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Qilu Expressway Company Limited
齊魯高速公路股份有限公司

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

(Stock Code: 1576)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF STRUCTURED DEPOSIT PRODUCTS

The Board is pleased to announce that the Company and BoCom Shandong Branch entered into the SDP Agreements on 28 December 2022 in relation to the subscription of the SDPs issued by BoCom Shandong Branch in the amount of RMB500 million in total pursuant to which the Company shall pay the subscription monies in the sum of RMB400 million and RMB100 million on 28 December 2022 and 29 December 2022 with BoCom Shandong Branch, respectively.

LISTING RULES IMPLICATIONS

As the SDP Agreements have the same counterparty and are of similar transaction nature and product structure, and the transactions under the SPD Agreements are carried out within 12 months prior to the date of this announcement, such transactions are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the SDP Agreements exceed 5% but all are less than 25%, the subscriptions under the SDP Agreements on an aggregated basis constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that the Company and BoCom Shandong Branch entered into the SDP Agreements on 28 December 2022 in relation to the subscription of the SDPs issued by BoCom Shandong Branch in the amount RMB500 million in total pursuant to which the Company shall pay the subscription monies in the sum of RMB400 million and RMB100 million on 28 December 2022 and 29 December 2022 with BoCom Shandong Branch, respectively.

II. AGREEMENTS FOR SUBSCRIPTION OF SDPS

The major terms and conditions of the SDP Agreements are set out below:

Date	:	28 December 2022
Parties	:	(i) the Company; and (ii) BoCom Shandong Branch
Product name	:	BoCom Yuntong Fortune Structured Time Deposit 98 Days (bullish gold rate-linked) (交通銀行蘊通財富定期型結構性存款98天(掛鈎黃金看漲))
Type of product	:	Principal-guaranteed product with floating return
Risk level of product (internal risk rating by BoCom Shandong Branch)	:	Conservative
Payment of subscription monies	:	RMB400 million under the SDP Agreement I shall be paid on 28 December 2022, and RMB100 million under the SDP Agreement II shall be paid on 29 December 2022
Deposit period	:	98 days
Start date	:	30 December 2022 for the product under the SDP Agreement I, and 3 January 2023 for the product under the SDP Agreement II
End date	:	7 April 2023 for the product under the SDP Agreement I, and 11 April 2023 for the product under the SDP Agreement II
Observation date	:	3 April 2023 for the product under the SDP Agreement I, and 6 April 2023 for the product under the SDP Agreement II

Expected low-end of the annualised rate : 1.75%
of return

If the price of the linked target (as defined below) in the morning session on the observation date is lower than the exercise price (as defined below), the annualised return rate obtained by the Company throughout the duration is expected to be a low-end annualized rate of return.

Expected high-end of the annualised rate : 3.31%
of return

If the price of the linked target (as defined below) in the morning session on the observation date is higher than or equal to the exercise price (as defined below), the annualised return rate obtained by the Company throughout the duration is expected to be a high-end annualized rate of return.

Linked target : The benchmark price of the SGE Shanghai Gold centralised pricing contract (code: SHAU) in the morning session (based on the data published on the official website of the SGE).

Exercise price : 94.67% of the price of the linked target in the morning session on the start date (accurate to the second decimal place, and the third decimal place is rounded)

Guarantee by BoCom Shandong Branch : BoCom Shandong Branch shall guarantee the principal of the SDPs

The subscription for SDPs shall be financed by the self-owned funds of the Group.

III. BASIS OF DETERMINATION OF THE CONSIDERATION

The Directors confirm that the considerations for the subscription of the SDPs are determined on commercial terms upon arm's length negotiations between the Company and BoCom Shandong Branch after taking into account the idle cash resources of the Group available for the purpose of cash management, as well as the risk level, investment terms, and annualised rate of return of the product.

IV. REASONS FOR AND BENEFITS OF ENTERING INTO SDP AGREEMENTS

In order to enhance the capital efficiency as well as the return from capital operation, the Group reasonably utilises the idle cash resources of the Company available for the purpose of cash management to subscribe for the SDPs issued by BoCom Shandong Branch to earn additional income without affecting its normal operations. In addition, the SDP Agreements offers a better potential return to the Group when compared to the deposit interest rates generally offered by commercial banks in the PRC.

The Directors (including the independent non-executive Directors) are of the view that the terms of the SDP Agreements are on normal commercial terms and are fair and reasonable, and that the SDP Agreements and the transaction thereunder are in the interests of the Company and the Shareholders as a whole.

V. INFORMATION OF THE COMPANY AND BOCOM SHANDONG BRANCH

The Company

The Company is a joint stock company incorporated and validly subsisting under the PRC laws with limited liability, and its H Shares are listed on the Main Board of the Stock Exchange. The Company is principally engaged in (i) the construction, maintenance, operation and management of expressways (including the Jihe Expressway, Deshang Expressway (Liaocheng – Fan County section) and Shennan Expressway); (ii) highway engineering construction, expressway maintenance and municipal greening and other constructions; and (iii) sales of industrial products and other businesses in Shandong Province, the PRC.

BoCom Shandong Branch

BoCom Shandong Branch is a branch of BoCom. BoCom is a joint stock company incorporated in the PRC with limited liability. BoCom and its subsidiaries are principally engaged in the commercial banking business which provides services such as accepting deposits, making loans and offering basic investment products. BoCom is listed on the Main Board of the Stock Exchange (stock code: 3328.HK), the Shanghai Stock Exchange (stock code: 601328.SS), and NASDAQ (stock code: BCMXY).

As at the date of the announcement, to the best of the Directors' knowledge, information and belief after making all reasonable enquiries, BoCom Shandong Branch, BoCom and their ultimate beneficial owner(s) are all third parties independent of the Company and its connected persons.

VI. LISTING RULES IMPLICATIONS

As the SDP Agreements have the same counterparty and are of similar transaction nature and product structure, and the transactions under the SPD Agreements are carried out within 12 months prior to the date of this announcement, such transactions are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the SDP Agreements exceed 5% but all are less than 25%, the subscriptions under the SDP Agreements on an aggregated basis constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

VII. DEFINITIONS

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

“Board”	the Board of Directors
“BoCom”	Bank of Communications Co., Ltd. (交通銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability and a licensed bank in the PRC, the A shares and H shares of which are listed on the Shanghai Stock Exchange (stock code: 601328.SS) and the Stock Exchange (stock code: 3328.HK), respectively
“BoCom Shandong Branch”	Bank of Communications Co., Ltd. Shandong Branch
“Company”	Qilu Expressway Company Limited (齊魯高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability on 6 December 2016, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1576.HK)
“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
“H Share(s)”	the overseas listed foreign invested ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NSSF”	the National Council for Social Security Fund
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“SDP(s)”	the structured deposit products in the form of the BoCom Yuntong Fortune Structured Time Deposit 98 Days (bullish gold rate-linked) (交通銀行蘊通財富定期型結構性存款 98 天 (掛鈎黃金看漲)) under the SDP Agreements
“SDP Agreements”	collectively the SDP Agreement I and the SDP Agreement II
“SDP Agreement I”	the agreement entered into between the Company and BoCom Shandong Branch in relation to the subscription of the SDP issued by BoCom Shandong Branch in the amount of RMB400 million
“SDP Agreement II”	the agreement entered into between the Company and BoCom Shandong Branch in relation to the subscription of the SDP issued by BoCom Shandong Branch in the amount of RMB100 million
“SGE”	Shanghai Gold Exchange
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Qilu Expressway Company Limited
Wang Zhenjiang
Chairman

Shandong, the PRC
28 December 2022

As at the date of this announcement, the executive Directors are Mr. Wang Zhenjiang, Mr. Peng Hui and Mr. Liu Qiang; the non-executive Directors are Mr. Chen Dalong, Mr. Wang Shaochen, Mr. Zhou Cenyu, Mr. Su Xiaodong, Ms. Kong Xia, Mr. Du Zhongming and Mr. Shi Jinglei; and the independent non-executive Directors are Mr. Cheng Xuezhan, Mr. Li Hua, Mr. Wang Lingfang, Mr. He Jiale and Mr. Han Ping.