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中國山東高速金融集團有限公司
CHINA SHANDONG HI-SPEED FINANCIAL GROUP LIMITED

(formerly known as China Innovative Finance Group Limited 中國新金融集團有限公司)
(Incorporated in Bermuda with limited liability)

(Stock code: 00412)

DISCLOSEABLE TRANSACTION
ACQUISITION AND SUBSCRIPTION OF AN AGGREGATE OF
60% SHARES IN KUN PENG

The Board is pleased to announce that on 29 December 2017, Coastal Silk, Honesta Investment, Kun Peng and Mr. Hua entered into the Share Purchase Agreement, pursuant to which (i) Coastal Silk agreed to subscribe for, and Kun Peng agreed to allot and issue, 12,500 new shares in Kun Peng and (ii) Honesta Investment agreed to sell, and Coastal Silk agreed to purchase, 25,000 shares in Kun Peng. Upon Completion, Kun Peng will be held by Coastal Silk and Honesta Investment as to 60% and 40% (on an enlarged share capital basis) respectively.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Share Purchase Agreement is more than 5% but less than 25%, the entering into of the Share Purchase Agreement constitutes a discloseable transaction of the Company within the meaning of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

SHARE PURCHASE AGREEMENT

The Board is pleased to announce that on 29 December 2017, Coastal Silk, Honesta Investment, Kun Peng and Mr. Hua entered into the Share Purchase Agreement. The principal terms of the Share Purchase Agreement are as follows:

- Date: 29 December 2017
- Parties:
- Honesta Investment, the sole shareholder of Kun Peng as at the date of this announcement, as vendor
 - Coastal Silk, a subsidiary of the Company, as purchaser and subscriber
 - Kun Peng, as the target company
 - Mr. Hua, a 40% shareholder of Honesta Investment

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Honesta Investment and Kun Peng and their respective ultimate beneficial owners and Mr. Hua are independent of and not connected with the Company or any connected persons of the Company.

Pursuant to the Share Purchase Agreement:

- (i) Coastal Silk agreed to subscribe for, and Kun Peng agreed to allot and issue, 12,500 new shares in Kun Peng, representing 25% of the existing share capital of Kun Peng and 20% of the share capital as enlarged by the new shares to be allotted and issued by Kun Peng, at a cash consideration of RMB50,000,000, which shall be payable upon Completion (the “**Cash Consideration**”); and
- (ii) Honesta Investment agreed to sell, and Coastal Silk agreed to purchase, 25,000 shares in Kun Peng, representing 50% of the existing share capital of Kun Peng and 40% of the share capital as enlarged by the new shares to be allotted and issued by Kun Peng in accordance with paragraph (i) above, at a consideration of RMB100,000,000, which will be satisfied by way of allotment and issue of 363,065,565 shares in the Company (which is calculated by the sum of the Hong Kong dollars equivalent of RMB100,000,000 divided by the average of the closing price of the shares of the Company during the past 20 consecutive trading days as quoted on the Stock Exchange, being HK\$0.3295) on or before 31 March 2018 (the “**Consideration Shares**”).

The shares to be subscribed for, and the shares to be acquired by, Coastal Silk represent, in aggregate, 75% of the existing share capital of Kun Peng and 60% of the share capital as enlarged by the new shares to be allotted and issued by Kun Peng.

The Consideration Shares represent approximately 1.50% of the existing share capital of the Company and approximately 1.48% of the share capital of the Company as enlarged by the Consideration Shares.

The issue price of the Consideration Shares represents:

- (a) a discount of approximately 1.64% over the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the date of the Share Purchase Agreement;
- (b) a premium of approximately 0.76% over the average of the closing price of HK\$0.327 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to the date immediately before the date of the Share Purchase Agreement; and
- (c) a premium of approximately 165.7% over the unaudited consolidated net assets value of approximately HK\$0.124 per Share as at 30 September 2017 as published in the interim report, based on the unaudited net assets value of approximately HK\$2,993,431,000 and the 24,188,648,437 Shares in issue as at the date of the Share Purchase Agreement.

The Consideration Shares will be issued pursuant to the General Mandate and will rank *pari passu* in all respects with each other and with the other shares of the Company then in issue. As at the date of this announcement, none of the General Mandate have been utilized.

Upon Completion, Kun Peng will become a subsidiary of the Company and its financial results will be consolidated to that of the Group.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares. The allotment and issue of the Consideration Shares is subject to the grant of approval of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Cash Consideration will be financed by the internal resources of the Group.

PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT

Conditions Precedent (inter alia): Completion of the Share Purchase Agreement shall be subject to, inter alia, the conditions precedent that:

- (a) all required regulatory approval having been obtained for the structured contract arrangement or any transaction contemplated under the Share Purchase Agreement having been obtained;

- (b) Coastal Silk and the Company having completed their due diligence review on Kun Peng, its subsidiaries, invested entities and those companies subject to the structured contract arrangement (the “**Target Group**”);
- (c) Coastal Silk having received the legal opinion of a lawyer qualified to practise the laws of the PRC and other relevant jurisdictions regarding the legal, financial, business and assets aspects of the Target Group in form and substance satisfactory to Coastal Silk and the Company;
- (d) the Target Group having completed its reorganization;
- (e) there is no material adverse change in the Target Group subsequent to the entering into of the Share Purchase Agreement;
- (f) all representations and warranties as set out in the Share Purchase Agreement remain true, accurate and not misleading in all material respects.

If the above conditions precedent are not fulfilled on or before 31 January 2018 or such other dates as may be agreed between the parties, or otherwise waived by Coastal Silk, the Share Purchase Agreement shall be terminated.

Profit Guarantee

Honest Investment and Mr. Hua jointly and severally agree that the Minimum Net Profit for the following years will be as follows:

Year ending 31 December 2018	RMB32,270,000
Year ending 31 December 2019	RMB58,170,000
Year ending 31 December 2020	RMB95,700,000
Total	RMB186,140,000

In the event that Kun Peng fails to achieve the above aggregate Minimum Net Profit during the three financial years ending 31 December 2020, the Company will buy back a portion of the Consideration Shares at nil consideration upon the financial statements of the financial year ending 31 December 2020 are ready, subject to the approval of the Securities and Futures Commission and compliance with the Code of Share Buy-backs and all regulatory requirements.

The number of Consideration Shares to be bought back shall be calculated in accordance with the following formula:

(The Hong Kong dollar equivalent of (RMB186,140,000 – Actual aggregate Net Profit for the three years ending 31 December 2020) ÷ Allotment price of Consideration Shares (i.e. HK\$0.3295)

Completion Completion will take place on the 1st business day after the fulfilment of all the conditions precedent (or such other date as Coastal Silk and Honesta Investment may agree).

The Consideration Shares shall not be disposed of by Honesta Investment unless and until the audited financial statements of Honesta Holding for the year ending 31 December 2018 has been issued.

Thereafter, for each of the financial years ending 31 December 2018, 2019 and 2020, certain number of Consideration Shares may be released from the said non-disposal restrictions, the principle of which are set out below:

- (a) if the Minimum Net Profit of the financial year ending 31 December 2018 is achieved, one-third of the Consideration Shares will be released from non-disposal restrictions;
- (b) if the Minimum Net Profit of the financial year ending 31 December 2018 is not achieved, the number of Consideration Shares to be calculated by the formula below^(Note):

$$\left(\text{One-third of the Consideration Shares} \right) \times \frac{\text{Net Profit actually achieved}}{\text{Minimum Net Profit for the year ending 31 December 2018}}$$

- (c) if the Minimum Net Profit for the two financial years ending 31 December 2019 to be calculated on an aggregate basis is achieved, two-third of the Consideration Shares will be released from the non-disposal restrictions;
- (d) if the Minimum Net Profit for the two financial years ending 31 December 2019 to be calculated on an aggregate basis is not achieved, the number of Consideration Shares to be calculated by the formula below^(Note):

$$\left(\text{Two-third of the Consideration Shares} \right) \times \frac{\text{Aggregate Net Profit for the two years ending 31 December 2019 actually achieved}}{\text{Aggregate Minimum Net Profit for the two years ending 31 December 2019}}$$

- (e) if the Minimum Net Profit for the three financial years ending 31 December 2020 to be calculated on an aggregate basis is achieved, all the Consideration Shares will be released from the non-disposal restrictions;
- (f) if the Minimum Net Profit for the three financial years ending 31 December 2020 to be calculated on an aggregate basis is not achieved, the number of Consideration Shares to be calculated by the formula below^(Note):

$$\begin{array}{r} \text{(All the Consideration} \\ \text{Shares)} \end{array} \times \frac{\text{Aggregate Net Profit for the three years ending} \\ \text{31 December 2020 actually achieved}}{\text{Aggregate Minimum Net Profit for} \\ \text{the three years ending 31 December 2020}}$$

Note: The number of Consideration Shares already released shall be deducted.

INFORMATION OF THE GROUP

The Company is an investment holding company incorporated in Bermuda with limited liability and its subsidiaries are principally engaged in the provision of financial services, including (i) financial leasing; (ii) investment in listed and unlisted securities; (iii) money lending business; and (iv) operation of an asset trading platform.

INFORMATION OF KUN PENG

Kun Peng is principally engaged in investment holding. Its subsidiaries control Honesta Holding, its subsidiaries and invested entities through the arrangement under the Structured Contracts.

Set out below is the financial information of Kun Peng extracted from its audited financial statements for the financial year ended 31 December 2016 and the 9 months ended 30 September 2017 (as if the Structured Contracts arrangement is in place).

	For the 9 months ended/as at 30 September 2017	For the year ended/as at 31 December 2016
Net loss	RMB13,418,000	RMB42,000,000
Net assets value	RMB14,766,000	RMB23,779,000

Note: Honesta Holding was established on 27 January 2016.

INFORMATION OF THE STRUCTURED CONTRACTS

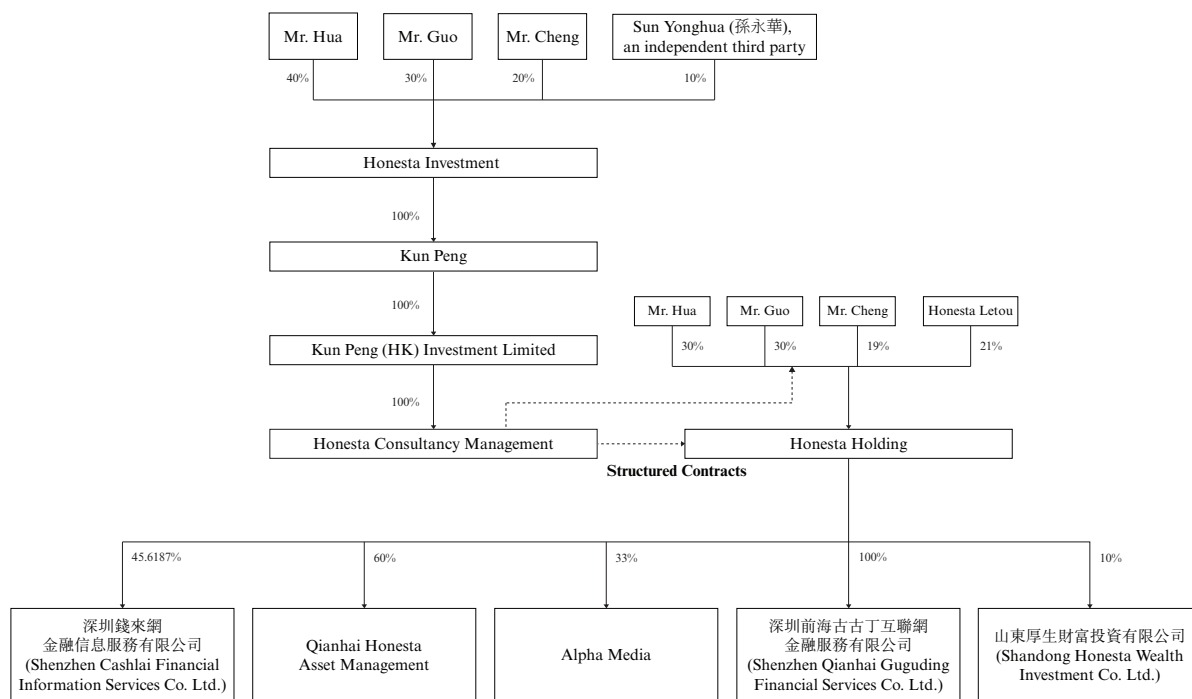
Introduction to the Structured Contract

Honest Holding, its subsidiaries and invested entities are principally engaged in, *inter alia*, the Restricted Businesses, which are subject to foreign ownership restriction under the laws of the PRC.

Honesta Holding is now owned by Mr. Hua, Mr. Guo, Mr. Cheng and Honesta Letou as to 30%, 30%, 19% and 21% respectively. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the existing registered shareholders of Honesta Holdings and the ultimate beneficial owners of Honesta Letou are independent of and not connected with the Company or any connected persons of the Company.

Kun Peng, through Honesta Consultancy Management (its indirect wholly-owned subsidiary), control the operation of Honesta Holding, its subsidiaries and invested entities by way of the Structured Contracts.

The corporate structure of Kun Peng and Honesta Holding immediately before Completion are as follows:



Immediately after Completion, Kun Peng will be held by Coastal Silk and Honesta Investment 60% and 40% respectively.

Honesta Holding, its subsidiaries and invested entities are companies established in the PRC and are principally engaged in the business of, *inter alia*, Restricted Business. According to the PRC legal advisors, (i) the businesses of securities investment management shall be controlled by PRC persons, (ii) the businesses of electronic commerce, provision of financial intermediary service through the internet and market research are subject to foreign investment restrictions and (iii) the business of internet culture operation is subject to foreign investment prohibition.

Major terms of the Structured Contracts

Pursuant to the Structured Contracts, the major arrangements are as follows:

Exclusive Business Cooperation Agreement

Parties

(i) Honesta Consultancy Management, (ii) Honesta Holding and (iii) the registered shareholders of Honesta Holding, namely Mr. Hua, Mr. Guo, Mr. Cheng and Honesta Letou.

Major terms

Honesta Consultancy Management shall provide exclusive technical services and business advisory services, including, among others, computer software technology development, website development and maintenance, information technology system development and maintenance, to Honesta Holding.

Further, Honesta Holding agrees to:

- (a) conduct business according to advice and opinion of Honesta Consultancy Management;
- (b) appoint such persons recommended by Honesta Consultancy Management to be chairman of the board, directors, chief manager, chief financial officer and other executive officers of Honesta Holding, who are charged with the duty to supervise the operation of Honesta Holding, and they may not be removed by Honesta Holding without the written consent of Honesta Consultancy Management;
- (c) provide books and accounts, information about its business, client, employees for inspection upon the request of Honesta Consultancy Management;
- (d) place all seals and operation licences with Honesta Consultancy Management;
- (e) deal with the assets of Honesta Holding in accordance with the instructions of Honesta Consultancy Management upon winding up of Honesta Consultancy Management.

Honesta Consultancy Management shall be entitled to carry out relevant business in the name of Honesta Holding, and Honesta Holding shall provide all supports to facilitate the same.

Honesta Consultancy Management shall calculate the services fee each year, which shall be equivalent to the profits of Honesta Holding during the relevant year after deducting all necessary costs, expenses and taxes, losses in the previous financial years (if applicable). Honesta Holding shall pay the services fee to Honesta Consultancy Management accordingly.

Exclusive Option Agreements

Parties

Honesta Consultancy Management, (ii) Honesta Holding and (iii) each of the registered shareholders of Honesta Holding

Major terms

Each of the registered shareholders of Honesta Holding irrevocably grant an exclusive option to Honesta Consultancy Management that entitles Honesta Consultancy Management to require the registered shareholders of Honesta Holding to transfer, to the extent permitted by the PRC laws, all or part of the equity interest in Honesta Holding held by registered shareholders to Honesta Consultancy Management or any person(s) designated by it at the minimum consideration permitted by the PRC laws, provided that the registered shareholders of Honesta Holding shall repay the consideration paid by Honesta Consultancy Management to it.

Pursuant to the Exclusive Option Agreements, the registered shareholders of Honesta Holding shall not, among other things, (i) transfer any of their equity interests in Honesta Holding nor create any pledge or any other security on the same or (ii) request for distribution of dividend.

Equity Pledge Agreements

Parties

(i) Honesta Consultancy Management, (ii) Honesta Holding and (iii) each of the registered shareholders of Honesta Holding

Major terms

The registered shareholders of Honesta Holding agree to pledge all of their equity interests in Honesta Holding to Honesta Consultancy Management to secure the payment obligations of all service fees payable by Honesta Holding to Honesta Consultancy Management.

Pursuant to the Equity Pledge Agreements, without the prior written consent of Honesta Consultancy Management, the registered shareholders of Honesta Holding shall not, among other things, (i) transfer any of their equity interests in Honesta Holding nor create any new pledge or any other security thereon or (ii) reduce the registered capital of Honesta Holding.

Director's Power of Attorney

Each of the directors of Honesta Holding authorizes Honesta Consultancy Management to exercise on his behalf all of his rights and powers as director of Honesta Holding, including, among other things (i) acting as the agent of the director to attend the board meetings of Honesta Holding and/or (ii) representing the director and exercising the voting rights on matters requiring discussion and approval at board meetings of Honesta Holding.

Shareholder's Power of Attorney

Each of the registered shareholders of Honesta Holding authorizes Honesta Consultancy Management to exercise on its/his behalf all of its/his rights and powers as shareholder of Honesta Holding, including, among other things (i) exercising all rights which may be exercised by a shareholder of a company under the PRC laws and regulations or the constitution of Honesta Holding, (ii) elect directors and supervisors of Honesta Holding, and/or (iii) inspect the books and records of Honesta Holding.

Spouse Consent Letter

The spouse of each of the individual registered shareholders of Honesta Holding unconditionally and irrevocably, among other things, (i) acknowledges that all the equity interests in Honesta Holding registered under the name of the registered shareholder of Honesta Holding do not form part of their matrimonial property, (ii) undertakes that she will not make any claim which is contrary to the intention of the Structured Contracts, and (iii) undertakes that she will not participate in the operation and management of Honesta Holding.

The basis why the Directors believe that each of the Structured Contracts conferring significant control and economic benefits from Honesta Holding to the Company is enforceable under the relevant laws and regulations

The Structured Contracts confer upon the Group the right to enjoy all the economic benefit of Honesta Holding by operation of the Structured Contracts under which Honesta Holding will pay Honesta Consultancy Management a service fee equivalent to the profits of Honesta Holding after deducting all necessary costs, expenses and taxes, losses in the previous financial years (if applicable). The Company has taken all reasonable steps (including seeking input and advice from its legal advisors as to PRC laws) in ensuring the Structured Contracts comply with the applicable PRC laws and regulations. The PRC legal advisers advised that, save as disclosed in this announcement,

(i) the Structured Contracts comply with the laws of the PRC and shall be valid and (ii) the Structured Contracts will not be considered as invalid due to violation of the PRC laws, (iii) the Structured Contracts will not be deemed as “concealing illegal intentions with a lawful form” under the PRC Contract Law.

Taking into account the terms of the Structured Contracts, and the legal opinion of the PRC lawyers, the Directors are of the view that the Structured Contracts confer significant control and economic benefits from Honesta Holding to the Company and is enforceable under the PRC laws and regulations.

Under the Structured Contracts, the economic risks of Honesta Holding will, in substance, be borne by Honesta Consultancy Management. Coastal Silk will procure the Company to provide financial support to Honesta Holding, the exact timing and amount of which shall be determined by Coastal Silk in its absolute discretion, for the purpose of supporting the business development of Honesta Holding. Solely for reference purpose, the Company may provide financial support in the sum of RMB300,000,000 to Honesta Holding for the year ending 31 December 2018 and an amount equivalent to 6% of the aggregate of (i) the asset under management of Qianhai Honesta Asset Management and (ii) the size of the business of Shenzhen Cashlai Financial Information Services Co. Ltd in each of the two years ending 31 December 2020.

Arrangements when potential conflicts of interest arise

If any conflict of interest which may negatively affect the interests of Honesta Holding ever arises, Coastal Silk will seek to procure the registered shareholders of Honesta Holding to take remedial actions to eliminate such conflict as soon as possible.

Each of the registered shareholders of Honesta Holding has also executed a deed of non-competition, pursuant to which it/he has undertaken that it/he will not directly or indirectly engage, or own any interest, in any business which constitute or may constitute competing business with that of the Group.

Arrangement in case of death, bankruptcy or divorce of existing registered shareholders of Honesta Holding

The Company confirms that appropriate arrangements have been made to protect the Company’s interests in the event of the death, bankruptcy, divorce of the existing individual registered shareholders of Honesta Holding to avoid any practical difficulties in enforcing Structured Contracts. Pursuant to the Structured Contracts, the contracts shall be binding on the successors or permitted assigns of the registered shareholders. Further, the three individual registered shareholders have undertaken that the Structured Contracts shall have priority over all wills, divorce agreement or other debt arrangement agreement which may be executed by them.

RISKS IN CONNECTION WITH THE STRUCTURED CONTRACTS

Limitations in exercising the option to acquire ownership in Honesta Holding

The exercise of the option under the Exclusive Option Agreements to acquire the ownership of Honesta Holding may be subject to substantial costs. Under the Exclusive Option Agreements (being part of the Structured Contracts), Honesta Consultancy Management has the sole discretion to require the registered shareholders of Honesta Holding to transfer their equity interests in Honesta Holding to Honesta Consultancy Management at the lowest price permitted under the PRC laws. Such transfer may still be subject to separate approval of the PRC governmental authorities. The relevant PRC governmental authorities may require Honesta Consultancy Management to pay a substantial amount of enterprise income tax for the income from the ownership transfer if the purchase price is set below the market value. The transfer will also involve other significant costs, including but not limited to stamp duties and professional fees.

The PRC government may determine that Structured Contracts are not in compliance with any existing or future applicable PRC laws or regulations

The PRC government may determine that the Structured Contracts do not comply with the applicable laws and regulations of the PRC. Although the PRC legal advisers of the Company are of the view that the Structured Contracts are not in violation of the relevant PRC laws and regulations, uncertainties still exist regarding the interpretation and application of the PRC laws and regulations. For instance, the PRC regulatory authorities may issue further guidelines that impose stricter foreign ownership requirements in the relevant area of business. Given the uncertain legal and business environment in the PRC, it is difficult to foresee whether the PRC governmental authorities will take the same view regarding the Structured Contracts as the PRC legal advisers in the future.

Up to the date of this announcement, the Target Group has not encountered any interference or encumbrance from any governing bodies in operating the business of Honesta Holding through the Structured Contracts.

Certain provision in the Structured Contracts which may not be enforceable

According to the PRC legal advisors, the provisions regarding the dispute resolution provisions of the Structured Contracts which set forth that the arbitration body may issue injunctions or winding-up orders may be invalid and unenforceable under the PRC laws. The PRC legal adviser is of the view that pursuant to the PRC laws, the arbitration tribunal may have no power to grant the injunctive relief, order the winding up of Honesta Holding, and the PRC courts may not enforce interim judgments to facilitate the arbitration.

Honesta Consultancy Management relies on the Structured Contracts to control and obtain the economic benefits from Honesta Holding, which may not be as effective in providing operational control as direct ownership

The Structured Contracts may not provide control as effective as direct ownership. Under the Structured Contracts, the Group will operate its business through Honesta Holding. The Company will have to rely on the rights of Honesta Consultancy Management under the Structured Contracts to effect changes in the management of Honesta Holding and make an impact on its business decision making, as opposed to exercising its rights directly as a shareholder. If Honesta Holding or its registered shareholders refuse to cooperate, the Company will face difficulties in effecting control over the operation of business of Honesta Holding through the Structured Contracts, which may adversely affect the Company's business efficiency.

The registered shareholders of Honesta Holding may potentially have a conflict of interests with the Group

The registered shareholders of Honesta Holding may have potential conflicts of interest with the Company. Conflicts of interest may arise when the interest of the registered shareholders of Honesta Holding does not align with that of the Company, and the registered shareholders of Honesta Holding may breach or cause Honesta Holding to breach the Structured Contracts. If the Company fails to resolve this internally, it may have to resort to dispute resolution. If ultimately the shareholder(s) has/have to be removed, it will be difficult for the Company to maintain investors' confidence in the Structured Contracts.

The contractual arrangements may be subject to scrutiny of the PRC tax authorities

The Structured Contracts may be subject to scrutiny by the tax authorities and additional tax may be imposed. Under the Structured Contracts, Honesta Holding is required to pay Honesta Consultancy Management a service fee for the services rendered by Honesta Consultancy Management. Such service fee payments between related parties may be subject to scrutiny or challenge by the PRC tax authorities.

The Company does not have any insurance which covers the risks relating to the Structured Contracts and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the Structured Contracts and the transactions contemplated thereunder. If any risk arises from the Structured Contracts in the future, such as those affecting the enforceability of the Structured Contracts and the relevant agreements for the transactions contemplated thereunder and the operation of Honesta Holding, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group will implement relevant internal control measures to reduce the operational risk.

REASONS FOR ENTERING INTO THE SHARE PURCHASE AGREEMENT

The terms of the Share Purchase Agreement were negotiated on an arm's length basis among the parties with reference to the profit-earnings ratio of the Target Group, the profit-earnings ratio of other companies in the industry engaging in the similar business, the premium given for the liquidity of the Shares being securities listed on the Stock Exchange. The Directors (including independent non-executive Directors) are of the view that the terms of the Share Purchase Agreement were entered into on normal commercial terms and are fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

As none of the Directors has a material interest in the Share Purchase Agreement, no Director was required to abstain from voting on the board resolutions approving the Share Purchase Agreement and the transaction contemplated thereunder.

After the acquisition of interest in Kun Peng, the Company will:

- gain a foothold in the financial technology industry while such industry is at its budding stage, which will serve as a foundation for the Company's development in this field;
- have a complete supply chain of financial service that can provide all-round financial services; and
- obtain 'big data' information of a large number of customers in PRC. Such information can enable the Company to understand the current financial market and grasp unexplored opportunities and develop a diverse range of services.

The numerous subsidiaries and associates of Honesta Holding and the Company can together generate synergies, which will create favourable conditions for the Company's development. Alpha Media, one of the associates of Honesta Holding, can connect the Company with online media, which can assist the Company in exploring business opportunities pertaining retail clients inside and outside PRC.

The Directors are of the view that the Structured Contracts are narrowly tailored as they are used to enable the Group to invest in businesses that operate in industries that are subject to foreign investment restrictions in the PRC. The Company agrees that it would unwind the Structured Contracts as soon as the relevant laws and regulations allow the Restricted Businesses to be conducted in the PRC to be operated by foreign investors without adopting the contractual arrangement structure.

EFFECT ON THE ISSUE OF THE CONSIDERATION SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company had 24,188,648,437 Shares in issue. For reference and illustration purposes only, assuming 363,065,565 Shares will be allotted and issued pursuant to the Share Purchase Agreement and there is no other

change in the shareholding structure of the Company, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares.

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares (assuming that there is no other change in the existing shareholding of the Company and there is no buy-back of Consideration Shares)	
	No. of shares	Approximate %	No. of shares	Approximate %
Shandong Hi-Speed Group Co., Ltd. (Note 1)	10,459,648,350	43.24	10,459,648,350	42.60
Li Shao Yu (Note 2)	3,547,689,650	14.67	3,547,689,650	14.45
Haitong Securities Co., Ltd. (Note 3)	2,654,397,849	10.97	2,654,397,849	10.80
Central Huijin Investment Ltd. (Note 4)	1,781,122,153	7.36	1,781,122,153	7.25
Honest Investment	—	—	363,065,565	1.50
Public	<u>5,745,790,435</u>	<u>23.75</u>	<u>5,745,790,435</u>	<u>23.40</u>
Total	<u>24,188,648,437</u>	<u>100.00</u>	<u>24,551,714,002</u>	<u>100.00</u>

Notes:

- Shandong Hi-Speed Group Co., Ltd. is deemed to be interested in the 5,459,648,350 Shares held by Shandong Hi-Speed (Hong Kong) International Capital Limited pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) by virtue of Shandong Hi-Speed (Hong Kong) International Capital Limited, a company incorporated in Hong Kong with limited liability, being a subsidiary of Shandong Hi-Speed (BVI) Capital Management Limited, a company incorporated in the British Virgin Islands with limited liability, which in turn is a subsidiary of Shandong Hi-Speed Group Co., Ltd., a company incorporated in PRC with limited liability. In addition, Shandong Hi-Speed Group Co., Ltd. is deemed to be interested in the 5,000,000,000 Shares held by Shandong International (Hong Kong) Limited pursuant to SFO by virtue of Shandong International (Hong Kong) Limited being a subsidiary of 山東省農村經濟開發投資公司, a company incorporated in PRC with limited liability, which in turn is a subsidiary of Shandong Hi-Speed Group Co., Ltd.
- Ms. Li Shao Yu is deemed to be interested in the 3,503,559,650 Shares held by Hao Tian Management (Hong Kong) Limited pursuant to the SFO by virtue of Hao Tian Management (Hong Kong) Limited, being a subsidiary of Win Team Investments Limited, which in turn is a subsidiary of Hao Tian Development Group Limited, which in turn is a subsidiary of Asia Link Capital Investment Holdings Limited, in which Ms. Li Shao Yu holds 100% beneficial interest. In addition, Ms. Li Shao Yu is deemed to be interested in the 44,130,000 Shares held by TRXY Development (HK) Limited pursuant to the SFO by virtue of TRXY Development (HK) Limited being owned as to 90% and 9%, respectively, by Hao Tian Integrated Group Development Limited and Hao Tian Group Holdings Limited, both of which are wholly-owned by Ms. Li Shao Yu.

3. Haitong Securities Co. Ltd. is deemed to be interested in the 2,221,064,516 Shares held by Hai Tong Asset Management (HK) Limited and the 433,333,333 Shares held by Haitong International Asset Management Limited pursuant to the SFO by virtue of Hai Tong Asset Management (HK) Limited and Haitong International Asset Management Limited being subsidiaries of Haitong International (BVI) Ltd, which in turn is a subsidiary of Haitong International Securities Ltd, which in turn is a subsidiary of Haitong International Holdings Limited, in which Haitong Securities Co. Ltd. holds 100% beneficial interest.
4. Central Huijin Investment Ltd. is deemed to be interested in the 1,781,122,153 Shares held by Sea Venture Investments Ltd pursuant to the SFO by virtue of Sea Venture Investments Ltd, being a subsidiary of CCB Investments Ltd, which in turn is a subsidiary of CCB International (Holdings) Ltd, which in turn is a subsidiary of CCB Financial Holdings Ltd, which in turn is a subsidiary of CCB International Group Holdings Ltd, which in turn is a subsidiary of China Construction Bank Corporation, in which Central Huijin Investment Ltd. holds 57.11% beneficial interest.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Share Purchase Agreement is more than 5% but less than 25%, the entering into of the Share Purchase Agreement constitutes a discloseable transaction of the Company within the meaning of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the words and expressions below shall have the following meanings when used herein:

“Alpha Media”	阿爾法傳媒(深圳)有限公司 (Alpha Media (Shenzhen) Company Ltd), a company incorporated in PRC and an associate of Honesta Holding;
“Board”	the board of Directors;
“Coastal Silk”	Coastal Silk Limited, a company incorporated in the British Virgin Islands and a subsidiary of the Company;
“Company”	China Shandong Hi-Speed Financial Group Limited (中國山東高速金融集團有限公司), a company incorporated under the laws of Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00412);
“Completion”	completion of the acquisition and subscription of the shares in Kun Peng by Coastal Silk in accordance with the Share Purchase Agreement;
“Director(s)”	director(s) of the Company;

“Director’s Power of Attorney”	the powers of attorney dated 18 October 2017 executed by each of the directors of Honesta Holding;
“Equity Pledge Agreements”	the equity pledge agreements dated 18 October 2017 entered into between Honesta Consultancy Management, Honesta Holding and each of the registered shareholders of Honesta Holding;
“Exclusive Business Cooperation Agreement”	the exclusive business cooperation agreement dated 18 October 2017 entered into by (i) Honesta Consultancy Management (an indirect wholly-owned subsidiary of Kun Peng), (ii) Honesta Holding, and (iii) all registered shareholders of Honesta Holding, namely Mr. Hua, Mr. Guo, Mr. Cheng, Honesta Letou;
“Exclusive Option Agreements”	the exclusive option agreements dated 18 October 2017 entered into between Honesta Consultancy Management, Honesta Holding and each of the registered shareholders of Honesta Holding;
“General Mandate”	the general mandate granted to the Directors to allot, issue or otherwise deal with the Shares at the annual general meeting of the Company held on 29 September 2017;
“Group”	the Company and its subsidiaries;
“Honesta Consultancy Management”	厚生諮詢管理(深圳)有限公司 (Honesta Consultancy Management (Shenzhen) Company Limited), a company incorporated in PRC and an indirect wholly-owned subsidiary of Kun Peng;
“Honesta Holding”	深圳厚生新金融控股有限公司, a company incorporated in the PRC, which is controlled by Honesta Consultancy Management by way of the Structured Contracts and the registered shareholders comprise Mr. Hua, Mr. Guo, Mr. Cheng, Honesta Letou;
“Honesta Investment”	Honesta Investment Limited (厚生投資有限公司), a company incorporated in the British Virgin Islands, the sole shareholder of Kun Peng as at the date of this announcement;
“Honesta Letou”	深圳厚生樂投八號投資管理企業(有限合夥) (Shenzhen Honesta Letou Number 8 Investment Management Limited Partnership), a limited partnership established in the People’s Republic of China and a 21% shareholder of Honesta Holding;

“Kun Peng”	Kun Peng International Limited (鯤鵬國際有限公司), a company incorporated in the British Virgin Islands, the parent company of Kun Peng (HK) Investment Limited (a company incorporated in Hong Kong) and Honesta Consultancy Management;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Minimum Net Profit”	the minimum distributable operating net profit of Shenzhen Cashlai Financial Information Services Co. Ltd. (a 45.6187% company held by Honesta Holding) and Qianhai Honesta Asset Management (a 60% company held by Honesta Holding);
“Mr. Cheng”	Mr. Cheng Xiaoxin (程小新), a 19% shareholder of Honesta Holding and a 20% shareholder of Honesta Investment;
“Mr. Guo”	Mr. Guo Yong (郭勇), a 30% shareholder of Honesta Holding and a 30% shareholder of Honesta Investment;
“Mr. Hua”	Mr. Hua Meng (華猛), a 30% shareholder of Honesta Holding and a 40% shareholder of Honesta Investment;
“Net Profit”	the distributable operating net profit of Shenzhen Cashlai Financial Information Services Co. Ltd. (a 45.6187% company held by Honesta Holding) and Qianhai Honesta Asset Management (a 60% company held by Honesta Holding);
“PRC”	the People’s Republic of China;
“Qianhai Honesta Asset Management”	深圳前海厚生資產管理有限公司 (Shenzhen Qianhai Honesta Asset Management Company Ltd.), a company incorporated in PRC and a subsidiary of Honesta Holding;
“Restricted Businesses”	collectively, securities investment management, conducting electronic commerce, provision of financial intermediary service through the internet, market research, internet culture operation, all of which are subject to foreign ownership restrictions under the laws of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share Purchase Agreement”	the share transfer and subscription agreement dated 29 December 2017 entered into by Coastal Silk, Honesta Investment, Kun Peng and Mr. Hua in respect of the sale and purchase and subscription of shares in Kun Peng;

“Shareholder(s)”	holder(s) of the Shares;
“Shareholder’s Power of Attorney”	the powers of attorney dated 18 October 2017 executed by each of the registered shareholders of Honesta Holding;
“Shares”	ordinary shares of the Company;
“Spouse Consent Letter”	the consent letters dated 18 October 2017 executed by the spouse of 3 individual registered shareholders of Honesta Holding;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Structured Contracts”	collectively, the Exclusive Business Cooperation Agreement, the Exclusive Option Agreements, the Equity Pledge Agreements, the Director’s Power of Attorney, the Shareholder’s Power of Attorney, the Spouse Consent Letter and other ancillary documents relating to the contractual arrangements thereunder.

By Order of the Board
China Shandong Hi-Speed Financial Group Limited
Li Hang
Chairman

Hong Kong, 29 December 2017

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted to HK\$ at a rate of HK\$1.00 to RMB0.83591.

As at the date of this announcement, the Company has four executive directors, namely Mr. Ji Kecheng, Mr. Wang Zhenjiang, Mr. Yau Wai Lung and Mr. Li Zhen Yu, four non-executive directors, namely Mr. Li Hang, Dr. Lam Lee G., Mr. Qiu Jianyang and Mr. Lo Man Tuen, and four independent non-executive directors, namely Mr. To Shing Chuen, Mr. Cheung Wing Ping, Mr. Wang Huixuan and Mr. Guan Huanfei.