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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 (expired) and the WMP Agreement III with ICBC on 22 October 2019, 16 July 2020 and 27 October 2020, respectively.

**LISTING RULES IMPLICATION**

The subscription amount under each of the WMP Agreement I (expired) and the WMP Agreement II (expired), on a standalone basis, does not constitute a discloseable transaction of the Company under the Listing Rules. Nevertheless, based only on the subscription amount under the WMP Agreement III, two of the applicable percentage ratios in respect of the transaction contemplated under the WMP Agreement III (on a standalone basis) exceed 5% but all are below 25%, the subscription under the WMP Agreement III alone constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Further, as the counterparty to the transaction under each of the WMP Agreement I (expired), the WMP Agreement II (expired) and the WMP Agreement III is the same, 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. While all of the applicable percentage ratios in respect of the transactions under the WMP Agreement I (expired) and the WMP Agreement II (expired) on an aggregated basis are below 5% and therefore do not constitute a discloseable transaction of the Company on such basis, when taking into account of all the transactions under the WMP Agreement I (expired), the WMP Agreement II (expired) and the WMP Agreement III on an aggregated basis, two of the applicable percentage ratios in respect of the transactions under the three agreements (in aggregate) exceed 5% but all are less than 25%, the subscription for the Wealth Management Products on an aggregate basis constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of 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 (expired) and the WMP Agreement III with ICBC on 22 October 2019, 16 July 2020 and 27 October 2020, respectively, pursuant to which the Company subscribed for the Wealth Management Products issued by ICBC in the amount of RMB100,000,000, RMB100,000,000 and RMB400,000,000, respectively.

## **II. SUBSCRIPTION FOR THE WEALTH MANAGEMENT PRODUCTS**

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

Date	: 22 October 2019
Parties	: (a) the Company; and
	: (b) ICBC
Type of product	: Principal-guaranteed product with floating return
Assessed risk level of the product (internal assessed risk level by ICBC)	: Very low risk
Principal of the subscription	: RMB100,000,000 (redeemed in full)
Deposit period	: 92 days
Start date	: 22 October 2019
End date	: 22 January 2020 (expired)
Annualised rate of return	: 1.30%
Maximum floating return rate	: 2.60%

Investment scope	: The principal of the product will be included in the internal funds of ICBC for integrated management, while the return will be invested in derivative products linked to the exchange rate of USD against JPY. The return of the product will be linked to the exchange rate performance of USD against JPY 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 USD against JPY on each business day in Tokyo during the observation period.
Guarantee by ICBC	: ICBC guarantees the security of the principal, and under the principle of fairness and equity, observes the exchange rate of USD against JPY at the time of maturity based on market quotations and pays the product return to investors in strict accordance with the agreed return conditions specified in the agreement.

The subscription for the wealth management product under the 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 (expired) are set out below:**

Date	: 16 July 2020
Parties	: (a) the Company; and : (b) ICBC
Type of product	: Principal-guaranteed product with floating return
Assessed risk level of the product (internal assessed risk level by ICBC)	: Very low risk
Principal of the subscription	: RMB100,000,000 (redeemed in full)
Deposit period	: 90 days
Start date	: 16 July 2020
End date	: 14 October 2020 (expired)
Annualised rate of return	: 1.05%
Maximum floating return rate	: 2.55%

Investment scope	: The principal of the product will be included in the internal funds of ICBC for integrated management, while the return will be invested in derivative products linked to the exchange rate of USD against JPY. The return of the product will be linked to the exchange rate performance of USD against JPY 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 USD against JPY on each business day in Tokyo during the observation period.
Guarantee by ICBC	: ICBC guarantees the security of the principal, and under the principle of fairness and equity, observes the exchange rate of USD against JPY at the time of maturity based on market quotations and pays the product return to investors in strict accordance with the agreed return conditions specified in the agreement.

The subscription for the wealth management product under the WMP Agreement II (expired) 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 October 2020
Parties	: (a) the Company; and : (b) ICBC
Type of product	: Principal-guaranteed product with floating return
Assessed risk level of the product (internal assessed risk level by ICBC)	: Very low risk
Principal of the subscription	: RMB400,000,000
Deposit period	: 90 days
Start date	: 28 October 2020
End date	: 26 January 2021
Annualised rate of return	: 1.05%
Maximum floating return rate	: 2.55%

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|-------------------|---|
| Investment scope  | : The principal of the product will be included in the internal funds of ICBC for integrated management, while the return will be invested in derivative products linked to the exchange rate of USD against JPY. The return of the product will be linked to the exchange rate performance of USD against JPY 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 USD against JPY on each business day in Tokyo during the observation period. |
| Guarantee by ICBC | : ICBC guarantees the security of the principal, and under the principle of fairness and equity, observes the exchange rate of USD against JPY at the time of maturity based on market quotations and pays the product return to investors in strict accordance with the agreed return conditions specified in the agreement.   |

The subscription for the wealth management product under the 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 (that is, RMB400,000,000, being the amount of the principal of product subscription under the WMP Agreement III as the WMP Agreement I (expired) and the WMP Agreement II (expired) had expired with the principal amounts thereunder having been redeemed in full prior to entering into the next agreement in respect of the Wealth Management Product subscription) was determined by the Company and ICBC on commercial terms at arm's length 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 THE 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 ICBC 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 conditions of the Wealth Management Products under the WMP Agreement I (expired) and the WMP Agreement II (expired) have 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), the WMP Agreement II (expired) and the 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 ICBC**

### **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, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway, and has more than a decade's industry experience in the expressway operations in the PRC.

### **ICBC**

Industrial and Commercial Bank of China Limited Jinan Jing'er Road 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, ICBC 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) and the WMP Agreement II (expired), on a standalone basis, does not constitute a discloseable transaction of the Company under the Listing Rules. Nevertheless, based only on the subscription amount under the WMP Agreement III, two of the applicable percentage ratios in respect of the transaction contemplated under the WMP Agreement III (on a standalone basis) exceed 5% but all are below 25%, the subscription under the WMP Agreement III alone constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Further, as the counterparty to the transaction under each of the WMP Agreement I (expired), the WMP Agreement II (expired) and the WMP Agreement III is the same, 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. While all of the applicable percentage ratios in respect of the transactions under the WMP Agreement I (expired) and the WMP Agreement II (expired) on an aggregated basis are below 5% and therefore do not constitute a discloseable transaction of the Company on such basis, when taking into account of all the transactions under the WMP Agreement I (expired), the WMP Agreement II (expired) and the WMP Agreement III on an aggregated basis, two of the applicable percentage ratios in respect of the transactions under the three agreements (in aggregate) exceed 5% but all are less than 25%, the subscription for the Wealth Management Products on an aggregate basis constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## VII. DEFINITIONS

“Board”	board of Directors
“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
“ICBC”	Industrial and Commercial Bank of China Limited Jinan Jing’er Road Sub-branch
“JPY”	Japanese Yen, the lawful currency of Japan
“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
“USD”	United States dollars, the lawful currency of the United States of America



“Wealth Management Products”	the structured deposit wealth management products issued by ICBC and subscribed by the Company pursuant to the structured deposit business master mandate, with a principal subscription amount of RMB100,000,000 under the WMP Agreement I (expired), RMB100,000,000 under the WMP Agreement II (expired) and RMB400,000,000 under the WMP Agreement III, respectively
“WMP Agreement I (expired)”	the agreement in relation to the subscription of wealth management product in the principal amount of RMB100,000,000 and entered into between the Company and ICBC on 22 October 2019, and such wealth management product had expired on 22 January 2020
“WMP Agreement II (expired)”	the agreement in relation to the subscription of wealth management product in the principal amount of RMB100,000,000 and entered into between the Company and ICBC on 16 July 2020, and such wealth management product had expired on 14 October 2020
“WPM Agreement III”	the agreement in relation to the subscription of wealth management product in the principal amount of RMB400,000,000 and entered into between the Company and ICBC on 27 October 2020, and such wealth management product will expire on 26 January 2021
“%”	per cent

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

Shandong, the PRC  
27 October 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 Xuezhao, Mr. Li Hua, Mr. Wang Lingfang, Mr. He Jiale and Mr. Han Ping.*