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齐鲁高速公路股份有限公司
QILU EXPRESSWAY COMPANY LIMITED

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

(Stock Code: 1576)

PROPOSED REVISION OF ANNUAL CAPS FOR THE EXISTING 2024-2026 CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENTS

Reference is made to the Announcement in relation to, among other things, the Existing 2024-2026 Continuing Connected Transactions Framework Agreements and the transactions contemplated thereunder.

In response to the requirements of the Group's production bases and construction projects, and the increase in business of reconstruction and expansion works and sales of industrial products, the expected transaction amounts made by the Group in respect of the services and product purchases under the Existing 2024-2026 Continuing Connected Transactions Framework Agreements and the provision of services and products to Shandong Hi-Speed Group and its Subordinated Companies under the Existing 2024-2026 Continuing Connected Transactions Framework Agreements will further increase. The Company entered into to the Supplemental Agreements of the 2024-2026 Continuing Connected Transactions Framework Agreements with Shandong Hi-Speed Group as at the date of this announcement to revise the annual caps under such agreements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shandong Hi-Speed Group indirectly held approximately 38.93% of the issued Shares of the Company through its subsidiary Shandong Hi-Speed. Meanwhile, Shandong Hi-Speed Group is a controlling Shareholder of the Company and thus a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the Supplemental Agreements of the 2024-2026 Continuing Connected Transactions Framework Agreements and the transactions contemplated thereunder constituted a continuing connected transaction under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the existing annual caps, the Company will need to re-comply with the relevant provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions. In respect of the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement, as two of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of their respective highest proposed revised annual caps exceed 5%, the agreements and the transactions contemplated thereunder (including their respective proposed revised annual caps) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules respectively.

In respect of the Supplemental Agreement of the 2024-2026 Services Provision Framework Agreement and the Supplemental Agreement of the 2024-2026 General Procurement Framework Agreement, as all the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of their respective highest revised annual caps are more than 0.1% but less than 5%, the agreements and the transactions contemplated thereunder (including their respective revised annual caps) is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but exempt from the Independent Shareholders' approval requirement.

EGM

The Company will convene an EGM at which resolutions will be proposed for, among other things, the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement and the transactions contemplated thereunder (including their respective proposed revised annual caps). As Shandong Hi-Speed Group has a material interest in the above transactions, Shandong Hi-Speed Group and its associates (including Shandong Hi-Speed) are required to abstain from voting on the relevant resolutions to be proposed at the EGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder other than Shandong Hi-Speed Group and its associates (including Shandong Hi-Speed) is required to abstain from voting on the aforesaid resolutions.

An Independent Board Committee comprising all the independent non-executive Directors, i.e., Mr. Liu Hongwei, Mr. He Jiale, Mr. Wang Lingfang, Mr. Leng Ping and Ms. Shen Chen, has been established by the Company to advise the Independent Shareholders in respect of the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement and the transactions contemplated thereunder (including their respective proposed revised annual caps). Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the above transactions.

A circular containing, among other things, (i) details of the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement and the transactions contemplated thereunder (including their respective proposed revised annual caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) the recommendations from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) the circular of the notice of the EGM will be published on the HKEXnews website at www.hkexnews.hk and the website of the Company at www.qlecl.com and will be dispatched to the Shareholders who have indicated their wish to receive a printed copy within 15 business days from the date of this announcement.

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Existing 2024-2026 Continuing Connected Transactions Framework Agreements and the transactions contemplated thereunder.

In response to the requirements of the Group's production bases and construction projects, and the increase in business of reconstruction and expansion works and sales of industrial products, the expected transaction amounts made by the Group in respect of the services and product purchases under the Existing 2024-2026 Continuing Connected Transactions Framework Agreements and the provision of services and products to Shandong Hi-Speed Group and its Subordinated Companies under the Existing 2024-2026 Continuing Connected Transactions Framework Agreements will further increase. The Company entered into to the Supplemental Agreements of the 2024-2026 Continuing Connected Transactions Framework Agreements with Shandong Hi-Speed Group as at the date of this announcement to revise the annual caps under such agreements.

PROPOSED REVISION OF ANNUAL CAPS FOR THE EXISTING 2024-2026 CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENTS

1. The Existing 2024-2026 General Services Framework Agreement

The principal terms of the Existing 2024-2026 General Services Framework Agreement are set out as follows:

Date	:	23 November 2023
Parties	:	(i) the Company; and (ii) Shandong Hi-Speed Group
Term	:	Effective from 1 January 2024 to 31 December 2026 (both days inclusive).
Subject matter	:	Pursuant to the Existing 2024-2026 General Services Framework Agreement, Shandong Hi-Speed Group and its relevant Subordinated Companies will provide the Group with General Highway Business Operation Services, including the planning, renovation, engineering, survey and system design of highways and ancillary facilities; highway technology inspections, and regular and ad-hoc inspections of bridges and tunnels; repair and maintenance of highways and ancillary facilities; survey and analysis of road sections; research on treatment measures and techniques; projection of and research on traffic volume and toll amount; operational management of toll collection; project supervision; project contracting and supply of bulk materials; and other related or similar services.
Demand estimation	:	The Group shall submit a service demand plan for the next accounting year or any adjustment plan on service projects for the current accounting year to Shandong Hi-Speed Group by 31 October of each year. Both parties shall also reach a consensus on the plans before 30 November of the same accounting year. In the event that the service demand plan of the Group for the next accounting year is agreed upon between the parties, Shandong Hi-Speed Group shall fulfill the plan.
Payment method	:	Upon the Existing 2024-2026 General Services Framework Agreement becoming effective, in respect of the projects for which the provision of services by Shandong Hi-Speed Group and its relevant Subordinated Companies is determined through tenders, the time and manner of payment of the relevant service fees shall be determined in accordance with the tender documents and the agreement signed by both parties separately.

Pricing policies : The fees for various services under the Existing 2024-2026 General Services Framework Agreement shall be determined on the basis of the following principles and sequences:

(i) **government-prescribed price**: where the central or local government imposes price control on service fees, the fees for services shall be determined in accordance with the prescribed price published on the website of the relevant government authority or the authoritative price list;

(ii) **government-guided price**: where a guided price standard imposed by the central or local government is available for services and such guided price standard has been published on the website of relevant government authority or via authoritative price list, the price of services shall be determined within the range of the government-guided price through negotiation; and

(iii) **market price**: where the above two price standards are not available for services or the previous government-prescribed or guided price are no longer applicable to such services, and such services do not fall within those subject to tender process pursuant to laws and regulations, the fees for the service shall be determined with reference to the market price and the general principle for pricing shall be fair and reasonable. If the services fall within those subject to tender process pursuant to laws and regulations or the party receiving the procurement must apply the tender process according to its internal code, the price shall be determined by tender process.

For prices that shall be determined through mutual negotiation, both parties shall take into consideration the following key factors while determining market price:

(i) the prevailing market price charged by any third party selling similar service in the region taking into account the quotation from other service providers providing the similar service and a minimum of two comparable transactions carried out with Independent Third Parties during the same period; and

(ii) the lowest price in respect of the same or similar service sold by the parties and their relevant Subordinated Companies to any third party.

For prices that shall be determined through tender process under the applicable laws and regulations or the internal codes of the recipient of the service:

Both parties shall select the service providers and determine the final price through the way of public tender process in accordance with the requirements under applicable laws and regulations such as the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), the Implementing Regulations on the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》) and the Measures for the Administration of the Bidding for Highway Construction Projects (《公路工程建設項目招標投標管理辦法》), as well as the provisions of relevant internal codes. Such process shall be carried out under the related laws and internal codes, and shall consider the following factors, including but not limited to:

(i) the terms of the tender provided by the bidder, including the bid price, the terms set by the bidder for the tender;

(ii) the background, qualifications, technical and financial conditions of the bidder; and

(iii) the historical business record for the provision of similar or same services by the bidder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no government-prescribed price or government-guided price provided for the services being the subject matters under the Existing 2024-2026 General Services Framework Agreement under the relevant PRC laws and regulations currently, thus the market price is applicable to all such services, and the prices of which are determined by way of negotiations between parties or through tender process.

Supplemental Agreement of the 2024-2026 General Services Framework Agreement

In view of the Company's continuing expansion of expressway business, R&E Project as well as construction engineering requirements, the Company and Shandong Hi-Speed Group entered into the Supplemental Agreement of the 2024-2026 General Services Framework Agreement on the date of this announcement. Accordingly, the Company and Shandong Hi-Speed Group agreed to adjust the annual cap for the year ending 31 December 2026 to RMB400,000,000.

Save for the aforesaid revision, all other terms and conditions of the Existing 2024-2026 General Services Framework Agreement remain unchanged.

The Supplemental Agreement of the 2024-2026 General Services Framework Agreement shall be effective upon approval by the general meeting of the Company.

Existing Annual Caps and the Proposed Revised Annual Caps

The existing annual caps and the proposed revised annual caps for the transactions contemplated under the Existing 2024-2026 General Services Framework Agreement for each of the three years ended/ending 31 December 2026 shall be respectively as follows:

	For the year ended/ending 31 December		
	2024	**2025**	**2026**
	RMB	*RMB*	*RMB*
Existing annual caps	2,600,000,000	600,000,000	100,000,000
Proposed revised annual caps	–	–	400,000,000

Basis of the Proposed Revised Annual Caps

In determining the proposed revised annual caps, the Company has considered the following factors:

(i) the actual transaction amount of the Existing 2024-2026 General Services Framework Agreement for the year ended 31 December 2024 and the four months ended 30 April 2025 of approximately RMB2.515032 billion and RMB377,422,000, respectively. The Company confirms that the existing annual cap for the year ending 31 December 2025 is not exceeded as at the date of this announcement;

(ii) the General Highway Business Operation Services required by the Company in the course of its daily operations such as (a) the routine maintenance works and repair works expected to be performed on the Jihe Expressway, the Deshang Expressway (Liaocheng-Fan County section) and the Shennan Expressway as part of the Group's preventive maintenance measures upon consideration of the technical conditions of such expressways; and (b) the development, maintenance, upgrade and improvement of the information systems of the Jihe Expressway, the Deshang Expressway (Liaocheng-Fan County section) and the Shennan Expressway; and

(iii) the revised estimated demand of the general services transactions of the Group for the year ending 31 December 2026 comprising (a) the amounts of routine works contemplated under the General Highway Business Operation Services; (b) the works amounts of preliminary and main works under the R&E Project; and (c) additional demand for the general services transactions.

The following table shows the original estimated amounts and revised estimated amounts of factor (iii) for the year ending 31 December 2026:

	For the year ending 31 December 2026	
	Original estimated amounts *RMB*	**Revised estimated amounts** *RMB*
Routine works amounts	59,333,000	73,514,000
R&E Project works amounts	40,353,000	94,500,000
Additional demand for the general services transactions	–	191,500,000
Total	99,685,000	359,514,000

For the purposes of the table above, the increase in demand for the general services for the year ending 31 December 2026 is mainly reflected in the following:

(a) the expected increase of approximately RMB54.1 million in the R&E Project works amounts is mainly due to the entering into of the construction contracting agreement between the Company and a Subordinated Company of Shandong Hi-Speed Group in November 2024, which was not taken into account and incorporated into the original estimates of R&E Project works amounts at the time of entering into the Existing 2024-2026 General Services Framework Agreement when determining the original annual caps for the year ending 31 December 2026; and

(b) it is anticipated that there will be additional demand in general services transactions of approximately RMB160 million and approximately RMB20 million, respectively, in relation to the smart transportation industrial base construction project and digitalization construction project of the Group in Shandong Province (such projects were newly added in 2024).

In addition, a buffer amount of approximately less than 10% is incorporated in the proposed revised annual caps for the year ending 31 December 2026, which was determined after taking into account possible unexpected circumstances that may occur during the year ending 31 December 2026, such as any delay of the works at any stage in 2025 which may result in a change of the actual demand for the general services transactions and an unforeseen increase in the amount of provisional fees. The Board is of the view that if this occurs, it will be impracticable or burdensome to revise the proposed annual caps for that period or delay progress payments, and having considered that (i) the projects which are expected to be carried out in a particular year may postpone to the following year or may advance that particular year; and (ii) the Company experienced the postponement in the settlement of services fees in previous contracts, the Board considers that the buffer amount is fair and reasonable.

Reasons for and Benefits of Entering into the Supplemental Agreement of the 2024-2026 General Services Framework Agreement

Shandong Hi-Speed Group and its relevant Subordinated Companies have been providing General Highway Business Operation Services to the Group in order to build up the business chain and promote the sustainable development of Shandong provincial roads. The reasons for the transactions carried out between the Group and Shandong Hi-Speed Group and its relevant Subordinated Companies are as follows:

(i) members of the Group have established business relationships with Shandong Hi-Speed Group and its relevant Subordinated Companies;

(ii) the relevant service providers have the expertise in their respective fields and may possess licences and/or experienced and skilled technical staff necessary for carrying out professional business;

(iii) the Group will benefit from economy of scale due to the professional technical support from Shandong Hi-Speed Group and its relevant Subordinated Companies which are devoted to providing services in relation to highway operation business, and the use of such services will be more cost effective;

(iv) for certain sophisticated technical support and repair and maintenance services, the existing arrangements with Shandong Hi-Speed Group and its relevant Subordinated Companies will be cost-saving when compared with the procurement of similar technical support and services from domestic and overseas service providers; and

(v) the services provided to the Group by Shandong Hi-Speed Group and its relevant Subordinated Companies have been on no less favorable terms as compared with the services provided by Independent Third Parties, taking into account the service quality, price, understanding of the business needs and operational requirements of the Group, familiarity with the projects of the Group and value-added contributions that could be offered, and such services are in compliance with the applicable industry requirements of road safety and maintenance in general.

In addition to the reasons and benefits as disclosed above, having taken into account the reasons set out in the section headed "Basis of the Proposed Revised Annual Caps" above, the Company expects that it will be necessary to significantly increase the existing annual caps.

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company of revision of the existing annual caps.

The Board (excluding Ms. Kong Xia who was required to abstain from voting on the relevant Board resolutions and the independent non-executive Directors, whose views will be contained in the letter from the Independent Board Committee in the circular to be despatched to the Shareholders) is of the view that, the transactions contemplated under the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and its proposed revised annual caps are entered into in the usual and ordinary course of business of the Group on normal commercial terms, and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

2. The Existing 2024-2026 Services Provision Framework Agreement

The principal terms of the Existing 2024-2026 Services Provision Framework Agreement are set out as follows:

Date	:	23 November 2023
Parties	:	(i) The Company; and (ii) Shandong Hi-Speed Group
Term	:	Effective from 1 January 2024 to 31 December 2026 (both days inclusive)
Subject matter	:	The services provided or may be provided by the Group to Shandong Hi-Speed Group and its Subordinated Companies include but not limited to labor subcontracting, consulting services, leasing services, warehousing and logistics services, installation services, trade services, entrusted construction services, import and export of goods services, engineering management services, landscaping services as well as other services which are permitted by law and can be performed by Shandong Hi-Speed Group and its Subordinated Companies within its registered business scope.
Principles of transactions	:	In respect of the service projects provided by Shandong Hi-Speed Group and its Subordinated Companies, Shandong Hi-Speed Group and its Subordinated Companies shall give priority to the Group's services when the service conditions are the same as or less favorable than those offered by third parties (except that the service projects subject to conditional bidding shall be determined through bidding in accordance with relevant laws and regulations). The Group will ensure that all service items provided by it and its Subordinated Companies are of good quality, at fair and reasonable prices, and the terms of service provided to Shandong Hi-Speed shall not be less favorable than those provided to third parties.

Demand estimation : Save for public tender, Shandong Hi-Speed Group shall submit a service demand plan for the next accounting year or an adjustment plan for the service items for the current accounting year to the Group prior to 31 October of each year, and the mutual agreement in respect of the plan shall be reached between the parties prior to 30 November. If the service demand plan of Shandong Hi-Speed Group for the next accounting year is substantially the same as the current accounting year, the Group shall satisfy such plan.

Payment method : The payment time and method of the Existing 2024-2026 Services Provision Framework Agreement shall be determined in accordance with the tender documents and the written agreement signed by both parties separately in respect of the transaction.

Pricing policies : The pricing of each of the services provided under the Existing 2024-2026 Services Provision Framework Agreement shall be determined on the basis of the following principles and sequences:

(i) **government-prescribed price:** where the pricing of the service fees is subject to price control by the state or local government, the price of the service fees will be determined in accordance with the prescribed price published by the government authority on its official website and the relevant official pricing documents;

(ii) **government-guided price:** where a guided price standard imposed by the central or local government is available for the service and such guided price standard has been published on the website of relevant government authority or via authoritative price list, the price of such services shall be determined within the range of the government-guided price through negotiation; and

(iii) **market price:** where the above two price standards are not available for the service or the previous government-prescribed or guided price are no longer applicable to such services, and such services do not fall within those subject to tender process pursuant to laws and regulations, the price of such services shall be determined with reference to the market price and the general principle for pricing shall be fair and reasonable. If the service falls within those subject to tender process pursuant to laws and regulations or the recipient of service must apply the tender process according to its internal code, the price shall be determined by tender process.

For prices that shall be determined through mutual negotiation, both parties shall take into consideration the following key factors while determining market price:

(i) the prevailing market price charged by any third party providing similar services in the region in which the party provides such services, and obtaining quotations from comparable service providers in the market with reference to a minimum of two comparable transactions carried out with Independent Third Parties during the same period; and

(ii) the lowest price in respect of the same or similar services provided by the parties and their relevant Subordinated Companies to any third party.

For prices that shall be determined through tender process under the applicable laws and regulations or the internal codes of the purchaser:

Both parties shall select the service providers and determine the final price through the way of public tender process in accordance with the requirements under applicable laws and regulations such as the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), the Implementing Regulations on the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》) and the Measures for the Administration of the Bidding for Highway Construction Projects (《公路工程建設項目招標投標管理辦法》), as well as the provisions of relevant internal codes. Such process shall be carried out under the related laws and internal codes, and shall consider the following factors, including but not limited to:

(i) the terms of the tender provided by the bidder, including the bid price, the terms set by the bidder for the tender;

(ii) the background, qualifications, technical and financial conditions of the bidder; and

(iii) the historical business record for the provision of similar services by the bidder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no government-prescribed price or government-guided price provided for the goods being the subject matters under the Existing 2024-2026 Services Provision Framework Agreement under the relevant PRC laws and regulations currently, thus the market price is applicable to all such goods, and the prices of which are determined by way of negotiations between parties or through tender process.

Supplemental Agreement of the 2024-2026 Services Provision Framework Agreement

In view of the continued expansion of the construction business segment's operational scale and the Group's enhanced qualifications enabling it to undertake more construction projects and provide related services, the Company and Shandong Hi-Speed Group entered into the Supplemental Agreement of the 2024-2026 Services Provision Framework Agreement on the date of this announcement. Accordingly, the Company and Shandong Hi-Speed Group agreed to adjust the annual caps for the two years ending 31 December 2026 to RMB180,000,000.

Save for the aforesaid revision, all other terms and conditions of the Existing 2024-2026 Services Provision Framework Agreement remain unchanged.

Existing Annual Caps and Revised Annual Caps

The existing annual caps and the revised annual caps for the transactions contemplated under the Existing 2024-2026 Services Provision Framework Agreement for each of the three years ended/ending 31 December 2026 shall be respectively as follows:

	For the year ended/ending 31 December		
	2024	**2025**	**2026**
	RMB	*RMB*	*RMB*
Existing annual caps	65,000,000	120,000,000	140,000,000
Revised annual caps	–	180,000,000	180,000,000

Basis of the Revised Annual Caps

In determining the revised annual caps, the Company has considered the following factors:

(i) the actual transaction amount of the Existing 2024-2026 Services Provision Framework Agreement for the year ended 31 December 2024 and the four months ended 30 April 2025 of approximately RMB63,287,000 and RMB6,392,000, respectively;

(ii) the operational scale of the Group's construction business segment continues to expand, with Shandong Gangtong Construction having obtained dual Class-A qualifications in traffic safety facilities as well as roadbed and pavement works, along with a Grade-II qualification for municipal public works general contracting. These achievements will further enhance the Group's capability to provide services such as labor subcontracting, road construction and landscaping to Shandong Hi-Speed Group and its Subordinated Companies;

(iii) in light of the Group's enhanced business qualifications and growing experience in construction projects, it will be able to undertake more projects for Shandong Hi-Speed Group and its Subordinated Companies and provide related services, serving as the construction entity for these expressway-related infrastructure development and upgrading initiatives; and

(iv) certain buffer has been reserved for the transaction amount of the expected service provision under the agreement in circumstances where the demand side of the services may become more successful in the subsequent tenders of the subject matters under the agreement and encounter more business opportunities as a result of promulgation of government policies and guidance on road transport-related facilities development from time to time.

Reasons for and Benefits of Entering into the Supplemental Agreement of the 2024-2026 Services Provision Framework Agreement

Shandong Hi-Speed Group is one of the leading expressway operators and road transport-related infrastructure goods and services providers in Shandong Province, whereas the Group is the operator of three expressways in Shandong Province and leveraging on its experience in expressway operation and management as well as provision of expressway engineering and construction-related services, expanded its scale of operations in terms of the labor subcontracting, warehousing and logistics services, project agency services, and engineering management services related to expressway construction. The reasons for the Group's transactions with Shandong Hi-Speed Group and its related Subordinated Companies are as follows:

(i) Shandong Hi-Speed Group and its Subordinated Companies have respectable experience and reputation in their respective areas of businesses and solid financial standing and have demonstrated themselves as contractual counterparties in terms of the quality highway operation-related services for the Group over the past years. The long-term cooperating relationship between the Group and Shandong Hi-Speed Group and its Subordinated Companies is beneficial to the operation of both parties;

(ii) the Group has, over the years of operation, developed its expertise in the provision of peripheral expressway construction and operation services and processing of industrial and building materials. With reference to the scale of operation as well as the leading role of Shandong Hi-Speed Group and its Subordinated Companies in terms of Shandong expressway construction, operation and management as mentioned above, the entering into of the Existing 2024-2026 Services Provision Framework Agreement would enable the Group to have access to a scalable target customer group for a stable demand for its service, in respect of the projects undertaken by Shandong Hi-Speed Group and its Subordinated Companies, particularly in light of the increase in the number of road transport-related projects in Shandong Province pursuant to relevant plans; and

(iii) the services provided by the Group to Shandong Hi-Speed Group and its Subordinated Companies were on terms no less favorable to the Group than those provided to Independent Third Parties (as the case may be), taking into account the quality, price, understanding of business needs and operational requirements of Shandong Hi-Speed Group and its Subordinated Companies, familiarity with the construction projects undertaken by the parties and value-added contributions that could be offered, and those services are in compliance with the applicable industry requirements on expressway construction and operation in general.

Therefore, whereas the Group and Shandong Hi-Speed Group have gained a mutual understanding on each other's business and operational needs based on the current and on-going business relationships in respect of the highway operation-related service, taking into account of the capabilities of both parties and the safeguards and requirements as to the quality and price of the services under the Existing 2024-2026 Services Provision Framework Agreement, the Board considers that the arrangements under the Existing 2024-2026 Services Provision Framework Agreement are mutually beneficial to both parties, and particularly in respect of the Group, they would better facilitate the Group's development towards an integrated industry chain operational model by enhancing its services/goods supply and business scale, while ensuring stable and high-quality supply of required materials. This effectively controls the associated transactional risks and communication costs in the Group's usual course of business.

In addition to the reasons and benefits as disclosed above, having taken into account the reasons set out in the section headed "Basis of the Revised Annual Caps" above, the Company expects that it will be necessary to further increase the existing annual caps.

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company of revision of the existing annual caps.

The Board (excluding Ms. Kong Xia who was required to abstain from voting on the relevant Board resolutions but include the independent non-executive Directors) is of the view that, the transactions contemplated under the Supplemental Agreement of the 2024-2026 Services Provision Framework Agreement and its revised annual caps are entered into in the usual and ordinary course of business of the Group on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

3. The Existing 2024-2026 General Procurement Framework Agreement

The principal terms of the Existing 2024-2026 General Procurement Framework Agreement are set out as follows:

Date	:	23 November 2023
Parties	:	(i) The Company; and (ii) Shandong Hi-Speed Group
Term	:	Effective from 1 January 2024 to 31 December 2026 (both days inclusive)
Subject matter	:	The goods procured by the Group from Shandong Hi-Speed Group and its Subordinated Companies include but not limited to steel reinforcement bars, strand, cement, geomaterials, asphalt, concrete and other building materials, construction equipment and their accessories, as well as all other items prescribed under the registered business scopes of Shandong Hi- Speed Group and its Subordinated Companies and as permitted by applicable laws.

Principles of transactions : In respect of the goods supplied by Shandong Hi-Speed Group and its Subordinated Companies, the Group shall give priority to the goods supplied by Shandong Hi- Speed Group and its relevant Subordinated Companies so long as those supplied by third parties are on the same price and quality as theirs, except when the transaction counterparty of such goods available for bidding must be determined through bidding in accordance with the relevant laws and regulations. Shandong Hi-Speed Group will ensure the goods supplied by it and its Subordinated Companies are of high quality and the prices of which are fair and reasonable, whereas the prices of the goods sold to the Group shall not be higher than those sold to third parties.

Demand estimation : Save for public tender, the Group shall submit the procurement demand plan for the next accounting year or the adjustment plan for the procurement demand for the current accounting year to Party A before 31 October of each year, and both parties shall agree on the plan before 30 November of the year. If the procurement demand plan of the Group for the next accounting year is agreed by both parties, Shandong Hi-Speed Group shall satisfy the plan.

Payment method : The payment time and method of Existing 2024-2026 General Procurement Framework Agreement shall be determined in accordance with the tender documents and the written agreement signed by both parties in respect of the transaction.

Pricing policies : The pricing of each of the goods procured or sold under the Existing 2024-2026 General Procurement Framework Agreement shall be determined on the basis of the following principles and sequences:

(i) **government-prescribed price:** where the central or local government imposes price control on a particular product, the price of such product shall be determined in accordance with the prescribed price published on the website of the relevant government authority or the authoritative price list;

(ii) **government-guided price:** where a guided price standard imposed by the central or local government is available for a particular product and such guided price standard has been published on the website of relevant government authority or via authoritative price list, the price of such product shall be determined within the range of the government-guided price through negotiation; and

(iii) **market price:** where the above two price standards are not available for a particular product or the previous government prescribed or guided price are no longer applicable to such product, and such product does not fall within those subject to tender process pursuant to laws and regulations, the price of such product shall be determined with reference to the market price and the general principle for pricing shall be fair and reasonable. If the product falls within those subject to tender process pursuant to laws and regulations or the party receiving the procurement must apply the bidding procedure according to its internal code, the price shall be determined by tender process.

For prices that shall be determined through mutual negotiation, both parties shall take into consideration the following key factors while determining market price:

(i) the prevailing market price charged by any third party selling a similar product in the region taking into account the quotation from other product suppliers providing the similar product and a minimum of two comparable transactions carried out with Independent Third Parties during the same period; and

(ii) the lowest fee quote in respect of the same or similar product sold by the parties and their relevant Subordinated Companies to any third party.

For prices that shall be determined through tender process under the applicable laws and regulations or the internal codes of the recipient of the service:

Both parties shall select the product suppliers and determine the final price through the way of public tender process in accordance with the requirements under applicable laws and regulations of the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), Implementing Regulations on the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》) and the Measures for the Administration of the Bidding for Highway Construction Projects (《公路工程建設項目招標投標管理辦法》), as well as the provisions of relevant internal codes. Such process shall be carried out under the related laws and internal codes, and shall consider the following factors, including but not limited to:

(i) the terms of the tender provided by the bidder, including the bid price, the terms set by the bidder for the tender;

(ii) the background, qualifications, technical and financial conditions of the bidder; and

(iii) the historical business record for the provision of similar or same products by the bidder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no government-prescribed price or government-guided price provided for the goods being the subject matters under the Existing 2024-2026 General Procurement Framework Agreement under the relevant PRC laws and regulations currently, thus the market price is applicable to all such goods, and the prices of which are determined by way of negotiations between parties or through tender process.

Supplemental Agreement of the 2024-2026 General Procurement Framework Agreement

In view of the expansion of the Group's industrial product sales business which has led to increased demand for material procurement, the Company and Shandong Hi-Speed Group entered into the Supplemental Agreement of the 2024-2026 General Procurement Framework Agreement on the date of this announcement. Accordingly, the Company and Shandong Hi-Speed Group agreed to adjust the annual caps for the two years ending 31 December 2026 to RMB120,000,000.

Save for the aforesaid revision, all other terms and conditions of the Existing 2024-2026 General Procurement Framework Agreement remain unchanged.

Existing Annual Caps and Revised Annual Caps

The existing annual caps and the revised annual caps for the transactions contemplated under the Existing 2024-2026 General Procurement Framework Agreement for each of the three years ended/ending 31 December 2026 shall be respectively as follows:

	For the year ended/ending 31 December		
	2024	**2025**	**2026**
	RMB	*RMB*	*RMB*
Existing annual caps	650,000,000	55,000,000	55,000,000
Revised annual caps	–	120,000,000	120,000,000

Basis of the Revised Annual Caps

In determining the revised annual caps, the Company has considered the following factors:

(i) the actual transaction amount of the Existing 2024-2026 General Procurement Framework Agreement for the year ended 31 December 2024 and the four months ended 30 April 2025 of approximately RMB593,795,000 and RMB11,878,000, respectively;

(ii) the expansion of the Group's industrial product sales business and its sustained enhancement in market competitiveness have led its subsidiaries to continue procuring materials from Shandong Hi-Speed Group and its Subordinated Companies to meet growing sales demand;

(iii) the expected direct costs and project costs to be incurred by the Group in relation to the procurement of goods under the agreement, taking into consideration, for instance, the increase in the raw material prices, the costs for sourcing and installation of the corresponding equipment, and the possible need for dedication of additional manpower and resources to facilitate the expansion of such businesses; and

(iv) certain buffer of approximately less than 10% has been reserved in respect of the expected amount of procurement transaction under the agreement after considering unexpected circumstances which may take place for the two years ending 31 December 2026, for instance, whereas the procured goods will be used for the project delays or expedited completion of the works at any stage may cause changes to the actual demand of such procured goods and/or the products as processed by the procured goods, and the unexpected increase in procurement price, etc.. In the event of such circumstances arise, it would be impracticable or overly burdensome for the Group to revise the existing annual caps and undergo the additional necessary procedures which could further delay the project progress.

Reasons for and Benefits of Entering into the Supplemental Agreement of the 2024-2026 General Procurement Framework Agreement

Shandong Hi-Speed Group is one of the leading expressway operators and road transport-related infrastructure goods and services providers in Shandong Province, whereas the Group is the operator of three expressways in Shandong Province and leveraging on its experience in expressway operation and management as well as provision of expressway engineering and construction-related services, expanded its scale of operations in terms of the procurement of industrial products including geomaterials and building materials for use in expressway construction and facilities upgrade. The reasons for the Group's transactions with Shandong Hi-Speed Group and its related Subordinated Companies are as follows:

(i) Shandong Hi-Speed Group and its Subordinated Companies have respectable experience and reputation in their respective areas of businesses and solid financial standing and have provided the quality expressway operation-related services to the Group over the past years. The long-term cooperating relationship between the Group and Shandong Hi-Speed Group and its Subordinated Companies is beneficial to the operation of both parties;

(ii) Shandong Hi-Speed Group is a prominent state-owned entity for the investment, construction and operation of the road infrastructure in Shandong Province and provision of the peripheral services, building materials, equipment and engineering support. Leveraging on their extensive experience and scale of operation in terms of the provision of material and equipment in relation to expressway construction and upgrade projects, the Group procures sufficient and high-quality construction supplies and raw materials for sale to Shandong Hi-Speed Group and its Subordinated Companies, this secures a stable supply of such products, being the subject matter of the Existing 2024-2026 General Procurement Framework Agreement to ensure Shandong Hi-Speed Group and its Subordinated Companies' smooth implementation of the relevant expressway projects during the term of the agreement;

(iii) in light of the ongoing business relationship between Shandong Hi-Speed Group and its Subordinated Companies and the Group, the parties have been able to adequately understand and satisfy each other's business and operating requirements. In particular, given the leading role of Shandong Hi-Speed Group and its Subordinated Companies in terms of the reputation and the scale of operations in Shandong Province, the Group will be able to obtain raw materials more easily and in a timely manner at a reasonable price, use them according to the project progress and sell such goods to the construction units according to their needs, thereby achieving an overall enhancement in the Group's expressway construction and sales capacity; and

(iv) the goods procured by the Group from Shandong Hi-Speed Group and its Subordinated Companies were on terms no less favorable to the Group than those offered by Independent Third Parties (as the case may be), taking into account the quality, price, understanding of business needs and operational requirements of the Group, familiarity with the projects undertaken by the parties and value-added contributions that could be offered, and those goods are in compliance with the applicable industry requirements on expressway operation, construction and engineering in general.

Therefore, whereas the Group and Shandong Hi-Speed Group have gained a mutual understanding on each other's business and operational needs based on the current and on-going business relationships in respect of the highway operation-related service, taking into account of the capabilities of both parties and the safeguards and requirements as to the quality and price of the goods under the Existing 2024-2026 General Procurement Framework Agreement, the Board considers that the arrangements under the Existing 2024-2026 General Procurement Framework Agreement are mutually beneficial to both parties, and particularly in respect of the Group, they would better facilitate the Group's development towards an integrated industry chain operational model achieve the use of building materials and equipment in reconstruction and expansion and other construction projects through reasonable procurement and sell them to the relevant construction units. This effectively controls the associated transactional risks and communication costs in the Group's ordinary and usual course of business.

In addition to the reasons and benefits as disclosed above, having taken into account the reasons set out in the section headed "Basis of the Revised Annual Caps" above, the Company expects that it will be necessary to further increase the existing annual caps.

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company of revision of the existing annual caps.

The Board (excluding Ms. Kong Xia who was required to abstain from voting on the relevant Board resolutions but include the independent non-executive Directors) is of the view that, the transactions contemplated under the Supplemental Agreement of the 2024-2026 General Procurement Framework Agreement and its revised annual caps are entered into in the usual and ordinary course of business of the Group on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

4. The Existing 2024-2026 General Sales Framework Agreement

The principal terms of the Existing 2024-2026 General Sales Framework Agreement are set out as follows:

Date	:	23 November 2023
Parties	:	(i) The Company; and (ii) Shandong Hi-Speed Group
Term	:	Effective from 1 January 2024 to 31 December 2026 (both days inclusive)
Subject matter	:	The goods sold by the Group to Shandong Hi-Speed Group and its Subordinated Companies primarily include but not limited to asphalt, asphalt mixture, cement, concrete and other building materials, construction equipment and their accessories, plants as well as other goods permitted by law and permitted to be sold by the Group under the Group's registered business scopes.
Principles of transactions	:	In respect of the goods supplied by the Group, Shandong Hi-Speed Group and its Subordinated Companies shall give priority to the goods supplied by the Group so long as those supplied by third parties are on the same price and quality as the Group's, except when the transaction counterparty of such goods available for bidding must be determined through bidding in accordance with the relevant laws and regulations. The Group will ensure the goods supplied are of high quality and the prices of which are fair and reasonable, whereas the prices of the goods sold to Shandong Hi-Speed Group and its Subordinated Companies shall not be higher than those sold to third parties.
Demand estimation	:	Save for public tender, Shandong Hi-Speed Group shall submit the plan of the procurement demand for the next accounting year or the adjustment plan for the procurement demand of the current accounting year to the Group prior to 31 October of each year, and the mutual agreement in respect of the plan shall be reached between the parties prior to 30 November. If the procurement demand plan of Shandong Hi-Speed Group for the next accounting year is agreed by both parties, the Group shall satisfy the plan.
Payment method	:	The payment time and method of the Existing 2024-2026 General Sales Framework Agreement shall be determined in accordance with the tender documents and the written agreement signed by both parties in respect of the transaction.

Pricing policies

The pricing of each of the goods procured or sold under the Existing 2024-2026 General Sales Framework Agreement shall be determined on the basis of the following principles and sequences:

(i) **government-prescribed price:** where the central or local government imposes price control on a particular product, the price of such product shall be determined in accordance with the prescribed price published on the website of the relevant government authority or the authoritative price list;

(ii) **government-guided price:** where a guided price standard imposed by the central or local government is available for a particular product and such guided price standard has been published on the website of relevant government authority or via authoritative price list, the price of such product shall be determined within the range of the government- guided price through negotiation; and

(iii) **market price:** where the above two price standards are not available for a particular product or the previous government prescribed or guided price are no longer applicable to such product, and such product does not fall within those subject to tender process pursuant to laws and regulations, the price of such product shall be determined with reference to the market price and the general principle for pricing shall be fair and reasonable. If the product falls within those subject to tender process pursuant to laws and regulations or the party receiving the procurement must apply the bidding procedure according to its internal code, the price shall be determined by tender process.

For prices that shall be determined through mutual negotiation, both parties shall take into consideration the following key factors while determining market price:

(i) the prevailing market price charged by any third party selling a similar product in the region taking into account the quotation from other product suppliers providing the similar product and a minimum of two comparable transactions carried out with Independent Third Parties during the same period; and

(ii) the lowest fee quote in respect of the same or similar product sold by the parties and their relevant Subordinated Companies to any third party.

For prices that shall be determined through tender process under the applicable laws and regulations or the internal codes of purchaser:

Both parties shall select the product suppliers and determine the final price through the way of public tender process in accordance with the requirements under applicable laws and regulations of the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), Implementing Regulations on the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》) and the Measures for the Administration of the Bidding for Highway Construction Projects (《公路工程建設項目招標投標管理辦法》), as well as the provisions of relevant internal codes. Such process shall be carried out under the related laws and internal codes, and shall consider the following factors, including but not limited to:

(i) the terms of the tender provided by the bidder, including the bid price, the terms set by the bidder for the tender;

(ii) the background, qualifications, technical and financial conditions of the bidder; and

(iii) the historical business record for the provision of similar or same products by the bidder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no government-prescribed price or government-guided price provided for the goods being the subject matters under the Existing 2024-2026 General Sales Framework Agreement under the relevant PRC laws and regulations currently, thus the market price is applicable to all such goods, and the prices of which are determined by way of negotiations between parties or through tender process.

Supplemental Agreement of the 2024-2026 General Sales Framework Agreement

In view of the continuous enhancement of the Group's market competitiveness and the improvement of its product quality, which enables increased sales of relevant construction materials and products to Shandong Hi-Speed Group and its Subordinated Companies, the Company and Shandong Hi-Speed Group entered into the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement on the date of this announcement. Accordingly, the Company and Shandong Hi-Speed Group agreed to adjust the annual caps for the two years ending 31 December 2026 to RMB500,000,000.

Save for the aforesaid revision, all other terms and conditions of the Existing 2024-2026 General Sales Framework Agreement remain unchanged.

The Supplemental Agreement of the 2024-2026 General Sales Framework Agreement shall be effective upon approval by the general meeting of the Company.

Existing Annual Caps and Proposed Revised Annual Caps

The existing annual caps and the proposed revised annual caps for the transactions contemplated under the Existing 2024-2026 General Sales Framework Agreement for each of the three years ended/ending 31 December 2026 shall be respectively as follows:

	For the year ended/ending 31 December		
	2024	**2025**	**2026**
	RMB	*RMB*	*RMB*
Existing annual caps	700,000,000	150,000,000	180,000,000
Proposed revised annual caps	–	500,000,000	500,000,000

Basis of the Proposed Revised Annual Caps

In determining the proposed revised annual caps, the Company has considered the following factors:

(i) the actual transaction amounts under the Existing 2024-2026 General Sales Framework Agreement for the year ended 31 December 2024 and the four months ended 30 April 2025 were approximately RMB353,035,000 and RMB21,074,000 respectively;

(ii) the continuous enhancement of the Group's market competitiveness and the improvement of its product quality enable the Group's subsidiaries to continuously supply more construction materials, construction equipment and accessories to Shandong Hi-Speed Group and its Subordinated Companies. Particularly, Qilu Expressway (Shandong) Assembly Co., Ltd. (齊魯高速(山東)裝配有限公司), a subsidiary of the Company, obtained various certifications in 2024 and 2025, and the quality construction materials produced by it have obtained recognition from various procurers (including but not limited to Shandong Hi-Speed Group and its Subordinated Companies); meanwhile, together with the development of innovative construction materials by our Group, it is expected that there will be an increase of orders and demand from these Subordinated Companies of Shandong Hi-Speed Group for their construction projects; and

(iii) the Group's revised estimates for general sales transactions for the two years ending 31 December 2026, which mainly comprise the estimated sales transactions for the year ending 31 December 2025.

The following table sets out the original estimated amount and the revised estimated amount under factor (iii) for the year ending 31 December 2025:

	For the year ending 31 December 2025	
	Original Estimated Amount	**Revised Estimated Amount**
	RMB	*RMB*
Sales transactions	140,000,000	461,121,000

For the purpose of the above table, the increase in transaction amount for general sales for the year ending 31 December 2025 is mainly attributable to the fact that a connected subsidiary of the Group, namely Qilu Expressway Material Technology Co., Ltd. (齊魯高速材料科技有限公司) established in January 2025 will, based on notifications received from the Subordinated Companies of Shandong Hi-Speed Group, sell wind power towers and related equipment to the Subordinated Companies of Shandong Hi-Speed Group for use in their wind power projects.

In addition, the proposed revised annual caps for the two years ending 31 December 2026 also incorporates a buffer of approximately less than 10%, which is determined after considering potential contingencies that may occur during the year ending 31 December 2025 (such as sales products to be used for R&E Project, any delays or acceleration in completion of works at any stage may result in changes in actual demand for sales products, unexpected increases in sales prices, etc.). The Board considers that if the above situations occur, it would be impractical or burdensome to revise the proposed annual caps for that period or delay the progress payment collection, and therefore the Board considers such buffer amount to be fair and reasonable.

Reasons for and Benefits of Entering into the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement

Shandong Hi-Speed Group is one of the leading expressway operators and road transport-related infrastructure goods and services providers in Shandong Province, whereas the Group, the operator of three expressways in Shandong Province, leveraging on its experience in expressway operation and management as well as provision of expressway engineering and construction-related services, expanded its scale of operations in terms of the procurement and sales of industrial products including geomaterials and building materials for use in expressway construction and facilities upgrade. The reasons for the Group's transactions with Shandong Hi-Speed Group and its related Subordinated Companies are as follows:

(i) Shandong Hi-Speed Group and its Subordinated Companies have extensive experience and good reputation in their respective business areas, maintain sound financial conditions, and have been contracting parties with the Group in previous years in respect of the Group's quality expressway operation-related services. The long-term cooperative relationship between the Group and Shandong Hi-Speed Group and its Subordinated Companies is more beneficial to the operations of both parties;

(ii) Shandong Hi-Speed Group is a well-known state-owned enterprise in Shandong Province engaged in road infrastructure investment, construction and operation, providing ancillary services, construction materials, equipment and engineering support. With its extensive experience and business scale in the supply of materials and equipment for expressway construction and upgrade projects, the Group is able to provide stable supply of such products to ensure smooth implementation of relevant road engineering projects during the agreement period;

(iii) given the ongoing business relationship between Shandong Hi-Speed Group and its Subordinated Companies and the Group, both parties are able to fully understand and meet each other's business and operational requirements. In particular, given that Shandong Hi-Speed Group and its Subordinated Companies are in leading positions in terms of reputation and operational scale in Shandong Province, with their operational facilities and project sites widely distributed across multiple locations within the province, the Group will be able to more easily access its potential customers as well as required raw materials, and have stronger bargaining power. The Board considers that shortening the distance between suppliers and customers can, on one hand, further enhance the Group's ability to conveniently and timely procure materials at lower delivery costs, and on the other hand, better meet the timely needs of construction units, thereby achieving comprehensive improvement in the Group's expressway construction and sales capabilities; and

(iv) the sales of goods by the Group to Shandong Hi-Speed Group and its Subordinated Companies were conducted on terms no less favorable to the Group than those offered by independent third parties (as the case may be), taking into account the quality, price, understanding of business needs and operational requirements of the Group, familiarity with the projects undertaken by the parties and value-added contributions that could be offered, and those goods are in compliance with the applicable industry requirements on expressway operation, construction and engineering in general.

Therefore, whereas the Group and Shandong Hi-Speed Group have gained a mutual understanding on each other's business and operational needs based on the current and on-going business relationships in respect of the highway operation-related service, taking into account of the capabilities of both parties and the safeguards and requirements as to the quality and price of the goods under the Existing 2024-2026 General Sales Framework Agreement, the Board considers that the arrangements under the Existing 2024-2026 General Sales Framework Agreement are mutually beneficial to both parties, and particularly in respect of the Group, they would better facilitate the Group's development towards an integrated industry chain operational model through enhancement of its business scale in terms of the enhancement sales of the construction and building materials and equipment for the road construction projects. This effectively controls the associated transactional risks and communication costs in the Group's ordinary and usual course of business.

In addition to the reasons and benefits as disclosed above, having taken into account the reasons set out in the section headed "Basis of the Proposed Revised Annual Caps" above, the Company expects that it will be necessary to further increase the existing annual caps.

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company of revision of the existing annual caps.

The Board (excluding Ms. Kong Xia who was required to abstain from voting on the relevant Board resolutions and the independent non-executive Directors, whose views will be contained in the letter from the Independent Board Committee in the circular to be despatched to the Shareholders) is of the view that, the transactions contemplated under the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement and its proposed revised annual caps are entered into in the ordinary and usual course of business of the Group on normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES IN RELATION TO THE CONTINUING CONNECTED TRANSACTIONS

The Group has established a comprehensive internal control system to ensure that the continuing connected transactions under the Existing 2024-2026 Continuing Connected Transactions Framework Agreements are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Relevant internal control measures include the following:

(i) the Company has completed the approval of the Existing 2024-2026 Continuing Connected Transactions Framework Agreements, in accordance with the connected transaction management measures and internal control system;

(ii) the Group has designated a team comprising the management of the Company, the securities investment department, the planning and financial department, the human resources department, the corporate management department and the audit and legal department to monitor the continuing connected transactions on an ongoing basis and report to the Board every half year;

(iii) the Company will monitors the subject matter of the continuing connected transactions under the Existing 2024-2026 Continuing Connected Transactions Framework Agreements prior to the entering into of the individual transactions to ensure that they are fair and reasonable and in accordance with the relevant pricing basis;

(iv) prior to the entering into of the individual transactions, the management team of the Group will, together with the financial management department, review the actual transactions and actual transaction amounts of the 2024-2026 continuing connected transactions to ensure that the relevant annual caps will not be exceeded;

(v) the management team of the Group organises and conducts internal control tests every half year to assess the integrity and effectiveness of the internal control measures in relation to the continuing connected transactions;

(vi) the independent non-executive Directors review the continuing connected transactions on an annual basis and make annual confirmation in the annual report of the Company as to whether the continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better terms and on terms that are fair and reasonable; (c) in accordance with the terms of the relevant agreements; and (d) are in the interests of the Company and the Shareholders as a whole;

(vii) the audit committee of the Board will also review the annual financial statements and opine on the continuing connected transactions during the year, including whether the terms of the continuing connected transactions are fair and reasonable and whether the transaction amounts are within the relevant annual caps;

(viii) the Board reviews the implementation of the Existing 2024-2026 Continuing Connected Transactions Framework Agreements on an annual basis and the financial statements on a semi-annual basis. The review covers, inter alia, whether the Group and the connected persons have fulfilled the terms of the said agreements during the relevant year, and whether the actual transaction amounts incurred between the Group and the connected persons are within the annual caps; and

(ix) to assist the Company in complying with the applicable rules set out in Chapter 14A of the Listing Rules, the auditor of the Company has performed work on the continuing connected transactions of the Company in accordance with the requirements of "Hong Kong Standard on Assurance Engagements 3000 – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to "Practice Note 740 – Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and issued a letter on the continuing connected transactions disclosed in the annual report of the Company in accordance with the applicable accounting standards and the Listing Rules.

At the same time, the Company considers that it has adequate mechanisms and internal control procedures in place to ensure compliance and strict adherence to the terms of the Existing 2024-2026 Continuing Connected Transactions Framework Agreements in respect of the continuing connected transactions.

INFORMATION OF THE COMPANY AND THE PARTIES

The Company

The Company is a joint stock company incorporated in the PRC with limited liability and the H Shares of which 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, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway; (ii) construction projects, including highway engineering construction, expressway maintenance and municipal greening and other constructions; and (iii) sales of industrial products and other business, in Shandong Province, the PRC.

Shandong Hi-Speed Group

Shandong Hi-Speed Group is a limited liability company incorporated and validly existing under the laws of the PRC. 90% of the equity interest in Shandong Hi-Speed Group is held by the Shandong Provincial State-owned Assets Supervision and Administration Commission, directly and indirectly, while the remaining 10% of the equity interest in Shandong Hi-Speed Group is held by the Shandong Caixin Asset Operation Co., Ltd., the entire equity interest of which is held by Shandong Provincial Finance Bureau. Shandong Hi-Speed Group is a state-owned capital investment company in infrastructure sector in Shandong Province. It is principally engaged in expressway operation and management, carrying out the construction of major transportation projects designated by the Shandong Provincial Government, and revitalising, integrating, operating and managing other authorised non-expressway transportation assets. It is an investment and financing platform for the transportation industry development of the Shandong Provincial Government and the investment and financing entity of major transportation projects in Shandong Province.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shandong Hi-Speed Group indirectly held approximately 38.93% of the issued Shares of the Company through its subsidiary Shandong Hi-Speed. Meanwhile, Shandong Hi-Speed Group is a controlling Shareholder of the Company and thus a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the Supplemental Agreements of the 2024-2026 Continuing Connected Transactions Framework Agreements and the transactions contemplated thereunder constituted a continuing connected transaction under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the existing annual caps, the Company will need to re-comply with the relevant provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions. In respect of the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement, as two of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of their respective highest proposed revised annual caps exceed 5%, the agreements and the transactions contemplated thereunder (including their respective proposed revised annual caps) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules respectively.

In respect of the Supplemental Agreement of the 2024-2026 Services Provision Framework Agreement and the Supplemental Agreement of the 2024-2026 General Procurement Framework Agreement, as all the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of their respective highest revised annual caps are more than 0.1% but less than 5%, the agreements and the transactions contemplated thereunder (including their respective revised annual caps) is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but exempt from the Independent Shareholders' approval requirement.

DIRECTORS' INTERESTS IN THE ABOVE TRANSACTIONS

As Ms. Kong Xia, a non-executive Director, is the deputy head of the organisation department of the party committee (that is, the party committee of the head office) of Shandong Hi-Speed Group, and meanwhile, Shandong Hi-Speed Group is a controlling Shareholder and thus a connected person of the Company, Ms. Kong was deemed to have a material interest in the Supplemental Agreements of the 2024-2026 Continuing Connected Transactions Framework Agreements and the transactions contemplated thereunder and therefore had abstained from voting on the relevant Board resolutions. Save for the above, none of the Directors had or was deemed to have a material interest in the above transactions and was required to abstain from voting on the relevant Board resolutions.

EGM

The Company will convene an EGM on Thursday, 28 August 2025, at which resolutions will be proposed for, among other things, the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement and the transactions contemplated thereunder (including their respective proposed revised annual caps). As Shandong Hi-Speed Group has a material interest in the above transactions, Shandong Hi-Speed Group and its associates (including Shandong Hi-Speed) are required to abstain from voting on the relevant resolutions to be proposed at the EGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder other than Shandong Hi-Speed Group and its associates (including Shandong Hi-Speed) is required to abstain from voting on the aforesaid resolutions.

As the the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement and the transactions contemplated thereunder (including their respective proposed revised annual caps) are subject to the approval by the Independent Shareholders, an Independent Board Committee comprising all the independent non-executive Directors, i.e., Mr. Liu Hongwei, Mr. He Jiale, Mr. Wang Lingfang, Mr. Leng Ping and Ms. Shen Chen, has been established by the Company to advise the Independent Shareholders in respect of the above transactions. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the above transactions.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25 August 2025 to Thursday, 28 August 2025 (both days inclusive), during which period no transfer of Shares will be registered. To qualify for attending the EGM, unregistered Shareholders shall ensure that all transfer of shares accompanied by relevant share certificates and applicable transfer documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration, no later than 4:30 p.m. on Friday, 22 August 2025.

A circular containing, among other things, (i) details of the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement and the transactions contemplated thereunder (including their respective proposed revised annual caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) the recommendations from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) the circular of the notice of the EGM will be published on the HKEXnews website at www.hkexnews.hk and the website of the Company at www.qlecl.com and will be dispatched to the Shareholders who have indicated their wish to receive a printed copy within 15 business days from the date of this announcement.

DEFINITIONS

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

"Announcement"	the announcement of the Company dated 23 November 2023 in relation to, among others, the Existing 2024-2026 Continuing Connected Transactions Framework Agreements and the transactions contemplated thereunder
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors
"Circular"	the circular of the Company dated 14 December 2023 in relation to, among others, the Existing 2024-2026 General Services Framework Agreement, the Existing 2024-2026 General Procurement Framework Agreement and the Existing 2024-2026 General Sales Framework Agreement and the transactions contemplated thereunder
"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, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 01576)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Deshang Expressway (Liaocheng – Fan County Section)"	an expressway running from West Ring Expressway of Liaocheng City, Shandong Province to the intersection of Gucheng Town of Shen County and Yancunpu Town of Fan County (Shandong-Henan boundary), and connecting to the Fan County section of the Deshang Expressway in Henan Province, with a total length of approximately 68.942 km
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement and the transactions contemplated thereunder (including their respective proposed revised annual caps)
"Existing 2024-2026 Continuing Connected Transactions Framework Agreements"	collectively, (i) the Existing 2024-2026 General Services Framework Agreement; (ii) the Existing 2024-2026 Services Provision Framework Agreement; (iii) the Existing 2024-2026 General Procurement Framework Agreement; and (iv) the Existing 2024-2026 General Sales Framework Agreement

"Existing 2024-2026 General Sales Framework Agreement"	the 2024-2026 General Sales Framework Agreement dated 23 November 2023 entered into between the Company and Shandong Hi-Speed Group in relation to, among other things, the sales of certain goods by the Group to Shandong Hi-Speed Group and its Subordinated Companies during the period from 1 January 2024 to 31 December 2026, details of which are set out in the Circular
"Existing 2024-2026 General Services Framework Agreement"	the 2024-2026 General Services Framework Agreement dated 23 November 2023 entered into between the Company and Shandong Hi-Speed Group in relation to, among other things, the provision of General Highway Business Operation Services by Shandong Hi-Speed Group and its relevant Subordinated Companies to the Group during the period from 1 January 2024 to 31 December 2026, details of which are set out in the Circular
"Existing 2024-2026 General Procurement Framework Agreement"	the 2024-2026 General Procurement Framework Agreement dated 23 November 2023 entered into between the Company and Shandong Hi-Speed Group in relation to, among other things, the procurement of certain goods by the Group from Shandong Hi-Speed Group and its Subordinated Companies during the period from 1 January 2024 to 31 December 2026, details of which are set out in the Circular
"Existing 2024-2026 Services Provision Framework Agreement"	the 2024-2026 Services Provision Framework Agreement dated 23 November 2023 entered into between the Company and Shandong Hi-Speed Group in relation to, among other things, the provision of specific services by the Group to Shandong Hi-Speed Group and its Subordinated Companies during the period from 1 January 2024 to 31 December 2026, details of which are set out in the Announcement
"General Highway Business Operation Services"	various services in relation to highway business operation, including highway design services, highway inspection and maintenance services, highway research and analysis services and highway construction supporting services
"Gram Capital" or "Independent Financial Adviser"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Supplemental Agreement of the 2024-2026 General Services Framework Agreement; and (ii) the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement, and the transactions contemplated thereunder (including their respective proposed revised annual caps)
"Group"	the Company and its subsidiaries
"H Share(s)" or "Share(s)"	overseas listed foreign invested ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which was listed and traded on the Stock Exchange

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the Supplemental Agreement of the 2024-2026 General Services Framework Agreement and the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement and the transactions contemplated thereunder (including their respective proposed revised annual caps)
"Independent Shareholder(s)"	the Shareholders other than Shandong Hi-Speed Group and its associates (including Shandong Hi-Speed), who are required to abstain from voting at the EGM
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and its connected persons
"Jihe Expressway"	the Jinan to Heze Expressway, the approximately 153.6 km expressway running through nine districts/counties under four cities from Jinan City to Heze City in Shandong Province
"km"	kilometre(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Plan"	the Shandong Province "14th Five-Year" Comprehensive Traffic Transportation Development Plan《(山東省"十四五"綜合交通運輸發展規劃》) promulgated by the People's Government of Shandong Province
"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)
"R&E Project"	the reconstruction and expansion project of the Jihe Expressway
"RMB"	Renminbi, the lawful currency of the PRC
"Shandong Gangtong Construction"	Shandong Gangtong Construction Co., Ltd. (山東港通建設有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
"Shandong Hi-Speed"	Shandong Hi-Speed Company Limited (山東高速股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600350.SH), directly holding approximately 38.93% of the total issued Shares of the Company as at the date of this announcement, and an existing controlling Shareholder

"Shandong Hi-Speed Group"	Shandong Hi-Speed Group Company Limited (山東高速集團有限公司), a limited liability company incorporated in the PRC, indirectly holding approximately 38.93% of the total issued Shares of the Company through its subsidiary Shandong Hi-Speed as at the date of this announcement, and an existing controlling Shareholder
"Shareholder(s)"	holder(s) of the share(s)
"Shennan Expressway"	an expressway running from the K150+400 point of Deshang Expressway at the south of Beixuzhuang Village, Shen County, Shandong Province, the PRC, and connecting to the Henan-Shandong Boundary-Nanle section of Nanlin Expressway in Henan Province at the east bank of the Tuhai River in the south of Xiduantun Village, with a total length of approximately 18.267 km
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subordinated Companies"	subsidiaries, branch companies and associates
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Supplemental Agreements of the 2024-2026 Continuing Connected Transactions Framework Agreements"	collectively, (i) the Supplemental Agreement of the 2024-2026 General Services Framework Agreement; (ii) the Supplemental Agreement of the 2024-2026 Services Provision Framework Agreement; (iii) the Supplemental Agreement of the 2024-2026 General Procurement Framework Agreement; and (iv) the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement
"Supplemental Agreement of the 2024-2026 General Sales Framework Agreement"	the Supplemental Agreement of the Existing 2024-2026 General Sales Framework Agreement dated 24 July 2025 entered into between the Company and Shandong Hi-Speed Group, details of which are set out in this announcement
"Supplemental Agreement of the 2024-2026 General Services Framework Agreement"	the Supplemental Agreement of the Existing 2024-2026 General Services Framework Agreement dated 24 July 2025 entered into between the Company and Shandong Hi-Speed Group, details of which are set out in this announcement
"Supplemental Agreement of the 2024-2026 General Procurement Framework Agreement"	the Supplemental Agreement of the Existing 2024-2026 General Procurement Framework Agreement dated 24 July 2025 entered into between the Company and Shandong Hi-Speed Group, details of which are set out in this announcement

"Supplemental Agreement of the 2024-2026 Services Provision Framework Agreement"	the Supplemental Agreement of the Existing 2024-2026 Services Provision Framework Agreement dated 24 July 2025 entered into between the Company and Shandong Hi-Speed Group, details of which are set out in this announcement
"%"	per cent

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

Shandong, the PRC
24 July 2025

As at the date of this announcement, the executive Directors are Mr. Wang Zhenjiang, Mr. Duan Peng and Mr. Chen Xiulin; the non-executive Directors are Mr. Gao Yongjun, Ms. Kong Xia, Mr. Wang Gang, Mr. Shi Jinglei, Mr. Du Zhongming and Mr. Ren Wei; and the independent non-executive Directors are Mr. Liu Hongwei, Mr. He Jiale, Mr. Wang Lingfang, Mr. Leng Ping and Ms. Shen Chen.