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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)

ANNOUNCEMENT UPDATE ON THE JOINT RESTRUCTURING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

Reference is made to the announcements of the Company dated 13 July 2020 and 21 August 2020 and the Rule 3.7 Announcement in relation to, among other things, the Joint Restructuring and the grant of mandatory general offer waiver to Shandong Hi-Speed Group by the Executive pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code.

THE MERGER AGREEMENT

As at the date of this announcement, the Company was informed by Qilu Transportation that it entered into the Merger Agreement with Shandong Hi-Speed Group on the same date for the implementation of the Joint Restructuring. Major terms of the Merger Agreement are set out as follows:

- Date : 23 September 2020
- Parties : (i) Shandong Hi-Speed Group; and
(ii) Qilu Transportation
- Merger proposal : Qilu Transportation shall be merged and absorbed by Shandong Hi-Speed Group. Upon completion of the Joint Restructuring, Qilu Transportation shall be deregistered while Shandong Hi-Speed Group shall continue to subsist as the merged company.

All the assets, liabilities, business, employees, contracts and qualifications together with all other rights and obligations of Qilu Transportation, and the subordinating branch entities and equity interest or other interest in the subordinating companies held by Qilu Transportation shall be assumed by Shandong Hi-Speed Group as the surviving company.

The benchmark date of the Joint Restructuring shall be 30 June 2020. Upon completion of the Joint Restructuring, the registered capital of Shandong Hi-Speed Group shall become RMB45.9 billion, and the equity interest of which shall be held in such proportion as its current shareholders' current shareholding interest.

Upon completion of the Joint Restructuring, Qilu Transportation, one of the controlling Shareholders, shall be changed to Shandong Hi-Speed Group.

Shandong Hi-Speed Group and Qilu Transportation have jointly applied for, and the Executive has granted, a waiver pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code in respect of the obligation on the part of Shandong Hi-Speed Group to make a mandatory general offer for all the Shares other than those owned or agreed to be acquired by it or parties acting in concert with it, such obligation would otherwise arise as a result of the Joint Restructuring.

IMPLICATION ON THE PUBLIC FLOAT

As disclosed in the Rule 3.7 Announcement, immediately upon completion of the Joint Restructuring, Shandong Hi-Speed Group will become a substantial Shareholder holding 778,500,000 Domestic Shares (representing approximately 38.93% of all the issued Shares), and together with Shandong Hi-Speed Investment, a close associate of Shandong Hi-Speed Group holding 103,750,000 H Shares (representing approximately 5.19% of all the issued Shares) as at the date of this announcement, will become core connected persons of the Company. As such, the Shares held by Shandong Hi-Speed Group and Shandong Hi-Speed Investment will not be regarded as held by the public (as defined under the Listing Rules). Accordingly, the Board expects that the Company will fail to satisfy the minimum public float requirement upon completion of the Joint Restructuring, as the public float will by then fall below the minimum prescribed percentage of 25% as required under Rule 8.08(1)(a) and (b) of the Listing Rules.

In light of the above, Shandong Hi-Speed Group and the Company will take appropriate steps to restore the required minimum public float as early as practicable. As such, the Company will make an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(a) and (b) of the Listing Rules.

Further announcements will be made by the Company in respect of the progress of the Joint Restructuring and the said waiver application as and when appropriate in accordance with the applicable laws and regulations (including the Listing Rules).

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Board”	the Board of Directors
“close associate”	has the meaning ascribed to it under the Listing Rules
“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 meaning ascribed to it under the Listing Rules
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“H 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 Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Joint Restructuring”	the joint restructuring of Shandong Hi-Speed Group and Qilu Transportation by way of merger by absorption of Qilu Transportation by Shandong Hi-Speed Group pursuant to the Merger Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Merger Agreement”	the merger agreement dated 23 September 2020 and entered into between Shandong Hi-Speed Group and Qilu Transportation in relation to the Joint Restructuring
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Qilu Transportation”	Qilu Transportation Development Group Company Limited (齊魯交通發展集團有限公司), a limited liability company incorporated in the PRC with 70%, 20% and 10% of its equity interest held by Shandong SASAC, Shandong Guohui and Shandong SSF, respectively, and holding approximately 38.93% of the issued Shares and is a controlling Shareholder
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.7 Announcement”	the announcement of the Company dated 12 August 2020 in relation to the Joint Restructuring issued pursuant to, among other things, Rule 3.7 of the Takeovers Code
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Guohui”	Shandong Guohui Investment Company Limited (山東國惠投資有限公司), a limited liability company incorporated in the PRC, and the entire equity interest of which is held by Shandong SASAC
“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, and 70%, 20% and 10% of the equity interest of which is held by Shandong SASAC, Shandong Guohui and Shandong SSF, respectively
“Shandong Hi-Speed Investment	Shandong Hi-Speed Investment Holdings Co., Ltd. (山東高速投資控股有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Shandong Hi-Speed Group
“Shandong SASAC”	State-owned Assets Supervision and Administration Commission of the Government of the Shandong Province
“Shandong SSF”	Shandong Provincial Council for Social Security Fund

“Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, including Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent

The completion of the Joint Restructuring is subject to the undergoing of procedures in order to obtain necessary approvals, ratifications and permissions by relevant governmental authorities. There is no assurance that the Joint Restructuring will eventually be consummated. As such, there may exist certain uncertainties as to whether the Joint Restructuring will be completed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in doubt about their position, they should consult their professional adviser(s).

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

Shandong, the PRC
23 September 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.