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

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

(Stock Code: 1576)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION FOR WEALTH MANAGEMENT PRODUCTS

The Board is pleased to announce that the Company entered into the WMP Agreement I (expired), the WMP Agreement II and the WMP Agreement III with CCB on 29 December 2019, 31 March 2020 and 27 April 2020, respectively.

LISTING RULES IMPLICATION

The subscription amount under each of the WMP Agreement I (expired), WMP Agreement II and WMP Agreement III, on a standalone basis, does not constitute a discloseable transaction of the Company under the Listing Rules. However, as the counterparty to the transaction under each of the WMP Agreement I (expired), WMP Agreement II and WMP Agreement III is the same one, and the nature of the transactions and the structure of the Wealth Management Products under the agreements are similar, 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 the transactions on an aggregated basis is more than 5% but all of the applicable percentage ratios are less than 25%, the subscription for the Wealth Management Products constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under the Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that the Company entered into the WMP Agreement I (expired), the WMP Agreement II and the WMP Agreement III with CCB on 29 December 2019, 31 March 2020 and 27 April 2020, respectively, pursuant to which the Company subscribed for the Wealth Management Products issued by CCB in the amount of RMB100,000,000, RMB100,000,000 and RMB100,000,000, respectively.

II. SUBSCRIPTION FOR WEALTH MANAGEMENT PRODUCTS

1. The major terms and conditions of the WMP Agreement I (expired) are set out below:

Date	:	29 December 2019
Parties	:	(a) the Company; and
	:	(b) CCB
Type of product	:	Principal-guaranteed product with floating return
Administrator, sales institution and custodian	:	CCB
Assessed risk level of the product (internal assessed risk level by CCB)	:	Relatively low risk
Principal of the subscription	:	RMB100,000,000.00 (redeemed in full)
Deposit period	:	90 days
Start date	:	30 December 2019
End date	:	29 March 2020 (expired)
Annualised rate of return	:	3.82%
Maximum floating return rate	:	1.65%

Investment scope	:	The principal of the product will be included in the internal funds of CCB for integrated management, while the return will be invested in derivative products linked to the exchange rate of Euro against US dollar. The return of the product will be linked to the exchange rate performance of Euro against US dollar in the international market on each business day in Tokyo during the observation period. The return of the subscriber of the Wealth Management Product depends on the performance of the exchange rate of Euro against US dollar on each business day in Tokyo during the observation period.
Guarantee by CCB	:	CCB will guarantee the security of the principal, and under the principle of fairness and equity, observe the exchange rate of Euro against US dollar at the time of maturity based on market quotations and pay the product return to investors in strict accordance with the agreed return conditions specified in the agreement.

The subscription for the product under WMP Agreement I (expired) was financed with the self-owned funds of the Group.

2. The major terms and conditions of the WMP Agreement II are set out below:

Date	:	31 March 2020
Parties	:	(a) the Company; and
	:	(b) CCB
Type of product	:	Principal-guaranteed product with floating return
Administrator, sales institution and custodian	:	CCB

Assessed risk level of the product (internal assessed risk level by CCB)	:	Relatively low risk
Principal of the subscription	:	RMB100,000,000.00
Deposit period	:	90 days
Start date	:	1 April 2020
End date	:	30 June 2020
Annualised rate of return	:	4.01%
Maximum floating return rate	:	1.54%
Investment scope	:	The principal of the product will be included in the internal funds of CCB for integrated management, while the return will be invested in derivative products linked to the exchange rate of Euro against US dollar. The return of the product will be linked to the exchange rate performance of Euro against US dollar in the international market on each business day in Tokyo during the observation period. The return of the subscriber of the Wealth Management Product depends on the performance of the exchange rate of Euro against US dollar on each business day in Tokyo during the observation period.
Guarantee by CCB	:	CCB will guarantee the security of the principal, and under the principle of fairness and equity, observe the exchange rate of Euro against US dollar at the time of maturity based on market quotations and pay the product return to investors in strict accordance with the agreed return conditions specified in the agreement.

The subscription for the product under WMP Agreement II was financed with the self-owned funds of the Group.

3. The major terms and conditions of the WMP Agreement III are set out below

Date	:	27 April 2020
Parties	:	(a) the Company; and
	:	(b) CCB
Type of product	:	Principal-guaranteed product with floating return
Administrator, sales institution and custodian	:	CCB
Assessed risk level of the product (internal assessed risk level by CCB)	:	Relatively low risk
Principal of the subscription	:	RMB100,000,000.00
Deposit period	:	90 days
Start date	:	28 April 2020
End date	:	27 July 2020
Annualised rate of return	:	3.86%
Maximum floating return rate	:	1.54%

Investment scope	:	The principal of the product will be included in the internal funds of CCB for integrated management, while the return will be invested in derivative products linked to the exchange rate of Euro against US dollar. The return of the product will be linked to the exchange rate performance of Euro against US dollar in the international market on each business day in Tokyo during the observation period. The return of the subscriber of the Wealth Management Product depends on the performance of the exchange rate of Euro against US dollar on each business day in Tokyo during the observation period.
Guarantee by CCB	:	CCB will guarantee the security of the principal, and under the principle of fairness and equity, observe the exchange rate of Euro against US dollar at the time of maturity based on market quotations and pay the product return to investors in strict accordance with the agreed return conditions specified in the agreement.

The subscription for the product under WMP Agreement III will be financed with the self-owned funds of the Group.

III. BASIS OF DETERMINATION OF THE CONSIDERATION

The Directors confirm that the consideration in relation to the subscription for the Wealth Management Products (totaling RMB200,000,000, i.e. the sum of RMB100,000,000 under the WMP Agreement II dated 31 March 2020 and RMB100,000,000 under the WMP Agreement III dated 27 April 2020, excluding the WMP Agreement I which has expired with the principal amount thereunder redeemed in full) was determined by the Company and CCB on an arms' length basis and based on normal commercial terms 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, annualised rate of return and floating return rate of the products.

IV. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION FOR WEALTH MANAGEMENT PRODUCTS

In order to enhance the capital efficiency as well as the return from working capital, the Group reasonably utilises the idle capital of the Company available for the purpose of cash management to subscribe for the Wealth Management Products issued by CCB to earn additional income without affecting its normal operations. In addition, the Wealth Management Products offer a better potential return to the Group when compared to the deposit interest rates normally offered by commercial banks in the PRC. The condition of the Wealth Management Products under the WMP Agreement I and WMP Agreement II has been closely and effectively monitored by the Company, and the Group has not experienced any losses on the products up to and as at the date of this announcement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the WMP Agreement I (expired), WMP Agreement II and WMP Agreement III are determined on normal commercial terms and are fair and reasonable, and that such agreements and the transactions thereunder are in the interests of the Company and the Shareholders as a whole.

V. INFORMATION ON THE COMPANY AND CCB

The Company

The Company is an expressway operator in Shandong province with the exclusive concession rights to construct, maintain, operate and manage the Jihe Expressway, and has more than 12 years of industry experience in the expressway operations in the PRC.

CCB

China Construction Bank Corporation Jinan Changqing Sub-branch is a commercial bank established in the PRC with the approval of the China Banking Regulatory Commission.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, CCB and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

VI. LISTING RULES IMPLICATION

The subscription amount under each of the WMP Agreement I (expired), WMP Agreement II and WMP Agreement III, on a standalone basis, does not constitute a discloseable transaction of the Company under the Listing Rules. However, as the counterparty to the transaction under each of the WMP Agreement I (expired), WMP Agreement II and WMP Agreement III is the same one, and the nature of the transactions and the structure of the Wealth Management Products under the agreements are similar, 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 the transactions on an aggregated basis is more than 5% but all of the applicable percentage ratios are less than 25%, the subscription for the Wealth Management Products constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under the Listing Rules.

VII. DEFINITIONS

"Board"	board of Directors
"CCB"	China Construction Bank Corporation Jinan Changqing Sub-branch
"Company"	Qilu Expressway Company Limited (齊魯高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability on 6 December 2016, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1576)
"connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"H Shares"	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"	Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratio(s)"	has the same meaning ascribed thereto under the Listing Rules (applicable to transactions)
"PRC"	the People's Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan)
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Wealth Management Products"	the wealth management products issued by CCB and subscribed by the Company pursuant to the structured deposit mandates, with an amount of RMB100,000,000 under the WMP Agreement I dated 29 December 2019 (expired), an amount of RMB100,000,000 under WMP Agreement II dated 31 March 2020 and an amount of RMB100,000,000 under the WMP Agreement III dated 27 April 2020
"WMP Agreement I"	the agreement in relation to wealth management product entered into between the Company and CCB on 29 December 2019, comprising structured deposit agreement, structured deposit mandate and risk disclosure statement for structured deposit
"WMP Agreement II"	the agreement in relation to wealth management product entered into between the Company and CCB on 31 March 2020, comprising structured deposit agreement, structured deposit mandate and risk disclosure statement for structured deposit

"WPM Agreement III"	the agreement in relation to wealth management product entered into between the Company and CCB on 27 April 2020, comprising structured deposit agreement, structured deposit mandate and risk disclosure statement for structured deposit
"%"	per cent

By Order of the Board
Qilu Expressway Company Limited
Li Gang
Chairman

Shandong, the PRC
27 April 2020

As at the date of this announcement, the executive Directors are Mr. Li Gang, 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. Yuan Ruizheng and Mr. Tang Haolai; and the independent non-executive Directors are Mr. Cheng Xuezhan, Mr. Li Hua, Mr. Wang Lingfang, Mr. He Jiale and Mr. Han Ping.