



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)

Executive Directors:

Mr. Zhou Liming (*Chairman*)
Mr. Gan Yongyi (*Vice Chairman*)
Mr. Luo Maoquan

Non-executive Directors:

Mr. Zheng Haijun (*Vice Chairman*)
Mr. Tang Yong
Mr. Huang Bin
Mr. Wang Shuanming
Mr. Ni Shilin

Independent Non-executive Directors:

Mr. Sun Huibi
Mr. Guo Yuanxi
Mr. Yu Haizong
Madam Liu Lina

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27 September 2017

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION –
PROPOSED NON-PUBLIC ISSUANCE OF NEW A SHARES
UNDER SPECIFIC MANDATE;**

**(2) APPLICATION FOR WHITEWASH WAIVER;
AND**

(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

I. INTRODUCTION

Reference is made to (i) the Announcement, (ii) the Supplemental Announcement and (iii) the announcements of the Company dated 27 March 2017, 26 April 2017, 2 June 2017, 30 June 2017, 31 July 2017 and 31 August 2017 in relation to the delay in despatch of circular.

As disclosed in the Announcement, on 6 March 2017, the Board has approved the Proposed Non-public Issuance of A Shares, pursuant to which the Company will issue a maximum of 611,612,000 A Shares (subject to adjustment) to SCI which would raise a maximum of gross proceeds of RMB3,500 million.

On 6 March 2017, the Company and SCI entered into the A Share Subscription Agreement pursuant to which SCI has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, a maximum of 611,612,000 A Shares (subject to adjustment) to SCI which would raise a maximum of gross proceeds of RMB3,500 million.

On 18 September 2017, the Company and SCI entered into the A Share Subscription Supplemental Agreement and published the Supplemental Announcement in relation to, among others, (i) the Proposed Non-public Issuance of A Shares under Specific Mandate and (ii) the A Share Subscription Supplemental Agreement.

The purpose of this circular is to provide you with, among other things:

- (a) further details of the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate, the Whitewash Waiver and the Proposed Amendments to the Articles of Association;
- (b) the letter from the Listing Rules Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Proposed Non-public Issuance of A Shares, the A Share Subscription and the Specific Mandate;
- (c) the letter from the Code Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate and the Whitewash Waiver; and
- (d) the letter from the Independent Financial Adviser to the Listing Rules Independent Board Committee, the Code Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate and the Whitewash Waiver.

II. PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

On 6 March 2017, the Board has approved the Proposed Non-public Issuance of A Shares, pursuant to which the Company will issue a maximum of 611,612,000 A Shares (subject to adjustment) to SCI which would raise a maximum of gross proceeds of RMB3,500 million.

On 6 March 2017, the Company and SCI entered into the A Share Subscription Agreement pursuant to which SCI has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not more than 611,612,000 A Shares.

On 18 September 2017, the Board has approved the followings:

- (i) Proposal in respect of the Non-Public Issuance of A Shares in 2017 (Revised);
- (ii) Feasibility Report on the Use of Proceeds from the Non-Public Issuance of A Shares (Revised);
- (iii) Remedial Measures regarding Dilution on Current Returns of the Company by the Non-Public Issuance of A Shares (Revised); and
- (iv) Shareholders' Return Plan for the Next Three Years (2017 to 2019) (Revised).

On 18 September 2017, the Company and SCI entered into the A Share Subscription Supplemental Agreement.

The details of the Proposed Non-public Issuance of A Shares are set out below.

1. Details of the Proposed Non-public Issuance of A Shares

Class and par value of A Shares with a par value of RMB1.00 each.
Shares to be issued:

Method and time of issuance:	The Proposed Non-public Issuance of A Shares will be carried out by way of non-public issuance of A Shares to SCI. The Company will complete the Proposed Non-public Issuance of A Shares within six months after obtaining the approval from the CSRC.
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Method of subscription:	SCI will subscribe for the A Shares under the Proposed Non-public Issuance of A Shares at the issue price in cash.
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Number of A Shares to be issued and the size of the A Share Issue:	<p>The number of A Shares to be issued under the A Share Issue will be not more than 611,612,000 new A Shares, and is subject to a maximum subscription amount of RMB3,500 million.</p> <p>The specific number of shares to be issued shall be calculated and determined based on the following rules:</p> <ul style="list-style-type: none"> (i) Where the product of the maximum number of A Shares to be issued (being 611,612,000 Shares) and the actual issue price is equal to or less than RMB3,500 million, the number of shares to be issued will be 611,612,000 A Shares; (ii) Where the product of the maximum number of A Shares to be issued (being 611,612,000 A Shares) and the actual issue price is larger than RMB3,500 million, the number of shares to be issued will be calculated and determined by the maximum proceeds (being RMB3,500 million) divided by the actual issue price. The final number of shares to be issued will be rounded down to the nearest single digit. <p>The maximum number of the new A Shares to be issued will be adjusted accordingly to the ex-right total share capital of the Company if there is any ex-right arrangement such as bonus issues or capitalization of capital reserves from 6 March 2017 (being the date of the Announcement) to the date of issuance of the new A Shares.</p>
Target subscriber:	SCI, the controlling shareholder of the Company ^(Note 1) .
Pricing Benchmark Date, issue price and pricing principles:	Pursuant to the Implementation Rules for the Non-public Issuance of Shares by Listed Companies, the Pricing Benchmark Date of the Proposed Non-public Issuance of A Shares is the first day of issuance of A Shares of the A Share Issue.

Note:

1. SCI would not participate in the determination process of the issue price.

The issue price will be the higher of:

- (i) 90% of the average trading price of A Shares of the Company during the 20 trading days preceding the Pricing Benchmark Date (the average trading price of the A Shares in the 20 trading days preceding the Pricing Benchmark Date equals to the total trading amount of A Shares traded in the 20 trading days preceding the Pricing Benchmark Date divided by the total volume of A Shares traded in the 20 trading days preceding the Pricing Benchmark Date); and
- (ii) the Latest Audited Net Asset per Share of the Company before the time of the A Share Issue.

If the issue price determined pursuant to the above pricing principles is higher than the audited net asset per Share of the Company as at 31 December 2016, being RMB4.54, the issue price of the A Share Issue will be the issue price determined pursuant to the above pricing principles.

If the issue price determined pursuant to the above pricing principles is lower than the audited net asset per Share of the Company as at 31 December 2016, being RMB4.54, the issue price of the A Share Issue will be RMB4.54 per share (the “**Minimum Issue Price**”).

In view of the following, the Board considers that the Minimum Issue Price is fair and reasonable.

- (i) The Minimum Issue Price was determined with reference to, among others, the net asset value of the Company (with its business operation being asset/capital intensive).
- (ii) The determination of the Minimum Issue Price has taken into account the prevailing market prices of the A Shares trading on the Shanghai Stock Exchange and the fact that the A Shares to be issued is subject to a lock-up of 36 months, which are relatively less liquid as compared to A Shares trading on the Shanghai Stock Exchange.

The Minimum Issue Price of RMB4.54 represents:

- (i) a discount of approximately 11.8% to the closing price of RMB5.15 per A Share as quoted on the Shanghai Stock Exchange on the A Share Last Trading Day (17 February 2017);
- (ii) a discount of approximately 12.5% to the average closing price of approximately RMB5.19 per A Share as quoted on the Shanghai Stock Exchange for the last 5 trading days up to and including the A Share Last Trading Day;
- (iii) a discount of approximately 11.5% to the average closing price of RMB5.13 per A Share as quoted on the Shanghai Stock Exchange for the last 10 trading days up to and including the A Share Last Trading Day; and
- (iv) a discount of approximately 10.1% to the average closing price of approximately RMB5.05 per A Share as quoted on the Shanghai Stock Exchange for the last 20 trading days up to and including the A Share Last Trading Day.

Conditions precedent
of the Proposed
Non-public
Issuance of A
Shares and A Share
Subscription
Agreement:

The Proposed Non-public Issuance of A Shares and A Share Subscription Agreement will take effect upon the satisfaction of all the following approvals:

- 1. the approvals and/or authorizations from the sixth meeting of the sixth session of the Board held on 6 March 2017 and the twelfth meeting of the sixth session of the Board held on 18 September 2017 for approving, among other things, the approvals and/or authorizations concerning the A Share Issue and the A Share Subscription having been obtained;
- 2. all the necessary internal approvals and/or authorizations from the Communist Party of China Committee and board of directors of SCI in relation to the A Share Subscription from SCI having been obtained;

3. the passing of the necessary resolutions by the A Shareholders and H Shareholders at the A Shares Class Meeting and H Shares Class Meeting respectively approving the A Share Subscription Agreement, A Share Issue, Whitewash Waiver and all resolutions related and incidental thereto;
4. the passing of the necessary resolutions by the Independent Shareholders at the EGM approving the A Share Subscription Agreement, A Share Issue, Whitewash Waiver and all resolutions related and incidental thereto;
5. the approvals and/or authorizations from the SASAC of Sichuan Province in relation to the A Share Issue by the Company and A Share Subscription by SCI;
6. the granting of the Whitewash Waiver having been obtained from the Executive in accordance with the Takeovers Code and such waiver has not been revoked prior to completion of the A Share Issue; and
7. the approvals and/or authorizations from CSRC in relation to the A Share Issue by the Company.

None of the conditions above may be waived by any party to the Proposed Non-public Issuance of A Shares and therefore, if any of the conditions above is not satisfied, the Company will not proceed with the Proposed Non-public Issuance of A Shares.

As at the Latest Practicable Date, conditions 1, 2 and 5 above had been satisfied.

Lock-up period:

The A Shares to be subscribed by SCI pursuant to the A Share Issue shall not be traded or transferred within 36 months from the date of completion of the A Share Issue.

Total amount of proceeds to be raised and the use of proceeds:

The total gross proceeds to be raised from the A Share Issue shall finally be determined by the actual issue price and issue size, and shall be not more than RMB3,500 million. The specific total gross proceeds shall be calculated and determined based on the following rules:

- (i) if the product of the maximum number of A Shares to be issued (being 611,612,000 A Shares) and the actual issue price is equal to or less than RMB3,500 million, the total gross proceeds will be calculated and determined based on the actual number of shares to be issued (being 611,612,000 A Shares) and the actual issue price;
- (ii) if the product of the maximum number of A Shares to be issued (being 611,612,000 A Shares) and the actual issue price is larger than RMB3,500 million, the number of A Shares to be issued will be calculated and determined by the maximum proceeds (being RMB3,500 million) divided by the actual issue price. The final actual number of shares to be issued will be rounded down to the nearest single digit, and the total gross proceeds will be adjusted according to the final actual number of shares to be issued.

The gross proceeds to be raised from the A Share Issue are intended to be used as follows:

After deducting the relevant expenses incurred in the conduct of the A Share Issue, the proceeds from the A Share Issue will be fully used for repayment of bank borrowings and other interest-bearing liabilities so as to reform the Company's asset and liability structure, increase its asset quality, reduce financial risks and improve its financial position.

If the time of receiving the proceeds from the A Share Issue is not in line with the actual repayment date of the bank borrowings and other interest-bearing liabilities of the Company, the Company will first repay them with its own capital and then restore its capital with the corresponding amount of proceeds upon receipt of the proceeds from the A Share Issue, or renew the relevant borrowings and then repay them upon the receipt of the proceeds from the A Share Issue.

Place of listing:	The Company will apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the new A Shares to be issued pursuant to the A Share Issue.
Specific Mandate of the issuance of A Shares:	The Company will issue the A Shares under the Specific Mandate to be sought from the Independent Shareholders at the EGM and the Class Meetings.
Distribution of profit:	Upon completion of the A Share Issue, Shareholders shall be entitled to the undistributed profits of the Company which has been or may be declared in accordance with their respective shareholding ratio in the Company thereafter.
Rights of the A Shares to be issued:	The A Shares to be issued pursuant to the A Share Issue, when fully paid and issued, will rank <i>pari passu</i> in all respects amongst themselves and with the A Shares in issue at the time of the issue and allotment of such A Shares.
Validity period of the resolution:	The resolution regarding the A Share Issue shall be valid for 12 months from the date of the passing of the resolution with respect to the A Share Issue at the EGM and the Class Meetings.

2. Connected Transaction – Proposed Subscription of A Shares by SCI

On 6 March 2017, the Company and SCI entered into the A Share Subscription Agreement pursuant to which SCI has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, not more than 611,612,000 new A Shares. On 18 September 2017, the Company and SCI entered into the A Share Subscription Supplemental Agreement.

The principal terms of the A Share Subscription Agreement (as supplemented and amended by the A Share Subscription Supplemental Agreement) are set out below.

(i) Principal terms of the A Share Subscription Agreement (as supplemented and amended by the A Share Subscription Supplemental Agreement)

Date:	6 March 2017, with the A Share Subscription Supplemental Agreement entered on 18 September 2017
Parties:	(1) The company, as the issuer; and (2) SCI, as the subscriber

Number of A Shares to be issued and the size of the A Share Issue:	<p>The number of A Shares to be issued under the A Share Issue will be not more than 611,612,000 new A Shares, and is subject to a maximum subscription amount of RMB3,500 million.</p> <p>Please refer to the section headed “II. Proposed Non-public Issuance of A Shares – 1. Details of the Proposed Non-public Issuance of A Shares – Number of A Shares to be issued” for further details of the adjustment mechanism to the number of A Shares to be issued.</p>
Subscription price and pricing principles:	<p>The subscription price will be the higher of</p> <ul style="list-style-type: none"> (i) 90% of the average trading price of A Shares of the Company during the 20 trading days preceding the Pricing Benchmark Date (the average trading price of the A Shares in the 20 trading days preceding the Pricing Benchmark Date equals to the total trading amount of A Shares traded in the 20 trading days preceding the Pricing Benchmark Date divided by the total volume of A Shares traded in the 20 trading days preceding the Pricing Benchmark Date); and (ii) the Latest Audited Net Asset per Share of the Company before the time of the A Share Issue. <p>If the subscription price determined pursuant to the above pricing principles is higher than the audited net asset per Share of the Company as at 31 December 2016, being RMB4.54, the subscription price of the A Share Subscription will be the subscription price determined pursuant to the above pricing principles.</p> <p>If the subscription price determined pursuant to the above pricing principles is lower than the audited net asset per Share of the Company as at 31 December 2016, being RMB4.54, the subscription price of the A Share Subscription will be RMB4.54 per share.</p>
Conditions precedent of the A Share Subscription Agreement:	<p>Please refer to the section headed “II. Proposed Non-public Issuance of A Shares – 1. Details of the Proposed Non-public Issuance of A Shares – Conditions precedent of the Proposed Non-public Issuance of A Shares and A Share Subscription Agreement” for further details.</p>

Lock-up period: Pursuant to the A Share Subscription Agreement, SCI shall not transfer the A Shares subscribed by it under the Proposed Non-public Issuance of A Shares within 36 months from the date of completion of the Proposed Non-public Issuance of A Shares.

Expected Completion Date of the A Share Subscription As the Non-public Issuance of A Shares of the Company would only take effect upon the satisfaction of the conditions precedent of the Proposed Non-public Issuance of A Shares and A Share Subscription Agreement, including but not limited to the granting of the Whitewash Waiver from the Executive, the approval from the SASAC of Sichuan Province, the approval at the EGM and Class Meetings of the Company, as well as the approval from the CSRC being obtained, the completion date of the A Share Subscription is to be determined.

In addition, according to Article 47 of the “Measures for Administration of the Issuance of Securities by Listed Companies” (《上市公司證券發行管理辦法》) promulgated by the CSRC, “the listed company shall issue its securities within six months from the date of obtaining the approval for the issuance from the CSRC”.

In view of the above and the validity period of the resolution concerning the A Share Issue passed at the EGM and Class Meetings, it is expected that the A Share Subscription would be completed within 12 months from the date of the passing of the resolution with respect to the A Share Issue at the EGM and the Class Meetings.

Please also refer to the section headed “II. Proposed Non-public Issuance of A Shares – 1. Details of the Proposed Non-public Issuance of A Shares – Conditions precedent of the Proposed Non-public Issuance of A Shares and A Share Subscription Agreement” for further details.

(ii) Information on the parties to the A Share Subscription Agreement

The Company

The Company, together with its subsidiaries, 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.

SCI

SCI is a state-owned enterprise established in the PRC. It is principally engaged in the investment, construction and operation management of major transportation infrastructure which includes highways, ports, waterways and navigation hubs mainly for waterway canalization, etc.

3. Implications under the Listing Rules

As at the Latest Practicable Date, SCI holds 975,060,078 A Shares and 60,854,200 H Shares, representing approximately 33.87% of the total issued share capital of the Company. Accordingly, SCI is a controlling shareholder of the Company and therefore a connected person of the Company. The A Share Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhou Liming, Mr. Tang Yong, Mr. Huang Bin and Mr. Wang Shuanming (due to their employment in SCI) are regarded as being interested in the A Share Issue and A Share Subscription. Accordingly, Mr. Zhou Liming, Mr. Tang Yong, Mr. Huang Bin and Mr. Wang Shuanming have therefore abstained from voting on the relevant Board resolutions approving the Proposed Non-public Issuance of A Shares and the A Share Subscription. Save as aforementioned, none of the other Directors has a material interest in the Proposed Non-public Issuance of A Shares and the A Share Subscription and hence no other Director has abstained from voting on such Board resolutions.

4. Proposal in relation to the Proposed Non-public Issuance of A Shares

Each of the following 11 resolutions in the proposal in relation to the Proposed Non-public Issuance of A Shares will be submitted, by way of special resolutions, for the Independent Shareholders' consideration and approval at the EGM and the Class Meetings.

- (i) class and par value of shares to be issued;
- (ii) method and time of issuance;
- (iii) method of subscription;
- (iv) number of A Shares to be issued and the size of the A Share Issue;
- (v) target subscriber;
- (vi) pricing principles;
- (vii) lock-up period;

- (viii) total amount of proceeds to be raised and the use of proceeds;
- (ix) place of listing of the A Shares to be issued;
- (x) arrangement for the accumulated undistributed profits; and
- (xi) validity period of resolution.

SCI, its associates, parties acting in concert with it and those who are involved in or interested in the Proposed Non-public Issuance of A Shares, the A Share Subscription and/or the Specific Mandate will abstain from voting on the relevant resolution to be proposed at the EGM and the Class Meetings.

5. Proposal in relation to the A Share Subscription Agreement and the transactions contemplated thereunder

The A Share Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the A Share Subscription constitutes a connected transaction of the Company under the relevant PRC laws and regulations.

The proposal in relation to the signing of the A Share Subscription Agreement, the A Share Subscription Supplemental Agreement and the A Share Subscription constituting a connected transaction will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the EGM and the Class Meetings.

SCI, its associates, parties acting in concert with it and those who are involved in or interested in the Proposed Non-public Issuance of A Shares, the A Share Subscription and/or the Specific Mandate will abstain from voting on the relevant resolution to be proposed at the EGM and the Class Meetings.

6. Proposal in relation to the waiver of SCI's obligation to make a general offer of the securities of the Company as a result of the A Share Subscription under the relevant PRC laws and regulations

As at the Latest Practicable Date, SCI holds 975,060,078 A Shares and 60,854,200 H Shares, representing approximately 33.87% of the total issued share capital of the Company. Accordingly, SCI is a controlling shareholder of the Company under the relevant PRC laws and regulations.

Immediately after completion of the Proposed Non-public Issuance of A Shares, if a maximum of 611,612,000 new A Shares are issued, the aggregate shareholding of SCI in the Company will increase to approximately 44.90% of the then enlarged total issued share capital of the Company. Accordingly, SCI will trigger the obligation to make a general offer of the securities of the Company to other Shareholders pursuant to the relevant requirements of “Measures for the Administration of the Takeover of Listed Companies” (《上市公司收購管理辦法》) issued by the CSRC.

In order to satisfy the relevant conditions for obtaining a waiver of SCI’s obligation to make a general offer of the securities of the Company as a result of the A Share Subscription, SCI undertakes that the A Shares to be subscribed by it under the Proposed Non-public Issuance of A Shares shall not be transferred within 36 months from the date of completion of the Proposed Non-public Issuance of A Shares.

Please refer to the sections headed “II. Proposed Non-public Issuance of A Shares – 1. Details of the Proposed Non-public Issuance of A Shares – Lock-up period” and “II. Proposed Non-public Issuance of A Shares – 2. Connected Transaction – Proposed Subscription of A Shares by SCI – (i) Principal terms of the A Share Subscription Agreement (as supplemented and amended by the A Share Subscription Supplemental Agreement) – Lock-up period” for further details of the lock-up undertakings.

The proposal in relation to the waiver of SCI’s obligation to make a general offer of the securities of the Company as a result of the A Share Subscription under the relevant PRC laws and regulations will be submitted, by way of special resolution, for the Independent Shareholders’ consideration and approval at the EGM.

SCI, its associates, parties acting in concert with it and those who are involved in or interested in the Proposed Non-public Issuance of A Shares, the A Share Subscription and/or the Specific Mandate will abstain from voting on the relevant resolution to be proposed at the EGM.

7. Proposal in relation to the satisfaction of the criteria for Non-public Issuance of A Shares

Pursuant to the Company Law of the PRC, the Securities Law of the PRC, the “Measures for Administration of the Issuance of Securities by Listed Companies” (《上市公司證券發行管理辦法》) and the Implementation Rules for the Non-public Issuance of Shares by Listed Companies, the Company, following self-examination and verification of the actual situation and relevant matters of the Company, considers that the Company satisfies all the criteria for non-public issuance of A Shares.

The proposal in relation to the satisfaction of the criteria for non-public issuance of A Shares will be submitted, by way of ordinary resolution, for the Shareholders’ consideration and approval at the EGM.

8. Proposal in relation to the “Proposal in respect of the Non-public Issuance of A Shares in 2017 (Revised)”

The “Proposal in respect of the Non-public Issuance of A Shares in 2017 (Revised)”, which was prepared in the Chinese language, was disclosed in the overseas regulatory announcement of the Company dated 18 September 2017. The full text of the English translation of the “Proposal in respect of the Non-public Issuance of A Shares in 2017 (Revised)” is set out in Appendix I to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The proposal in relation to the “Proposal in respect of the Non-public Issuance of A Shares in 2017 (Revised)” will be submitted, by way of special resolution, for the Independent Shareholders’ consideration and approval at the EGM and the Class Meetings.

SCI, its associates, parties acting in concert with it and those who are involved in or interested in the Proposed Non-public Issuance of A Shares, the A Share Subscription and/or the Specific Mandate will abstain from voting on the relevant resolution to be proposed at the EGM and the Class Meetings.

9. Proposal in relation to the “Feasibility Report on the Use of Proceeds from the Non-public Issuance of A Shares (Revised)”

The “Feasibility Report on the Use of Proceeds from the Non-public Issuance of A Shares (Revised)”, which was prepared in the Chinese language, was disclosed in the overseas regulatory announcement of the Company dated 18 September 2017. The full text of the English translation of the “Feasibility Report on the Use of Proceeds from the Proposed Non-public Issuance of A Shares (Revised)” is set out in Appendix II to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The proposal in relation to the “Feasibility Report on the Use of Proceeds from the Proposed Non-public Issuance of A Shares (Revised)” will be submitted, by way of special resolution, for the Independent Shareholders’ consideration and approval at the EGM.

SCI, its associates, parties acting in concert with it and those who are involved in or interested in the Proposed Non-public Issuance of A Shares, the A Share Subscription and/or the Specific Mandate will abstain from voting on the relevant resolution to be proposed at the EGM.

10. Proposal in relation to the exemption from the preparation of a report on the utilisation of proceeds from previous fund raising

The “Statement on the Exemption from the Preparation of a Report on the Utilisation of Proceeds from Previous Fund Raising”, which was prepared in the Chinese language, was disclosed in the overseas regulatory announcement of the Company dated 6 March 2017. The full text of the English translation of the “Statement on the Exemption from the Preparation of a Report on the Utilisation of Proceeds from Previous Fund Raising” is set out in Appendix III to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The proposal in relation to the exemption from the preparation of a report on the utilisation of proceeds from previous fund raising will be submitted, by way of ordinary resolution, for the Shareholders’ consideration and approval at the EGM.

11. Proposal in relation to the “Remedial Measures Regarding Dilution on Current Returns of the Company by the Non-public Issuance of A Shares (Revised)”

Pursuant to the requirements set out in the “Opinion of the State Council on Further Facilitating the Healthy Development of the Capital Markets” (《國務院關於進一步促進資本市場健康發展的若干意見》), the “Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets” (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》) and the “Guidance Opinion on Matters Pertaining to Dilution of Return for the Current Period Resulting from Initial Offering and Refinancing or Material Asset Restructuring” (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》), the Company has prepared the “Remedial Measures Regarding Dilution on Current Returns of the Company by the Non-public Issuance of A Shares (Revised)”.

The “Remedial Measures Regarding Dilution on Current Returns of the Company by the Non-public Issuance of A Shares (Revised)”, which was prepared in the Chinese language, was disclosed in the overseas regulatory announcement of the Company dated 18 September 2017. The full text of the English translation of “Remedial Measures Regarding Dilution on Current Returns of the Company by the Non-public Issuance of A Shares (Revised)” is set out in Appendix IV to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The proposal in relation to the “Remedial Measures Regarding Dilution on Current Returns of the Company by the Non-public Issuance of A Shares (Revised)”, will be submitted, by way of ordinary resolution, for the Shareholders’ consideration and approval at the EGM.

12. Proposal in relation to the undertakings by the relevant undertaking parties (the Company's controlling shareholder, Directors and senior management) with regards to the remedial measures regarding dilution on current returns by the Non-public Issuance of A Shares

Pursuant to the requirements set out in the “Guidance Opinion on Matters Pertaining to Dilution of Return for the Current Period Resulting from Initial Offering and Refinancing or Material Asset Restructuring” (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》), each of (i) SCI and (ii) the Directors and senior management of the Company has provided an undertaking to the Company to ensure the due implementation of the “Remedial Measures Regarding Dilution on Current Returns of the Company by the Non-public Issuance of A Shares (Revised)”.

The form of the aforementioned undertakings was set out in the “Remedial Measures Regarding Dilution on Current Returns of the Company by the Non-public Issuance of A Shares (Revised)”, which was prepared in the Chinese language and disclosed in the overseas regulatory announcement of the Company dated 18 September 2017. The full text of the English translation of “Remedial Measures Regarding Dilution on Current Returns of the Company by the Non-public Issuance of A Shares (Revised)” is set out in Appendix IV to this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The proposal in relation to the undertakings by the relevant undertaking parties (the Company's controlling shareholder, Directors and senior management) with regards to the remedial measures regarding dilution on current returns by the Non-public Issuance of A Shares, will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the EGM.

13. Proposal in relation to the Specific Mandate

As stated in the section headed “II. Proposed Non-public Issuance of A Shares – 1. Details of the Proposed Non-public Issuance of A Shares”, the Company will issue the A Shares under the Proposed Non-public Issuance of A Shares pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM and the Class Meetings.

In this connection, the Board proposes to seek the approval from the Independent Shareholders at the EGM and the Class Meetings for granting the Specific Mandate to the Board to issue not more than 611,612,000 A Shares to SCI pursuant to the A Share Subscription Agreement.

The number of A Shares to be issued under the A Share Issue will be not more than 611,612,000 new A Shares, and is subject to a maximum subscription amount of RMB3,500 million.

The specific number of shares to be issued shall be calculated and determined based on the following rules:

- (i) Pursuant to the Issuance Regulatory Q&A — Regulatory Requirement in relation to Guidance and Standards of Financing of Listed Companies (《發行監管問答 – 關於引導規範上市公司融資行為的監管要求》) announced by the CSRC on 17 February 2017, the number of shares to be issued through refinancing by a listed company shall not be more than 20% of the total share capital of the company prior to the issuance, therefore the number of shares to be issued pursuant to the Proposed Non-public Issuance of A Shares shall not be more than 611,612,000 shares. Where the product of the maximum number of A Shares to be issued (being 611,612,000 A Shares) and the actual issue price is equal or less than RMB3,500 million, the number of shares to be issued will be 611,612,000 A Shares;
- (ii) Where the product of the maximum number of A Shares to be issued (being 611,612,000 A Shares) and the actual issue price is larger than RMB3,500 million, the numbers of shares to be issued will be calculated and determined by the maximum proceeds (being RMB3,500 million) divided by the actual issue price, and the actual number of shares to be issued will be less than or equal to 611,612,000 A Shares. The final number of shares to be issued will be rounded down to the nearest single digit.

The maximum number of the new A Shares to be issued will be adjusted accordingly to the ex-right total share capital of the Company if there is any ex-right arrangement such as bonus issues or capitalization of capital reserves from 6 March 2017 (being the date of the Announcement) to the date of A Share Issue.

The proposal in relation to the Specific Mandate will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the EGM and the Class Meetings.

SCI, its associates, parties acting in concert with it and those who are involved in or interested in the Proposed Non-public Issuance of A Shares, the A Share Subscription and/or the Specific Mandate will abstain from voting on the relevant resolution to be proposed at the EGM and the Class Meetings.

14. Proposal in relation to the authorisation to the Board and any person authorised by the Board to handle all matters in connection with the Proposed Non-public Issuance of A Shares

In order to ensure effective and efficient implementation of the Proposed Non-public Issuance of A Shares, the Board proposes to seek approval from the Shareholders at the EGM and the Class Meetings for authorisation to the Board and any person authorised by the Board to handle all matters in connection with the Proposed Non-public Issuance of A Shares in accordance with the relevant laws and regulations, including but not limited to the following:

- (i) in accordance with provisions under the relevant laws, regulations and regulatory documents, and based on the issuance proposal considered and approved at the shareholders' general meeting and detailed conditions, to formulate and implement the detailed plan for the Proposed Non-public Issuance of A Shares, including without limitation to time of issuance, the number of shares to be issued, commencement and determination date of the issuance, issue price, selection of target subscribers, etc.; in case of ex-right matters including bonus issue and capitalization of capital reserves from during the period between the date of the Announcement and the date of issuance, or as required by the CSRC, the Board shall be entitled to make adjustments to the issue price, the number of shares to be issued and the amount of the proceeds to be raised accordingly;
- (ii) to formulate, amend and file the issuance proposal and other documents regarding the Proposed Non-public Issuance of A Shares and listing of the A Shares under the requirements of relevant governmental departments and regulators; to implement relevant procedures, share lock-up and other procedures relating to the Proposed Non-public Issuance of A Shares and listing of the A Shares, as well as to handle disclosure matter relating to the Proposed Non-public Issuance of A Shares under the regulatory requirements;
- (iii) to sign, amend, submit and implement all agreements, contracts and documents relating to the Proposed Non-public Issuance of A Shares (including but not limited to the A Share Subscription Agreement);
- (iv) to engage intermediaries including the sponsor (lead underwriter), accountant and lawyer, and to handle other matters in this regard;
- (v) to approve the opening of a designated account for the proceeds of the Proposed Non-public Issuance of A Shares, and to determine the detailed usage arrangements of the proceeds from the Proposed Non-public Issuance of A Shares within the purposes of use;

- (vi) upon completion of the Proposed Non-public Issuance of A Shares and based on the results of the issuance, to amend the Articles of Association, update the registered capital, and handle relevant registration and filing procedures, and the custodian arrangement for the newly issued A Shares;
- (vii) in accordance with the requirements of relevant laws, regulations and regulatory departments, to analyze and consider the impacts of the Proposed Non-public Issuance of A Shares on the immediate financial indicators of the Company and immediate return of its shareholders, etc., and implement relevant remedial measures and policies, and handle all other matters in this regard;

The aforementioned authorisation shall be valid for 12 months from the date of the approval by the Shareholders.

The proposal in relation to the authorisation to the Board and any person authorised by the Board to handle all matters in connection with the Proposed Non-public Issuance of A Shares will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the EGM and the Class Meetings.

15. PROCESS AND MECHANISM FOR DETERMINATION OF THE ISSUE PRICE

Pursuant to the Measures for Administration of the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》) and the Implementation Rules for the Non-public Issuance of Shares by Listed Companies (《上市公司非公開發行股票實施細則》), the company shall, after obtaining the approval of the Non-public Issuance of A Shares from the CSRC, select the issuance time within the validity period thereof (i.e. 6 months). To this regard, the Board has requested at the EGM to authorize it to determine the time for initiating the issuance and other issues related thereto in consultation with the sponsor (lead underwriter) based on the specific situation. Non-related Directors (including Mr. Gan Yongyi, Mr. Luo Maoquan, Mr. Zheng Haijun, Mr. Ni Shilin, Mr. Sun Huibi, Mr. Guo Yuanxi, Mr. Yu Haizong and Madam Liu Lina) of the Company will decide whether to commence issuance after considering the factors including the share price of the Company and market situation.

If the non-related Directors of the Company decide to initiate the issuance, the sponsor (lead underwriter) will determine the issue price and submit the final issuance plan to the CSRC on the following day. The issue price will be the higher of (i) 90% of the average price of the A Shares of the Company in the 20 trading days preceding the first day of the issuance period (i.e. the Pricing Benchmark Date) and (ii) the Latest Audited Net Asset per Share of the Company. If the issue price determined pursuant to the above pricing principles is higher than the audited net asset per Share of the Company in 2016, being RMB4.54, the issue price of the Non-public Issuance of A Shares of the Company will be the issue price determined

pursuant to the above pricing principles; if the issue price determined pursuant to the above pricing principles is lower than the audited net asset per Share of the Company as at 31 December 2016, being RMB4.54, the issue price of the Non-public Issuance of A Shares of the Company will be RMB4.54 per share. SCI will not participate in the price determination process of the Non-public Issuance of A Shares. The sponsor (lead underwriter) will submit the final issuance plan of the issuance including, among others, the details of the issuance schedule, issue price and number of shares to be issued to the CSRC after close of trading on the day preceding the Pricing Benchmark Date. After obtaining the approval of the final issuance plan from the CSRC, the sponsor (lead underwriter) will issue payment notice to SCI, the subscriber of the Non-public Issuance of A Shares. SCI shall settle the payment according to the payment notice.

It should be noted that the Company will not conduct book-building and roadshows as the only subscriber of A Shares for the Non-public Issuance of A Shares is SCI.

Upon completion of the issuance, the sponsor (lead underwriter) shall provide an explanatory statement concerning the issuance and relevant legal opinions concerning the issuance to the CSRC, and publish the “Report of Non-public Issuance of A Shares” containing details of the procedure of the issuance, the status of subscription by the subscriber, together with the views on whether the result of the Non-public Issuance of A Shares is fair and reasonable.

Please refer to Appendix IX for the timetable of the Proposed Non-public Issuance of A Shares, which sets out the usual practice procedure of issuance of A Shares suggested by the CSRC to sponsors.

III. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

1. Effect of the Proposed Non-public Issuance of A Shares and the A Share Subscription on the shareholding structure of the Company

As at the Latest Practicable Date, the total issued share capital of the Company is 3,058,060,000 Shares, which comprises 2,162,740,000 A Shares and 895,320,000 H Shares.

The following sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Proposed Non-public Issuance of A Shares assuming a maximum of 611,612,000 new A Shares are issued:

	Shareholding as at the Latest Practicable Date		Shareholding immediately after completion of the Proposed Non-public Issuance of A Shares	
	<i>Number of Shares held</i>	<i>Approximate percentage of the total issued Shares (%)</i>	<i>Number of Shares held</i>	<i>Approximate percentage of the total issued Shares (%)</i>
A Shares				
SCI	975,060,078	31.88%	1,586,672,078	43.24%
Parties acting in concert with SCI*	<u>50,000</u>	<u>0.00%</u>	<u>50,000</u>	<u>0.00%</u>
Subtotal for SCI and parties acting in concert with it	975,110,078	31.88%	1,586,722,078	43.24%
Public	<u>1,187,629,922</u>	<u>38.84%</u>	<u>1,187,629,922</u>	<u>32.36%</u>
Sub-total	<u>2,162,740,000</u>	<u>70.72%</u>	<u>2,774,352,000</u>	<u>75.60%</u>
H Shares				
SCI	60,854,200	1.99%	60,854,200	1.66%
Parties acting in concert with SCI	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Subtotal for SCI and parties acting in concert with it	60,854,200	1.99%	60,854,200	1.66%
Public	<u>834,465,800</u>	<u>27.29%</u>	<u>834,465,800</u>	<u>22.74%</u>
Sub-total	<u>895,320,000</u>	<u>29.28%</u>	<u>895,320,000</u>	<u>24.40%</u>
Total	<u><u>3,058,060,000</u></u>	<u><u>100%</u></u>	<u><u>3,669,672,000</u></u>	<u><u>100%</u></u>

* An aggregate of 50,000 A shares is held by Mr. Zhou Liming, the director of both SCI and the Company.

Note:

1. As shown in the above table, the total shareholding interest held by SCI and parties acting in concert with it in the Company immediately before and after the A Share Subscription are 33.87% and 44.90% respectively.
2. The approximate percentage of the total issued share capital is rounded to the nearest two decimal places and the total percentage of the total issued share capital may not add up to 100% due to rounding.

2. Fund raising activities in the past twelve months

The Company had not carried out any fund raising exercises during the 12 months immediately preceding the Latest Practicable Date.

IV. REASONS FOR AND BENEFITS OF THE PROPOSED NON-PUBLIC ISSUANCE OF A SHARES AND THE A SHARE SUBSCRIPTION

The net proceeds from the A Share Issue will all be used in repayment of the following bank loans or facilities:

No.	Types of loan	Commencement date of the loan	Termination date of the loan	Interest rate	Balance of the loan (by termination date) (RMB'000)
1	medium-term notes	19 June 2012	19 June 2017*	5.05%	200,000.00
2	medium-term notes	20 November 2012	20 November 2017	5.87%	500,000.00
3	medium-term notes	21 March 2013	21 March 2018	5.53%	600,000.00
4	Bank borrowings	28 March 2014	27 March 2017*	4.84%	194,000.00
5	Bank borrowings	26 November 2015	25 November 2017	4.75%	210,000.00
6	Bank borrowings	21 December 2016	20 December 2017	3.92%	500,000.00
7	Bank borrowings	28 April 2010	10 June 2018	4.90%	282,294.80
8	Bank borrowings	13 January 2014	13 January 2018	4.90%	20,000.00
9	Bank borrowings	2 April 2015	1 April 2018	4.55%	1,000,000.00
Total					<u><u>3,506,294.80</u></u>

- * The medium-term notes and bank borrowings have already been repaid by the Group's working capital. The Company would restore its working capital with the corresponding amount of proceeds upon receipt of the proceeds from the A Share Issue. After such restoration, such restored funds will be applied as working capital of the Company.

The Directors consider that the A Share Issue can enhance the capital strength of the Company, lower its assets-debt ratio and reduce finance charges, which will in turn help improve the financial strength of the Company and enhance its risk resistance ability and continuity.

The A Share Subscription Agreement was negotiated between the Board (excluding the interested Directors and the independent non-executive Directors) and SCI on an arm's length basis and based on normal commercial terms.

The Directors (excluding the members of the Listing Rules Independent Board Committee and the Code Independent Board Committee whose views are set out in the letter from the Listing Rules Independent Board Committee and the letter from the Code Independent Board Committee respectively) are of the view that the terms of the A Share Issue, the A Share Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

V. IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for the Whitewash Waiver

As at the Latest Practicable Date, SCI holds 975,060,078 A Shares and 60,854,200 H Shares, representing approximately 33.87% of the entire issued share capital of the Company. Immediately following completion of the A Share Subscription (if a maximum of 611,612,000 A Shares are to be issued), the aggregate shareholding of SCI and parties acting in concert with it in the Company will increase to approximately 44.90% of the then enlarged total issued share capital of the Company.

Accordingly, upon completion of the A Share Subscription, pursuant to Rule 26.1 of the Takeovers Code, SCI will be required to make a mandatory general offer for all the issued shares in the Company not already owned or agreed to be acquired by SCI and parties acting in concert with it, unless the Whitewash Waiver from compliance with Rule 26.1 of the Takeovers Code is obtained from the Executive.

Completion of the Proposed Non-public Issuance of A Shares and the A Share Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Proposed Non-public Issuance of A Shares and the A Share Subscription will not proceed. The granting of the Whitewash Waiver is a non-waivable condition precedent to the A Share Subscription Agreement.

An application has been made by SCI to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that it will grant the Whitewash Waiver subject to, among other things, the approval of the Whitewash Waiver by the Independent

Shareholders taken by way of a poll at the EGM and (ii) the approval of the A Share Subscription by the Independent Shareholders taken by way of a poll at the EGM and the Class Meetings.

As at the Latest Practicable Date, the Company did not believe that the Proposed Non-public Issuance of A Shares and the A Share Subscription give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Proposed Non-public Issuance of A Shares and the A Share Subscription do not comply with other applicable rules and regulations.

The proposal in relation to the Whitewash Waiver will be submitted, by way of ordinary resolution, for the Independent Shareholders' consideration and approval at the EGM.

SCI, its associates, parties acting in concert with it and those who are involved in or interested in the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate and/or the Whitewash Waiver will abstain from voting on the relevant resolution to be proposed at the EGM.

VI. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to protect the legal interests of the Shareholders, and taking into account the circumstances relating to the Proposed Non-public Issuance of A Shares, the Board proposes to make certain amendments to the Articles of Association, which would take effect upon Shareholders' approval being obtained at the EGM. The Articles of Association are also amended in accordance with the "Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets" (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》), the Guidance on the Articles of Association of Listed Companies (Revised in 2016) (《上市公司章程指引》(2016年修訂)), the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號 – 上市公司現金分紅》) issued by the CSRC and the Guideline on the Distribution of Cash Dividends by Listed Companies of the Shanghai Stock Exchange (《上海證券交易所上市公司現金分紅指引》) issued by the Shanghai Stock Exchange.

The Proposed Amendments to the Articles of Association were disclosed in the Announcement of the Company dated 6 March 2017. The full text of the English translation of the Proposed Amendments to the Articles of Association is also set out in Appendix V of this circular. In the event of any discrepancy between the English translation and the Chinese version of the Articles of Association, the Chinese version shall prevail.

The proposal in relation to the Proposed Amendments to the Articles of Association will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the EGM.

VII. PROPOSED ADOPTION OF THE SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS (2017 TO 2019) (REVISED)

Pursuant to the Notice Regarding Further Implementation of Cash Dividend Distribution of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) issued by the CSRC, Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號 – 上市公司現金分紅》) issued by the CSRC and other relevant documents, the Board has formulated and proposes to adopt the Shareholders' Return Plan for the Next Three Years (2017 to 2019) (Revised), which was prepared in the Chinese language.

The Shareholders' Return Plan for the Next Three Years (2017 to 2019) (Revised), which was prepared in the Chinese language, was disclosed in the overseas regulatory announcement of the Company dated 18 September 2017. The full text of the English translation of the Shareholders' Return Plan for the Next Three Years (2017 to 2019) (Revised) is set out in Appendix VI of this circular. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

The proposal in relation to the Shareholders' Return Plan for the Next Three Years (2017 to 2019) (Revised) will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the EGM.

VIII. EGM AND CLASS MEETINGS

The Company proposes to convene the EGM and the Class Meetings on 14 November 2017 (Tuesday) at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the People's Republic of China.

A notice convening the EGM is set out on pages EGM-1 to EGM-5 of this circular.

A notice convening the H Shares Class Meeting is set out on pages HCM-1 to HCM-3 of this circular.

If you intend to appoint a proxy to attend the EGM and the H Shares Class Meeting, you are required to complete and return the accompanying proxy forms in accordance with the instructions printed thereon. The proxy forms should be returned to Company's H Share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by hand or by post not less than 24 hours before the time appointed for holding the EGM and the H Shares Class Meeting or any adjourned meeting thereof.

Completion and return of the proxy forms will not preclude you from attending and voting in person at the EGM and the H Shares Class Meeting or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

If you intend to attend the EGM and the H Shares Class Meeting in person or by proxy, you are required to complete and lodge the reply slips for attending the EGM and the H Shares Class Meeting at the Company's legal address at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC not later than 4:30 p.m. on 24 October 2017 (Tuesday). The reply slips may be delivered to the Company by hand, by post or by fax (fax no.: (8628) 8553 0753).

IX. CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The H Shares register of members of the Company will be closed from 30 September 2017 (Saturday) to 14 November 2017 (Tuesday), both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending the EGM and the H Shares Class Meeting, unregistered holders of H Shares shall ensure that all transfer of H Shares accompanied by the relevant share certificates and the appropriate transfer documents must be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 29 September 2017 (Friday).

X. RECOMMENDATION

Halcyon Capital Limited has been appointed by the Company as the Independent Financial Adviser with the approval of the Listing Rules Independent Board Committee or the Code Independent Board Committee (as the case may be) to advise the Listing Rules Independent Board Committee, the Code Independent Board Committee and the Independent Shareholders in respect of the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate and the Whitewash Waiver.

The Independent Shareholders are advised to read the Letter from the Independent Financial Adviser in full before deciding as to how to vote on the resolutions approving, among other things, the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate and the Whitewash Waiver.

The Directors (excluding the members of the Listing Rules Independent Board Committee and the Code Independent Board Committee whose views are set out in the letter from the Listing Rules Independent Board Committee and the letter from the Code Independent Board Committee respectively) are of the view that while the Proposed Non-public Issuance of A Shares and the A Share Subscription are not conducted in the ordinary and usual course of business of the Company, the terms of the Proposed Non-public Issuance of A Shares and the A Share Subscription Agreement are on normal commercial terms and that the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

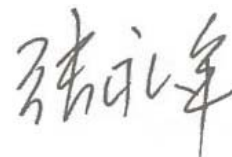
Accordingly, the Directors (excluding the members of the Listing Rules Independent Board Committee and the Code Independent Board Committee) recommend the Independent Shareholders to vote in favour of all the resolutions to be proposed at the EGM and the Class Meetings to approve the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate, the application for Whitewash Waiver and all resolutions related and incidental thereto.

XI. FURTHER INFORMATION

Your attention is drawn to (i) the letter from the Listing Rules Independent Board Committee set out on pages 35 to 36 of this circular, containing its recommendation in respect of the Proposed Non-public Issuance of A Shares, the A Share Subscription and the Specific Mandate, (ii) the letter from the Code Independent Board Committee set out on pages 37 to 38 of this circular, containing its recommendation in respect of the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate and the Whitewash Waiver, and (iii) the letter from the Independent Financial Adviser to the Listing Rules Independent Board Committee, the Code Independent Board Committee and the Independent Shareholders set out on pages 39 to 64 of this circular, containing its recommendation in respect of the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate and the Whitewash Waiver.

The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the resolutions approving, among other things, the Proposed Non-public Issuance of A Shares, the A Share Subscription, the Specific Mandate and the Whitewash Waiver.

Yours faithfully,
By order of the Board
Sichuan Expressway Company Limited*



Zhang Yongnian
Company Secretary

* *For identification purposes only*