

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國山東高速金融集團有限公司

CHINA SHANDONG HI-SPEED FINANCIAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 412)

DISCLOSEABLE TRANSACTION DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY

On 7 April 2021 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell the Sale Shares at the consideration of RMB3,000,000 (or its equivalent in HK\$). Completion took place on 7 April 2021. Upon Completion, the Company will cease to hold any interests in the Target Company, and the financial results of the Target Group will cease to be consolidated into the accounts of the Group.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

On 7 April 2021 (after trading hours), the Vendor entered into the Share Purchase Agreement with the Purchaser in respect of the Disposal.

SHARE PURCHASE AGREEMENT

Date: 7 April 2021

Parties: (a) the Vendor, as seller, and
(b) Ms. Fu Yu (傅好), as purchaser.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Subject of the Disposal

The assets to be disposed of by the Vendor consist of the Sale Shares, representing the entire issued shares of the Target Company. As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company.

The Target Company is the legal and beneficial owner of 60% issued shares of Kun Peng. For more information on the Target Group, please refer to the section headed “INFORMATION ON THE TARGET GROUP”.

Consideration

The consideration shall be RMB3,000,000 (or its equivalent in HK\$) and shall be payable by the Purchaser to the Vendor in full on the Completion Date.

Basis of the consideration

The consideration was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the financial position of the Target Group in the latest financial period. The Directors consider the consideration of the Disposal to be fair and reasonable.

Conditions precedent

Completion is subject to the following conditions precedent having been fulfilled:

- 1) all necessary authorisations, consents, licences, agreements, approvals or permissions of any kind required for the Vendor or the Target Company to implement all the transactions contemplated thereunder having been obtained by the Vendor and remaining in full force and effect;
- 2) all necessary authorisations, consents, licences, agreements, approvals or permissions of any kind required for the Purchaser to implement all the transactions contemplated thereunder having been obtained by the Purchaser and remaining in full force and effect;
- 3) the passing of the necessary approval by the Company approving the entering into, execution, delivery and performance of Share Purchase Agreement and all other transactions contemplated hereunder;
- 4) the representation, warranties and/or undertakings given by the Vendor under the Share Purchase Agreement remaining true, accurate and not misleading, and there having been no breach by the Vendor of the Share Purchase Agreement; and
- 5) the representation, warranties and/or undertakings given by the Purchaser under the Share Purchase Agreement remaining true, accurate and not misleading, and there having been no breach by the Purchaser of the Share Purchase Agreement.

None of the condition precedents may be waived. If any of the conditions precedents is not fulfilled on or before the Completion Date, either the Vendor or the Purchaser shall be entitled to cancel the Share Purchase Agreement by notice.

Completion

Completion took place on 7 April 2021.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Group will cease to have any interests in the Target Group.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in Bermuda with limited liability and its subsidiaries are principally engaged in various kinds of financial services, including financial leasing, operation of an asset trading platform, investments in securities, money lending, investment holding and asset management.

The Vendor is a company incorporated under the laws of the British Virgin Islands and a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION ON THE PURCHASER

The Purchaser is a PRC citizen and merchant. The Purchaser has extensive experience in the commerce and trade industries and principally engaged in trading business.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands. As at the date of this announcement, the Target Company is the legal and beneficial owner of 60% issued shares of Kun Peng, a company incorporated in the British Virgin Islands which is principally engaged in investment holding. Kun Peng through its subsidiary mainly provides (i) private equity investment fund management services; (ii) internet lending information intermediary service; and (iii) online advertising agency business in the PRC.

A summary of the audited consolidated financial information of the Target Group prepared in accordance with the generally accepted accounting principles of the PRC for the two years ended 31 December 2020 is set out below:

	For the year ended	
	31 December	
	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Profit/(loss) before taxation	2,472	(273,735)
Profit/(loss) after taxation	2,194	(275,299)

The net liabilities of the Target Group based on its audited accounts as at 31 December 2020 was approximately RMB62,399,000.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Target Group will cease to be consolidated in the accounts of the Group.

With reference to the net liabilities of the Target Group of approximately RMB62,399,000 as of 31 December 2020, the estimated net gain from the Disposal is approximately RMB65,399,000 after deducting expenses in relation to the Disposal. The actual gain or loss on the Disposal may be different from the above and subject to the review and final audit by the Company's auditor.

It is expected that the net proceeds from the Disposal will be used for re-investment for other potential investments and/or business opportunities that may arise and as general working capital of the Group. In any event, the Board does not envisage that the Disposal will create any significant adverse impact on the Group's financial position.

In 2018, Xianglong FL (an indirect wholly-owned subsidiary of the Company) had provided certain loans to Honesta Holding of an aggregate amount of RMB300,000,000 (the "Loans") where both Xianglong FL and Honesta Holding were subsidiaries of the Company. Immediately after the Completion, the Loans will be recognized as loan receivables due from Honesta Holding to the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

On 26 March 2018, the Company acquired 60% of the shareholding in Kun Peng through the Target Company. The Target Group has recorded significant net loss in 2020. Considering the financial performance and after reviewing the business and operation status of the Target Group, the Board considers that it is appropriate for the Group to proceed with the Disposal. The Disposal, when materialized, strengthen the cash flow of the Group allowing the Group to improve its liquidity and allow the Group to reallocate its resources for future development.

The Directors consider that the Disposal and the terms of the Share Purchase Agreement have been made on normal commercial terms and are fair and reasonable and is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“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 in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 412)
“Completion”	completion of the Disposal under the Share Purchase Agreement
“Completion Date”	7 April 2021 or such other date as the Vendor and the Purchaser may agree
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by the Vendor of the Sale Shares subject to and upon the terms and conditions of the Share Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Honesta Consultancy Management”	Honesta Consultancy Management (Shenzhen) Company Limited* (厚生諮詢管理(深圳)有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of Kun Peng
“Honesta Holding”	Shenzhen Honesta Financial Holding Co., Ltd.* (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

“Independent Third Party(ies)”	a person or a company which is a third party, independent of the Company and its connected person(s)
“Kun Peng”	Kun Peng International Limited (鯤鵬國際有限公司), a company incorporated in the British Virgin Islands, the sole shareholder of Kun Peng (HK)
“Kun Peng (HK)”	Kun Peng (HK) Investment Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Kun Peng
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchaser”	Ms. Fu Yu (傅妤)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	2 ordinary shares of the Target Company, being the entire issued shares of the Target Company
“Share Purchase Agreement”	the share purchase agreement dated 7 April 2021 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Coastal Silk Limited, a BVI business company incorporated in and existing under the laws of the British Virgin Islands
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Perfect Waters Limited, a company incorporated and existing under the laws of the British Virgin Islands and a direct wholly-owned subsidiary of the Company

“Xianglong FL”

Shangao International Finance Leasing (Shenzhen) Co., Ltd.* (山高國際融資租賃(深圳)有限公司) (formerly known as Xianglong Finance Leasing (Shenzhen) Company Limited* (翔龍融資租賃(深圳)有限公司)), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“%”

per cent

By order of the Board
China Shandong Hi-Speed Financial Group Limited
Wang Xiaodong
Chairman

Hong Kong, 7 April 2021

As at the date of this announcement, the Company has five executive directors, namely Mr. Wang Xiaodong, Mr. Liu Han, Mr. Liu Honghui, Mr. Liu Zhijie and Mr. Liu Yao; three non-executive directors, namely Mr. Liang Zhanhai, Mr. Chen Di and Mr. Gao Guicheng; and four independent non-executive directors, namely Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Tan Yuexin and Mr. Jonathan Jun Yan.

The English translation of an entity or company's name in Chinese which is marked with “” is for identification purpose only. If there is any inconsistency between the Chinese names of entities or companies established in the PRC and their English translations, the Chinese names shall prevail.*