended 31 December 2021
Operating income	8,297,090,007.26	8,626,031,576.35
Total profit (net profit before tax)	5,612,909,142.41	5,938,575,622.51
Net profit (net profit after tax)	5,252,038,552.28	5,541,159,230.75

Items	As of 30 June 2023
Total assets	119,823,070,089.39
Net assets attributable to shareholders of listed companies	60,796,537,919.11

Definitions

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

“Board” or “Board of Directors”	the board of directors of the Company
“China Merchants Expressway”	China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司), a joint stock limited liability company incorporated in the PRC, the shares of which are listed on the SZSE (stock code: 001965)
“Chongqing SASAC”	Chongqing State-owned Assets Supervision and Administration Commission
“Company”	China Huarong Asset Management Co., Ltd., a joint stock limited liability company incorporated in the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ping An”	Ping An Insurance (Group) Company of China, Ltd., a joint stock limited liability company incorporated in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601318.SH) and the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 02318.HK)
“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer Agreement”	the share transfer agreement entered into by the Company with Zhongxin No.1 on 20 November 2023, pursuant to which, Zhongxin No.1 intended to transfer 358,330,000 tradable shares held by it in China Merchants Expressway (equivalent to 5.776% of the total share capital of China Merchants Expressway as of the date of this announcement) to the Company for a consideration of RMB3,009,972,000

“Sino-Sin Fund”	Sino-Singapore Connectivity Private Equity Fund Management Co., Ltd. (中新互聯互通投資基金管理有限公司), a limited liability company incorporated in the PRC. Sino-Sin Fund is held by (1) Chongqing Development Investment Co., Ltd (the ultimate beneficial owner of which is Chongqing SASAC) as to 32.5%, (2) Chongqing Yufu Investment Co., Ltd (the ultimate beneficial owner of which is Chongqing SASAC) as to 32.5%, (3) Chongqing Zhien Health Industry Investment Group Co., Ltd. (重慶植恩健康產業投資集團有限公司) (the ultimate beneficial owner of which is Huang Shan, a natural person) as to 25%, (4) Shenzhen Ping’an Financial Technology Consulting Co., Ltd. (which is wholly owned by Ping An) as to 5%, and (5) UOB Venture Management (Shanghai) Co., Ltd (優歐弼投資管理(上海)有限公司) (which is wholly owned by UOB) as to 5%, respectively
“SZSE”	Shenzhen Stock Exchange
“UOB”	United Overseas Bank Limited, a limited liability company incorporated in the Republic of Singapore, the shares of which are listed and traded on the Main Board of the Singapore Exchange (stock code: U11)
“Zhongxin No.1”	Chongqing Zhongxin No.1 Equity Investment Center (Limited Partnership) (重慶中新壹號股權投資中心(有限合夥)), a limited partnership incorporated in the PRC
“%”	percent

By order of the Board
China Huarong Asset Management Co., Ltd.
LIU Zhengjun
Chairman

Beijing, the PRC
20 November 2023

As at the date of this announcement, the Board comprises Mr. LIU Zhengjun and Mr. LI Zimin as executive directors; Ms. ZHAO Jiangping, Mr. ZHENG Jiangping, Mr. XU Wei and Mr. TANG Hongtao as non-executive directors; Mr. TSE Hau Yin, Mr. SHAO Jingchun, Mr. ZHU Ning and Ms. CHEN Yuanling as independent non-executive directors.