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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)

CONTINUING CONNECTED TRANSACTIONS
(1) PURCHASE FRAMEWORK AGREEMENT OF
CHEMICAL PRODUCTS INCLUDING FUEL OIL AND
MIXED AROMATICS; AND
(2) SALE FRAMEWORK AGREEMENT OF CHEMICAL
PRODUCTS INCLUDING ISOCTANE AND HEAVY OIL

PURCHASE FRAMEWORK AGREEMENT OF CHEMICAL PRODUCTS INCLUDING FUEL OIL AND MIXED AROMATICS

The Board hereby announces that on 19 July 2018, Zhonglu Energy, a subsidiary of the Company, and PetroChina Yanchang entered into the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics, pursuant to which, Zhonglu Energy (for itself and on behalf of its subsidiaries) has agreed to purchase certain kinds of chemical products from PetroChina Yanchang (for itself and on behalf of its subsidiaries) during the period from 19 July 2018 to 31 December 2018.

SALE FRAMEWORK AGREEMENT OF CHEMICAL PRODUCTS INCLUDING ISOCTANE AND HEAVY OIL

The Board hereby announces that on 19 July 2018, Zhonglu Energy and PetroChina Yanchang entered into the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil, pursuant to which, Zhonglu Energy (for itself and on behalf of its subsidiaries) has agreed to sell certain kinds of chemical products to PetroChina Yanchang (for itself and on behalf of its subsidiaries) during the period from 19 July 2018 to 31 December 2018.

LISTING RULES IMPLICATIONS

As at the date of this announcement, PetroChina holds 49% equity interests in Zhonglu Energy, a subsidiary of the Company, and 40% equity interests in PetroChina Yanchang, respectively. Therefore, each of PetroChina and PetroChina Yanchang is a connected person at subsidiary level of the Company under Rule 14A.06(9) of the Listing Rules, respectively.

As (i) the Board has approved the transactions contemplated under the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil; and (ii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil are fair and reasonable, entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Therefore, the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil are subject to the reporting, announcement and annual review requirements, but are exempted from the circular, independent financial advisor's advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

PURCHASE FRAMEWORK AGREEMENT OF CHEMICAL PRODUCTS INCLUDING FUEL OIL AND MIXED AROMATICS

The Board hereby announces that on 19 July 2018, Zhonglu Energy and PetroChina Yanchang entered into the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics, pursuant to which, Zhonglu Energy (for itself and on behalf of its subsidiaries) has agreed to purchase certain kinds of chemical products from PetroChina Yanchang (for itself and on behalf of its subsidiaries) during the period from 19 July 2018 to 31 December 2018.

The principal terms of the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics are as follows:

Date:	19 July 2018
Term:	19 July 2018 to 31 December 2018
Parties:	Zhonglu Energy (for itself and on behalf of its subsidiaries) as the purchaser; and PetroChina Yanchang (for itself and on behalf of its subsidiaries) as the supplier

Nature of transaction:	During the term of the agreement, Zhonglu Energy and its subsidiaries shall purchase from PetroChina Yanchang and its subsidiaries chemical products (including fuel oil, mixed aromatics, asphalt, polyethylene, polypropylene, etc.).
Pricing policy:	The pricing of all transactions under the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics shall be determined by way of negotiation between the two parties after quotations have been given by PetroChina Yanchang to Zhonglu Energy and shall be more favorable than the quotations obtained from three other independent third parties by Zhonglu Energy in the same period.
Payment term:	The payment term shall be delivery upon receipt of payment and the goods for each purchase order shall be delivered only after the payment thereof has been settled. PetroChina Yanchang shall dispatch the goods to Zhonglu Energy within 20 working days upon receipt of the payment.
Conditions precedent:	The effectiveness of the agreement is conditional upon, among other things, the Company having complied with the relevant requirements in relation to continuing connected transactions under the listing rules of the Stock Exchange and the Shanghai Stock Exchange, which include but not limited to reporting, announcement and/or independent shareholders' approval requirements (if applicable).

Annual cap and basis for determining the annual cap

In considering the annual cap for the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics, the Directors have considered a number of factors including: (i) the historical transaction amount of Zhonglu Energy for the purchase of chemical products such as fuel oil, mixed aromatics, asphalt, polyethylene, polypropylene, etc; (ii) the expected sales volume of such chemical products of Zhonglu Energy for the year ending 31 December 2018; and (iii) the trend of the international crude oil price and the prevailing market price of such chemical products.

Having considered the above factors, the Directors propose that the transaction cap for the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics for the period from 19 July 2018 to 31 December 2018 shall be RMB350 million.

The historical transaction amounts in respect of the sale of chemicals products to Zhonglu Energy and its subsidiaries by PetroChina Yanchang and its subsidiaries:

RMB'000

From 1 January 2016 to 31 December 2016 (<i>Note: as detailed in the announcement of the Company dated 27 October 2016 in relation to, among others, the continuing connected transactions entered into between Zhonglu Energy and PetroChina Yanchang.</i>)	449,823
From 1 January 2017 to 31 December 2017 (<i>Note: as detailed in the announcement of the Company dated 6 March 2017 in relation to, among others, the continuing connected transactions entered into between Zhonglu Energy and PetroChina Yanchang.</i>)	1,128,252
For the six months ended 30 June 2018	0

SALE FRAMEWORK AGREEMENT OF CHEMICAL PRODUCTS INCLUDING ISOCTANE AND HEAVY OIL

The Board hereby announces that on 19 July 2018, Zhonglu Energy and PetroChina Yanchang entered into the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil, pursuant to which, Zhonglu Energy (for itself and on behalf of its subsidiaries) has agreed to sell certain kinds of chemical products to PetroChina Yanchang (for itself and on behalf of its subsidiaries) during the period from 19 July 2018 to 31 December 2018.

The principal terms of the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil are as follows:

Date:	19 July 2018
Term:	19 July 2018 to 31 December 2018
Parties:	PetroChina Yanchang (for itself and on behalf of its subsidiaries) as the purchaser; and Zhonglu Energy (for itself and on behalf of its subsidiaries) as the supplier

Nature of transaction:	During the term of the agreement, Zhonglu Energy and its subsidiaries shall sell to PetroChina Yanchang and its subsidiaries chemical products (including MTBE, isooctane, heavy oil, etc.).
Pricing policy:	The pricing of all transactions under the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil shall be determined by way of negotiation between the two parties after quotations have been given by Zhonglu Energy to PetroChina Yanchang and shall not be lower than the price offered by Zhonglu Energy to independent third parties in respect of the supply of chemical products of same nature and quality in the same period.
Payment term:	The payment term shall be delivery upon receipt of payment and the goods for each purchase order shall be delivered only after the payment thereof has been settled. PetroChina Yanchang shall dispatch the goods to Zhonglu Energy within 20 working days upon receipt of the payment.
Conditions precedent:	The effectiveness of the agreement is conditional upon, among other things, the Company having complied with the relevant requirements in relation to continuing connected transactions under the listing rules of the Stock Exchange and the Shanghai Stock Exchange, which include but not limited to reporting, announcement and/or independent shareholders' approval requirements (if applicable).

Annual cap and basis for determining the annual cap

In considering the annual cap for the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil, the Directors have considered a number of factors including: (i) the expected purchase volume of MTBE, heavy oil, isooctane and other chemical products of Zhonglu Energy for the year ending 31 December 2018; (ii) the expected demand for such chemical products of PetroChina Yanchang for the year ending 31 December 2018; and (iii) the trend of the international crude oil price and the prevailing anticipated price of such chemical products.

Having considered the above factors, the transaction cap for the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil for the period from 19 July 2018 to 31 December 2018 shall be RMB350 million.

The historical transaction amounts in respect of the sale of chemicals products to PetroChina Yanchang and its subsidiaries by Zhonglu Energy and its subsidiaries:

RMB'000

From 1 January 2016 to 31 December 2016 (*Note: as detailed in the announcement of the Company dated 27 October 2016 in relation to, among others, the continuing connected transactions entered into between Zhonglu Energy and PetroChina Yanchang Petroleum Yulin Co., Ltd.* (中油延長石油銷售榆林有限公司, a subsidiary of PetroChina Yanchang).*) 0

From 1 January 2017 to 31 December 2017 0

For the six months ended 30 June 2018 0

Aggregation of the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil should be aggregated for the purpose of considering the Company's compliance obligations as such agreements were entered into by Zhonglu Energy and PetroChina Yanchang, and the nature of the transactions under each of the agreements is similar and related. Accordingly, the aggregated annual caps for the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil for the year ending 31 December 2018 is RMB700 million.

Reasons for entering into the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil

The Group is principally engaged in the investment, construction, operation and management of expressways infrastructure projects in Sichuan Province, the PRC as well as the operation of other businesses related to toll roads in Sichuan Province. The Group also engages in gas stations operation through its non-wholly-owned subsidiary, Zhonglu Energy.

In accordance with the Company's overall requirement of "making progress while maintaining stability and making breakthroughs in innovations", the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil are entered into in order to realize the rapid development of the "energy investment segment" of the "five major segments" of the Company and to meet the ordinary operation needs of the Group and actively explore sales market.

DIRECTORS' OPINION ON INTERNAL CONTROL PROCEDURES OF TRANSACTION TERMS SUCH AS PRICING POLICY AND PAYMENT METHOD OF CONTINUING CONNECTED TRANSACTIONS

The Directors believe that, in respect of the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil, the Group has implemented comprehensive internal control procedures and steps when executing the transaction terms such as pricing policy and payment term of the continuing connected transactions. Meanwhile, in order to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted the following measures in monitoring the transactions under the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil. The details of relevant internal control procedures and steps and the measures adopted for safeguarding the interests of the Company and the Shareholders as a whole were as follows:

- (1) After the above continuing connected transactions were proposed and reported by the department responsible for connected transaction business, the Directors (including the independent Directors) of the Company conducted investigation on the necessity, reasonableness and fairness of pricing of the connected transactions, and considered that the connected transactions were proceeded for satisfying the needs of Zhonglu Energy for daily business operation, and the transaction terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.
- (2) The supervisory committee of the Company has effectively supervised the consideration and voting of the connected transactions, and reviewed and approved the above connected transactions.
- (3) The Directors and Supervisory Office* (董監事會辦公室) and the manager of the Discipline Inspection (Audit) Unit* (紀檢監察(審計)部) of the Company will review the connected transactions under the continuing connected transaction agreements on a regular basis, to consider (i) effective implementation of the pricing policies and the payment term, evaluation of balances of annual caps; and (ii) discovery of management weakness, and recommendations for improvement measures to ensure that the internal control measures in respect of the continuing connected transactions remain complete and effective and where weaknesses are identified, the Company will take measures to address them as soon as practicable.
- (4) The Discipline Inspection (Audit) Unit* (紀檢監察(審計)部) of the Company will conduct internal review annually to ensure that internal control measures in respect of the transactions under the continuing connected transaction agreements remain complete and effective.

DIRECTORS' VIEW ON THE CONTINUING CONNECTED TRANSACTIONS

The Directors (including the independent non-executive Directors) consider that the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil is entered into in the ordinary and usual course of business of the Group and the terms as contained therein are normal commercial terms, which are arrived at after arm's length negotiations between the parties, and the annual cap for as well as the terms of the agreements are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

None of the Directors has any material interest in the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil and was required to abstain from voting on the Board resolutions to approve the same.

INFORMATION OF THE COMPANY, ZHONGLU ENERGY AND PETROCHINA YANCHANG

The business of the Company mainly includes the investment, construction, operation and management of expressways infrastructure projects in Sichuan Province, the PRC, as well as the operation of other businesses related to toll roads.

Zhonglu Energy is a limited company established in the PRC which is owned as to 51% and 49% by the Company and PetroChina respectively. Its business scope mainly includes general business such as energy project investment and business information consultation.

PetroChina Yanchang is a joint stock limited company established in the PRC and is held as to 40% by PetroChina. It is principally engaged in the production, deployment and sale of crude oil, establishment of the crude oil refining center and sub-stations, development of eco-friendly alternative new technologies and new products for crude oil, wholesale and retail of chemical products, storage of crude oil, loading, unloading and parking services and leasing of safety fireproof equipment as well as explosion-proof equipment.

LISTING RULES IMPLICATIONS

As at the date of this announcement, PetroChina holds 49% equity interests in Zhonglu Energy, a subsidiary of the Company, and 40% equity interests in PetroChina Yanchang, respectively. Therefore, each of PetroChina and PetroChina Yanchang is a connected person at subsidiary level of the Company under Rule 14A.06(9) of the Listing Rules, respectively.

As (i) the Board has approved the transactions contemplated under the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil; and (ii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil are fair and reasonable, entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Therefore, the Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics and the Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil are subject to the reporting, announcement and annual review requirements, but are exempted from the circular, independent financial advisor's advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“A Share(s)”	Ordinary shares of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the Shanghai Stock Exchange (stock code: 601107)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Sichuan Expressway Company Limited* (四川成渝高速公路股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange respectively
“connected person(s)”	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

“H Share(s)”	overseas listed shares of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the main board of the Stock Exchange (stock code: 00107)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PetroChina”	PetroChina Company Limited* (中國石油天然氣股份有限公司), a joint stock limited company incorporated in the PRC which is listed on the Stock Exchange (stock code: 857) and the Shanghai Stock Exchange (stock code: 601857), and the holder of 49% equity interests in Zhonglu Energy
“PetroChina Yanchang”	PetroChina Yanchang Petroleum Sales Co., Ltd.* (中油延長石油銷售股份有限公司), formerly known as Shaanxi Yanchang Zhongli New Energy Co., Ltd.* (陝西延長中立新能源股份有限公司), a joint stock limited company incorporated in the PRC, of which 40% equity interests are held by PetroChina
“Purchase Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics”	the Purchase Connected Transaction Framework Agreement of Chemical Products Including Fuel Oil and Mixed Aromatics entered into by and between Zhonglu Energy and PetroChina Yanchang on 19 July 2018 in relation to the purchase of chemical products from PetroChina Yanchang (for itself and on behalf of its subsidiaries) by Zhonglu Energy (for itself and on behalf of its subsidiaries) during the period from 19 July 2018 to 31 December 2018
“PRC”	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

“Sale Framework Agreement of Chemical Products Including Isooctane and Heavy Oil”	the Sale Connected Transaction Framework Agreement of Chemical Products Including Isooctane and Heavy Oil entered into by and between Zhonglu Energy and PetroChina Yanchang on 19 July 2018 in relation to the sale of chemical products to PetroChina Yanchang (for itself and on behalf of its subsidiaries) by Zhonglu Energy (for itself and on behalf of its subsidiaries) during the period from 19 July 2018 to 31 December 2018
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	A Shares and H Shares
“Shareholders”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Zhonglu Energy”	Sichuan Zhonglu Energy Company Limited* (四川中路能源有限公司), a non wholly-owned subsidiary of the Company, which is owned as to 51% by the Company and 49% by PetroChina
“%”	per cent

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

Chengdu, Sichuan, the PRC
19 July 2018

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