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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)

FURTHER ANNOUNCEMENT
CONNECTED TRANSACTION OF CAPITAL INCREASE
AGREEMENT IN RELATION TO AN ASSOCIATE OF
THE COMPANY

Reference is made to the announcement of Sichuan Expressway Company Limited* (the “**Company**”) dated 18 July 2024 (the “**Announcement**”), in relation to, among other things, the Capital Increase Agreement entered into between Shudao Financial Leasing (Shenzhen) Co., Ltd. (蜀道融資租賃(深圳)有限公司) (an associate and a connected person of the Company) and all its shareholders, namely Shudao Capital, Chengdu International Aviation and CSI SCE. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the consideration for the Capital Increase of RMB1,209,200,000 was determined with reference to the appraised market value of the Target Company as at the Valuation Benchmark Date as assessed by the PRC Independent Valuer adopting the market approach as set out in the Asset Valuation Report. In order to provide shareholders and potential investors with a better understanding of the valuation of the Target Company, details of the valuation approaches of the Target Company are summarized in the following supplement:

I. WORK SCOPE OF THE PRC INDEPENDENT VALUER, ANY RESTRICTIONS AND THE REASONS FOR SUCH RESTRICTIONS

(1) Work Scope of the PRC Independent Valuer

The purpose of the valuation was to estimate the value of the entire shareholders' equity interests in the Target Company and to express professional opinions in order to satisfy the needs of Shudao Capital for proposed capital increase in the Target Company. The target of the valuation was the value of the entire shareholders' equity interests in the Target Company. The scope of the valuation included all assets and liabilities involved in the Target Company, including current assets, long-term receivables, fixed assets, right-of-use assets, long-term deferred expenses, deferred tax assets and liabilities reflected in the balance sheet of the Target Company as of the Valuation Benchmark Date. The value of the entire shareholders' equity interests in the Target Company as shown in the audited asset valuation declaration form as at the Valuation Benchmark Date was RMB686,057,900.

(2) Restrictions and Reasons

As in the valuation, it was aimed to express opinions on the value of the entire shareholders' equity interests in the Target Company, the PRC Independent Valuer considered that the liquidity of the entire equity in the market was relatively good, and therefore in the valuation, there was no need to take into account the impact of a possible liquidity discount on the value of the target of the valuation.

In the valuation, opinions were expressed on the value of the entire shareholders' equity interests only, and the valuation conclusion involved no premium or discount arising from factors such as controlling interests and minority interests.

There are no restrictions in the scope of valuation for the valuation that may adversely affect the valuation of the target of valuation.

II. NATURE AND SOURCE OF INFORMATION RELIED ON

(1) Basis of Ownership

1. Business licence and articles of association of the Target Company;
2. Shareholding certificate and capital contribution certificate;
3. Vehicle registration certificate;
4. Contract and invoice for transfer of relevant property rights;
5. Other ownership certificates.

(2) Pricing and References

1. Handbook of Commonly Used Methods and Parameters for Asset Valuation (China Machine Press);
2. Regulations on Compulsory Scrap Standard for Motor Vehicles (Order [2012] No. 12 of the Ministry of Commerce, the National Development and Reform Commission, the Ministry of Public Security and the Ministry of Environmental Protection);
3. the exchange rates published by the State Administration of Foreign Exchange;
4. S&P Capital IQ;
5. Statistics and technical standards issued by relevant national authorities;
6. Audit reports of the Target Company for the year ended 31 December 2020 (XYZH/2021CDAA70165) and for the year ended 31 December 2021 (XYZH/2022CDAA70160) issued by Shinewing Certified Public Accountants (Special General Partnership);

7. Audit reports of the Target Company for the year ended 31 December 2022 (Tianzhi Ye Zi [2023] No. 14991) and for the eight months ended 31 August 2023 (Tianzhi Ye Zi [2023] No. 51081) issued by Baker Tilly China Certified Public Accountants (Special General Partnership);
8. Information on the analysis of the historical operating conditions of the Target Company;
9. Transaction information published by the property exchanges;
10. Information on interviews with the management of the Target Company;
11. Records of on-site survey by valuers, market enquiry and parameter information.

III. KEY INPUT PARAMETER VALUES AND ASSUMPTIONS, AND HOW THEY ARE DETERMINED AND TRANSLATED TO APPRAISED VALUE

(1) Valuation Approach

In the valuation, the PRC Independent Valuer used the results arrived at by adopting the market approach (transaction case comparison approach) as the valuation conclusion. Transaction case comparison approach refers to the specific method for determining the value of the target of valuation through obtaining and analysing information on sale, purchase and acquisition and merger cases of comparable companies, calculating the value ratios, and comparing and analysing such information with those on the valued entity. Based on the specific transaction purpose of the transaction cases, a suitable market multiplier in this case is selected as the object of study, and the possible market multiplier of the valued entity is arrived at by comparing the various financial indicators of the valued entity with those of the target companies in the transaction cases, on the basis of which the equity value of the valued entity is calculated.

(2) Key Assumptions of Valuation under Market Approach

1. It was assumed that market transactions in the comparable transaction cases were normal and orderly, that both parties to the transactions had access to and time for obtaining sufficient market information, and that the transactions between the parties to the transactions were conducted voluntarily, rationally, non-compulsively or without restriction;
2. It was assumed that the financial or other information involved in the comparable transaction cases obtained by the valuers from publicly available sources was true and reliable.

(3) Calculation of Appraised Value

1. Selection of transaction cases:

In accordance with the above selection criteria, the PRC Independent Valuer had screened and selected comparable transaction cases from property rights exchanges that had occurred recently, were conducting same business, had the same percentage of equity interests transacted in relevant transactions and had sufficient information published. The basic information of the transaction cases selected in the valuation are set out in Table I below.

2. Amendment to transaction cases:

Each of the comparable companies may differ from the valued entity in terms of growth and risk. Financial analysis model was adopted to conduct qualitative and quantitative analyses of the comparable companies and the valued entity, based on which appropriate adjustments were made to the value ratios. The differences between the valued entity and the comparable companies were quantified in terms of profitability, debt risks, operating growth and asset size mainly, and the main financial indicators were selected as factors for valuation of the comparable companies and the valued entity respectively, to calculate and arrive at the data for the corresponding indicators of each company. The adjusted average PB value was 1.03x, as shown in Table I below.

Table I:

No.	Transaction date	Transaction target	Transferee	Transferor	Percentage of equity interests acquired	Industry	Total transaction value (RMB0'000)	PB	Revision coefficient	PB after revision
1	2/12/2022	Jiangxi (Financial Holding) Finance Leasing Co., Ltd. (江西省金控融資租賃股份有限公司)	Shangrao Economic and Technology Development Zone Financial Holding (Group) Co., Ltd. (上饒經濟技術開發區金融控股(集團)有限公司)	Jiangxi B-Energy Industry Group Co., Ltd. (江西博能實業集團有限公司)	15.8%	Finance leasing industry	366,924.57	0.90	1.00	0.90
2	14/3/2022	Inner Mongolia Finance Leasing Co., Ltd. (內蒙古融資租賃有限公司)	Inner Mongolia Yindu Kanglv Eco-technology Co., Ltd. (內蒙古銀都康旅生態科技有限公司)	Inner Mongolia Transport Investment (Group) Co., Ltd. (內蒙古交通投資(集團)有限公司)	40.0%	Finance leasing industry	36,005.55	1.07	0.94	1.00
3	30/5/2023	Guomao Yingtai Finance Leasing (Xiamen) Co., Ltd. (國貿盈泰融資租賃(廈門)有限公司)	Fujian Shunlei Group Co., Ltd. (福建順磊集團有限公司)	Xiamen Guomao Huarui Investment Co., Ltd. (廈門國貿華瑞投資有限公司)	49.0%	Finance leasing industry	20,139.37	1.10	1.09	1.19
Average										1.03

(4) Results of Calculation

Formula: Equity value = (Value ratio × Corresponding parameters of valued entity) × (1–Liquidity discount (a)) + Non–operating assets/Net debts (b)

Item on list of valuation results adopting market approach	Calculation formula	Valuation conclusion
Net assets of valued entity	A	68,605.79
Less: Non-operating assets/liabilities	B	1,185.62
Net assets after adjustment	C=A–B	67,420.17
Multiply: P/B after adjustment	D	1.030
Entire shareholders' equity value (net operating assets)	E=C*D	69,439.27
Add: Non-operating assets/liabilities	F	1,185.62
Entire shareholders' equity value	G=E+F	70,624.89

Notes:

- (a) As both the transaction case and the valued entity are unlisted companies, liquidity discount is not taken into consideration in the valuation;
- (b) As at the Valuation Benchmark Date, the non-operating assets/liabilities of the valued entity were trading financial assets, derivative financial assets, deferred income tax assets and dividends payable, the appraised value of which was RMB11,856,200.

IV. INDEPENDENCE OF THE PRC INDEPENDENT VALUER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the PRC Independent Valuer is an independent third party independent of the Company, the Target Company and their respective associates. The Directors are not aware of any relationship or interest between the PRC Independent Valuer and the Group, the Target Company or any other parties to the Capital Increase which could reasonably be considered to affect the independence of the PRC Independent Valuer. Apart from the general professional fees payable to the PRC Independent Valuer for the valuation of the market value of the Target Company, there is no special arrangement under which the PRC Independent Valuer will receive any fees or benefits from the Company, the Target Company or any other parties to the Capital Increase and the Directors are not aware of any circumstance, or change in circumstance, which would affect its independence. The PRC Independent Valuer has also confirmed its independence in the Asset Valuation Report. Accordingly, the Board is of the view that the PRC Independent Valuer has the ability and qualification to conduct the valuation of the Target Company independently.

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

Chengdu, Sichuan Province, the PRC
29 July 2024

As at the date of this announcement, the Board comprises Mr. Luo Zuyi (Chairman), Mr. You Zhiming (Vice Chairman) and Madam Ma Yonghan as executive Directors, Mr. Wu Xinhua (Vice Chairman), Mr. Li Chengyong and Mr. Chen Chaoxiong as non-executive Directors, Mr. Yu Haizong, Madam Bu Danlu, Mr. Zhang Qinghua and Mr. Zhou Hua as independent non-executive Directors.

* *For identification purposes only*