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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 TRANSACTIONS
SUBSCRIPTIONS OF STRUCTURED DEPOSIT PRODUCTS

The Board is pleased to announce that on 19 January 2023, the Company entered into: (i) the BoCom SDP Agreements with BoCom Shandong Branch in relation to the subscription of the BoCom SDPs in the total amount of RMB250 million; and (ii) the CMB SDP Agreement II with CMB Jinan Branch in relation to the subscription of the CMB SDP in the amount of RMB250 million.

LISTING RULES IMPLICATIONS

BoCom SDPs

As the BoCom SDP Agreements have the same counterparty and are of similar transaction nature and product structure, and the transactions thereunder 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 of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of both (i) the transactions contemplated under the BoCom SDP Agreements; and (ii) when such transactions are further aggregated with the outstanding balance of the December BoCom Subscriptions exceeds 5% but all of them are less than 25%, the subscriptions of the BoCom SDPs constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

CMB SDP

As the CMB SDP Agreement I and CMB SDP Agreement II have the same counterparty and are of similar transaction nature and product structure, and the transactions thereunder 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 all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the CMB SDP Agreement I are all less than 5%, the subscription of the structured deposit product under the CMB SDP Agreement I, on a standalone basis, does not constitute a discloseable transaction of the Company under the Listing Rules. Meanwhile, as one of the applicable percentage ratios in respect of both (i) the transaction contemplated under the CMB SDP Agreement II (on a standalone basis); and (ii) when aggregated with the subscription of the structured deposit product under the CMB SDP Agreement I exceeds 5% but all are less than 25%, the subscription of the CMB SDP constitutes 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 on 19 January 2023, the Company entered into (i) the BoCom SDP Agreements with BoCom Shandong Branch in relation to the subscription of the BoCom SDPs in the total amount of RMB250 million; and (ii) the CMB SDP Agreement II with CMB Jinan Branch in relation to the subscription of the CMB SDP in the amount of RMB250 million.

II. THE BOCOM SDP AGREEMENTS FOR SUBSCRIPTION OF THE BOCOM SDPS

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

Date	:	19 January 2023
Parties	:	(i) the Company; and (ii) BoCom Shandong Branch
Product name	:	(i) BoCom Yuntong Fortune Structured Time Deposit 108 Days (bullish gold rate-linked) (交通銀行蘊通財富定期型結構性存款108天(掛鈎黃金看漲)) under the BoCom SDP Agreement I, and (ii) BoCom Yuntong Fortune Structured Time Deposit 96 Days (bullish gold rate-linked) (交通銀行蘊通財富定期型結構性存款96天(掛鈎黃金看漲)) under the BoCom SDP Agreement II
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	:	(i) RMB200 million under the BoCom SDP Agreement I shall be paid on 19 January 2023 and (ii) RMB50 million under the BoCom SDP Agreement II shall be paid on 30 January 2023
Deposit period	:	(i) 108 days under the BoCom SDP Agreement I and (ii) 96 days under the BoCom SDP Agreement II

Start date	:	(i) 20 January 2023 for the product under the BoCom SDP Agreement I, and (ii) 1 February 2023 for the product under the BoCom SDP Agreement II
End date	:	8 May 2023 for both the product under the BoCom SDP Agreement I and the product under BoCom SDP Agreement II
Observation date	:	28 April 2023 for both the product under the BoCom SDP Agreement I and the product under BoCom SDP Agreement II
Expected low-end of the annualised rate of return	:	1.75% 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 of return	:	3.15% 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 BoCom SDPs

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

III. THE CMB SDP AGREEMENT II FOR SUBSCRIPTION OF THE CMB SDP

The major terms and conditions of the CMB SDP Agreement II are set out below:

Date	:	19 January 2023
Parties	:	(i) the Company; and (ii) CMB Jinan Branch
Product name	:	CMB Dianjin Series Tri-Level Bullish 90-Day Structured Deposit (招商銀行點金系列看漲三層區間90天結構性存款)
Type of product	:	Principal-guaranteed product with floating return
Payment of subscription monies	:	RMB250 million
Deposit period	:	90 days
Start date	:	20 January 2023
End date	:	20 April 2023
Observation date	:	18 April 2023
Expected low-end of the annualised rate of return	:	1.65%

If the ending price (as defined below) is lower than the first fluctuation range (as defined below), the annualised return rate obtained by the Company throughout the duration is a low-end annualized rate of return.

Expected high-end of the annualised rate of return	:	3.40%
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If the ending price (as defined below) is higher than the first fluctuation range (as defined below), the annualised return rate obtained by the Company throughout the duration is a high-end annualized rate of return.

Expected mid-range of the annualised rate of return	:	3.20%
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If the ending price (as defined below) is within the first fluctuation range (as defined below), the annualised return rate obtained by the Company throughout the duration is a mid-range annualized rate of return.

The first fluctuation range	:	The range of gold price from “opening price-200” to “opening price+237” (exclusive of the bordering figures).
Opening price	:	The middle of XAU/USD benchmark price published by the BFIX interface of Bloomberg at 14:00 (Beijing time) on the start date.
Ending price	:	The benchmark price quoted in US Dollars as published by the London Bullion Market Association in the afternoon session (based on the data published on the page of “GOLDLNPM Index” of the official website of the Bloomberg) on the observation date.
Guarantee by CMB Jinan Branch	:	CMB Jinan Branch shall guarantee the principal of the CMB SDP

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

IV. BASIS OF DETERMINATION OF THE CONSIDERATION

The Directors confirm that the considerations for the subscription of the BoCom SDPs and the CMB SDP are determined on commercial terms upon arm’s length negotiations between the Company and BoCom Shandong Branch and between the Company and CMB Jinan Branch, respectively, 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 products.

V. REASONS FOR AND BENEFITS OF ENTERING INTO THE BOCOM SDP AGREEMENTS AND THE CMB SDP AGREEMENT II

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 BoCom SDPs and the CMB SDP, respectively, to earn additional income without affecting its normal operations. In addition, the BoCom SDP Agreements and the CMB SDP Agreement II offer better potential returns 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 BoCom SDP Agreements and the CMB SDP Agreement II are on normal commercial terms and are fair and reasonable, and that the BoCom SDP Agreements and CMB SDP Agreement II and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

VI. 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.SH), 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.

CMB Jinan Branch

CMB Jinan Branch is a branch of CMB. CMB is a joint stock company incorporated in the PRC with limited liability. CMB and its subsidiaries are principally engaged in the commercial banking business which provides customers with various wholesale and retail banking products and services, and maintains treasury businesses with proprietary purpose and on behalf of customers. CMB is listed on the Main Board of the Stock Exchange (stock code: 3968.HK), the Shanghai Stock Exchange (stock code: 600036.SH), and NASDAQ (stock code: CIHHF).

As at the date of this announcement, China Merchants Group indirectly holds approximately 8.70% of the shares of the Company through its subsidiary, namely Cornerstone Holdings Limited (佳選控股有限公司), a wholly-owned subsidiary of China Merchants Expressway Network & Technology Holdings Co., Ltd (招商局公路網絡科技控股股份有限公司) which in turn is held as to approximately 68.65% by China Merchants Group. Meanwhile, China Merchants Group holds approximately 29.97% of the shareholding interest in CMB. Accordingly, China Merchants Group is neither a substantial Shareholder nor a connected person of the Company. Save for the above, to the best of the Directors' knowledge, information and belief after making all reasonable enquiries, CMB Jinan Branch, CMB and their ultimate beneficial owner(s) are all third parties independent of the Company and its connected persons as at the date of this announcement.

VII. LISTING RULES IMPLICATIONS

BoCom SDPs

As the BoCom SDP Agreements have the same counterparty and are of similar transaction nature and product structure, and the transactions thereunder 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 of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of both (i) the transactions contemplated under the BoCom SDP Agreements; and (ii) when such transactions are further aggregated with the outstanding balance of the December BoCom Subscriptions exceeds 5% but all of them are less than 25%, the subscriptions of the BoCom SDPs constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

CMB SDP

As the CMB SDP Agreement I and CMB SDP Agreement II have the same counterparty and are of similar transaction nature and product structure, and the transactions thereunder 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 all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the CMB SDP Agreement I are all less than 5%, the subscription of the structured deposit product under CMB SDP Agreement I, on a standalone basis, does not constitute a discloseable transaction of the Company under the Listing Rules. Meanwhile, as one of the applicable percentage ratios in respect of both (i) the transaction contemplated under the CMB SDP Agreement II (on a standalone basis); and (ii) when aggregated with the subscription of the structured deposit product under the CMB SDP Agreement I exceeds 5% but all are less than 25%, the subscription of the CMB SDP constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

VIII. 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.SH) and the Stock Exchange (stock code: 3328.HK), respectively
“BoCom SDPs”	collectively, (i) the structured deposit product in the form of the BoCom Yuntong Fortune Structured Time Deposit 108 Days (bullish gold rate-linked) (交通銀行蘊通財富定期型結構性存款108天(掛鈎黃金看漲)) under the BoCom SDP Agreement I; and (ii) the structured deposit product in the form of the BoCom Yuntong Fortune Structured Time Deposit 96 Days (bullish gold rate-linked) (交通銀行蘊通財富定期型結構性存款96天(掛鈎黃金看漲)) under the BoCom SDP Agreement II, both issued by BoCom Shandong Branch
“BoCom SDP Agreements”	collectively the BoCom SDP Agreement I and the BoCom SDP Agreement II
“BoCom SDP Agreement I”	the agreement entered into between the Company and BoCom Shandong Branch in relation to the subscription of the BoCom SDP in the amount of RMB200 million on 19 January 2023
“BoCom SDP Agreement II”	the agreement entered into between the Company and BoCom Shandong Branch in relation to the subscription of the BoCom SDP in the amount of RMB50 million on 30 January 2023
“BoCom Shandong Branch”	Bank of Communications Co., Ltd. Shandong Branch
“CMB”	China Merchants Bank Co., Ltd. (招商銀行股份有限公司), 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: 600036.SH), and the Stock Exchange (stock code: 3968.HK)
“CMB Jinan Branch”	China Merchants Bank Co., Ltd. Jinan Branch

“CMB SDP”	the structured deposit product in the form of the CMB Dianjin Series Tri-Level Bullish 90-Day Structured Deposit (招商銀行點金系列看漲三層區間90天結構性存款) issued by CMB Jinan Branch under the CMB SDP Agreement II
“CMB SDP Agreement I”	the agreement entered into between the Company and CMB Jinan Branch on 5 May 2022 in relation to the subscription of the structured deposit product, namely CMB Dianjin Series Tri-Level Bearish 92-Day Structured Deposit (招商銀行點金系列看跌三層區間92天結構性存款), issued by CMB Jinan Branch in the amount of RMB100 million with the start date and end date on 9 May 2022 and 9 August 2022 respectively (representing a total deposit period of 92 days) with an expected maximum annualised rate of return of 3.7%, and the principal of which was guaranteed by CMB Jinan Branch
“CMB SDP Agreement II”	the agreement entered into between the Company and CMB Jinan Branch in relation to the subscription of the CMB SDP in the amount of RMB250 million on 19 January 2023
“China Merchants Group”	China Merchants Group Limited (招商局集團有限公司), a private limited liability company incorporated in PRC and holding approximately 29.97% of the shareholding interest in CMB as at the date of this announcement
“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
“December BoCom Subscriptions”	the subscription of 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)) issued by BoCom Shandong Branch in the total amount of RMB500 million pursuant to the agreements entered into between the Company and BoCom Shandong Branch on 28 December 2022, details of which are set out in the announcement of the Company dated 28 December 2022, and are entered into within 12 months prior to the date of this announcement with the same counterparty and are of similar transaction nature and product structure as the BoCom SDPs

“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
“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
“SGE”	Shanghai Gold Exchange
“substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US Dollars”	United States dollars, the legal tender of the United States of America
“%”	per cent.

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

Shandong, the PRC
19 January 2023

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 Xuezhao, Mr. Li Hua, Mr. Wang Lingfang, Mr. He Jiale and Mr. Han Ping.