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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)

**CONNECTED TRANSACTION**  
**CAPITAL INCREASE AGREEMENT**

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The Board announces that, on 29 November 2017 (after trading hours), the Company entered into the Capital Increase Agreement with SCI, Sichuan Highway Development, Sichuan Port and Channel Development, STAE and TCC, pursuant to which the parties agreed to increase the registered capital of TCC from RMB500,000,000 to RMB1,176,284,941. Upon completion of the Capital Increase, the proportion of shareholding held by the Company will remain at 5% of the enlarged registered capital of TCC.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, SCI holds approximately 33.87% of the issued share capital of the Company and therefore is a controlling shareholder and a connected person of the Company. As TCC is owned as to 95% by SCI and its associates (excluding the Company), TCC is an associate of a connected person of the Company under Rule 14A.13(1) of the Listing Rules. Therefore, the Capital Increase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more applicable Percentage Ratios for the capital contribution by the Company under the Capital Increase Agreement are more than 0.1% but all are less than 5%, the Capital Increase Agreement and transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## **CAPITAL INCREASE AGREEMENT**

### **Date**

29 November 2017

### **Parties**

- (1) the Company
- (2) SCI
- (3) Sichuan Highway Development
- (4) Sichuan Port and Channel Development
- (5) STAE
- (6) TCC

## PRINCIPAL TERMS OF THE CAPITAL INCREASE AGREEMENT

As at the date of this announcement, TCC has a registered capital of RMB500,000,000. Pursuant to the Capital Increase Agreement, the parties agreed to increase the registered capital of TCC to RMB1,176,284,941. The parties agreed that the capital contribution to TCC shall be made in cash in the following manner:

Each of the existing Shareholders of TCC including the Company, SCI, Sichuan Highway Development, Sichuan Port and Channel Development and STAE (the “Existing Shareholders”) subscribed for 676,284,941 shares at the price of RMB2.218 per share in proportion to their respective shareholding by reference to the Assets Valuation Report (Da Zheng Ping Bao Zi (2016) No. 510A) issued by China Faith Appraisers Co., Ltd. (北京國友大正資產評估有限公司) with the total amount for subscription amounting to RMB1,500,000,000. Details of the subscription are as below:

Shareholders	Proportion of Shareholding	Number of Shares to be subscribed for (RMB)	Actual amount payable (RMB)	Date of capital contribution
SCI	46%	311,091,073	690,000,000	15 December 2017
Sichuan Highway Development	39%	263,751,127	585,000,000	15 December 2017
The Company	5%	33,814,247	75,000,000	15 December 2017
STAE	5%	33,814,247	75,000,000	15 December 2017
Sichuan Port and Channel Development	5%	33,814,247	75,000,000	15 December 2017
Total	<u>100%</u>	<u>676,284,941</u>	<u>1,500,000,000</u>	

## SHAREHOLDING STRUCTURE OF TCC BEFORE AND AFTER THE CAPITAL INCREASE

Set out below is the shareholding structure of TCC before and after completion of the Capital Increase:

As stated above, upon completion of the Capital Increase, the proportion of shareholding held by Company will remain at 5% of the enlarged registered capital of TCC.

Shareholders of TCC	Amount of capital contribution to the registered capital of TCC before the Capital Increase (RMB)	% of equity interest in TCC before the Capital Increase	Amount of capital contribution to be made which will be recorded as registered capital of TCC (RMB)	Amount of capital contribution to the registered capital of TCC after the Capital Increase (RMB)	% of equity interest in TCC after the Capital Increase
SCI	230,000,000	46%	311,091,073	541,091,073	46%
Sichuan Highway Development	195,000,000	39%	263,751,127	458,751,127	39%
The Company	25,000,000	5%	33,814,247	58,814,247	5%
STAE	25,000,000	5%	33,814,247	58,814,247	5%
Sichuan Port and Channel Development	25,000,000	5%	33,814,247	58,814,247	5%
Total	<u>500,000,000</u>	<u>100%</u>	<u>676,284,941</u>	<u>1,176,284,941</u>	<u>100%</u>

## REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Capital Increase can consolidate TCC's financial strength and facilitate further improvement of its operating capacity.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Increase Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## GENERAL INFORMATION

### Information on the Existing Shareholders

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

SCI, as the controlling shareholder of the Company, 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 canalisation, etc.

Sichuan Highway Development is a subsidiary of SCI and principally engaged in financing for highway construction, road-building and development, collection of tolls and carwash fees, technical services and consultation service on construction projects, highway-related service facilities and introduction of new technologies and materials.

Sichuan Port and Channel Development is a subsidiary of SCI and principally engaged in the construction of water conservancy and inland river port, power generation, warehousing industry, special equipment manufacturing industry, public facilities management, business service industry, leasing industry, real estate development and operation, property management, land consolidation, professional technical service, and science and technology promotion and application service industry.

STAE is a subsidiary of SCI and principally engaged in investment and asset management and project management service.

### **Information on TCC**

TCC is a joint company established in the PRC with limited liability which mainly engaged in highway engineering; bridge engineering; municipal public works; groundwork and foundation engineering; earthwork engineering; ready-mixed commercial concrete; precast concrete component; tunnel engineering; highway pavement engineering; highway foundation engineering; highway traffic engineering; prestressed engineering; mechanical and electrical equipment installation; greening projects; engineering survey design; road maintenance; professional and technical advisory service; leasing and maintenance of transportation engineering machinery; manufacturing and installation of transportation engineering facilities; warehousing services; handling services; commodity wholesale and retail.

Set out below is the financial information of TCC for two years ended 31 December 2016 prepared in accordance with the PRC accounting standards:

	<b>For the year ended 31 December 2015 (Audited) (approximately) (RMB)</b>	<b>For the year ended 31 December 2016 (Audited) (approximately) (RMB)</b>
Revenue	3,684,136,700	2,285,972,400
Net profit/(loss) (before taxation)	155,541,100	115,771,200
Net profit/(loss) (after taxation)	104,359,100	76,044,200

As at 30 June 2017, the unaudited total asset value and the unaudited total net asset value of TCC were approximately RMB2,630,000,000 and RMB760,000,000, respectively.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, SCI holds approximately 33.87% of the issued share capital of the Company and therefore is a controlling shareholder and a connected person of the Company. As TCC is owned as to 95% by SCI and its associates (excluding the Company), TCC is an associate of a connected person of the Company under Rule 14A.13(1) of the Listing Rules. Therefore, the Capital Increase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more applicable Percentage Ratios for the capital contribution by the Company under the Capital Increase Agreement are more than 0.1% but all are less than 5%, the Capital Increase Agreement and transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **ABSTENTION FROM VOTING**

As Mr. Zhou Liming, Mr. Tang Yong, Mr. Huang Bin and Mr. Wang Shuanming hold positions in SCI and Mr. Luo Maoquan holds position in TCC, they are regarded as being interested in the Capital Increase Agreement and therefore have abstained from voting on the decision to approve the said agreement.

Save as stated above, none of the Directors are considered to have any material interest in the Capital Increase Agreement and the transactions contemplated thereunder and are required to abstain from voting on the decision approving the Capital Increase Agreement and the transactions contemplated thereunder.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors
“Capital Increase”	the capital increase of an aggregate amount of RMB1,500,000,000 in the registered capital of TCC under the Capital Increase Agreement

“Capital Increase Agreement”	the capital increase agreement dated 29 November 2017 entered into among the Company, SCI, Sichuan Highway Development, Sichuan Port and Channel Development, STAE and TCC
“Company”	Sichuan Expressway Company Limited* (四川成渝高速公路股份有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it 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
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SCI”	Sichuan Communications Investment Group Company Limited* (四川省交通投資集團有限責任公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company, which, together with its associates, holds approximately 33.87% of the total issued share capital of the Company
“Share(s)”	shares in the share capital of the Company

“Shareholders”	holder(s) of the Shares
“Sichuan Highway Development”	Sichuan Highway Development Holding Company* (四川高速公路建設開發總公司), a limited liability company incorporated in the PRC and a subsidiary of SCI
“Sichuan Port and Channel Development”	Sichuan Port and Channel Development Co., Ltd.*(四川省港航開發有限責任公司), a limited liability company incorporated in the PRC and a subsidiary of SCI
“STAE”	Sichuan Tibetan Area Expressway Co., Ltd.*(四川藏區高速公路有限責任公司), a limited liability company incorporated in the PRC and a subsidiary of SCI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCC”	Sichuan Trading Construction Engineering Co., Ltd.*(四川交投建設工程股份有限公司), a limited liability company incorporated in the PRC and a subsidiary of SCI
“%”	per cent

By order of the Board  
**Sichuan Expressway Company Limited\***  
**Zhang Yongnian**  
*Company Secretary*

Chengdu, Sichuan, the PRC  
29 November 2017

*As at the date of this announcement, the Board comprises Mr. Zhou Liming (Chairman), Mr. Gan Yongyi (Vice Chairman) and Mr. Luo Maoquan as executive Directors, Mr. Zheng Haijun (Vice Chairman), Mr. Tang Yong, Mr. Huang Bin, Mr. Wang Shuanming and Mr. Ni Shilin as non-executive Directors, Mr. Sun Huibi, Mr. Guo Yuanxi, Mr. Yu Haizong and Madam Liu Lina as independent non-executive Directors.*

\* *For identification purposes only*