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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 — DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT

DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT

The Board is pleased to announce that on 9 January 2018 (after trading hours), Safe Castle, an indirect wholly-owned subsidiary of the Company, entered into the Discretionary Investment Management Agreement with the Manager, pursuant to which Safe Castle has agreed to appoint the Manager and the Manager has agreed to accept such appointment as manager to provide the investment management service by the Manager to Safe Castle. The Investment Amount was made by Safe Castle on the same date of the Discretionary Investment Management Agreement.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Investment Amount, the Discretionary Investment Management Agreement and the transactions contemplated thereunder exceed 5% but are less than 25%, the entering into of the Discretionary Investment Management Agreement constitutes a discloseable transaction of the Company and is subject to the notification and the announcement requirements but is not subject to the shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT

The principal terms of the Discretionary Investment Management Agreement are as follows:

Date: 9 January 2018 (after trading hours)

Parties: (1) Sinolink Securities (Hong Kong) Company Limited (as the manager);
and

(2) Safe Castle.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Manager and its ultimate beneficial owners are Independent Third Parties.

Subject matter

Pursuant to the Discretionary Investment Management Agreement, Safe Castle has agreed to appoint the Manager and the Manager has agreed to accept such appointment as the manager in relation to the provision of the discretionary investment management service by the Manager to Safe Castle.

Management of the investment

Subject to the terms and the conditions of the Discretionary Investment Management Agreement, the Manager shall have full and absolute discretionary power to manage the Portfolio at Safe Castle's own risk in accordance with the terms of the Discretionary Investment Management Agreement. Safe Castle does not have any right to make decision on the investment and management of the Portfolio. Without prejudice to the generality of the foregoing, the Manager may (i) buy, sell, retain, exchange or otherwise deal in any Investments; (ii) subscribe to issues and offers for sale of any Investments; (iii) participate in initial public offerings, accept placings, underwritings and sub-underwritings of any Investments; (iv) make cash deposits; (v) deal in any currencies; (vi) deal in, use and close out any options, futures and other derivatives relating to securities, stock indices, currencies or otherwise; and (vii) effect transactions on any market or off market. Despite the above, the investment objective is to seek stable income through investing in any of the investments instruments permitted under applicable Hong Kong laws and rules with more than 9% expected annual return in general. The return of the investments of the Portfolio is non-guaranteed.

The Manager is authorised to enter into, make and perform all contracts, agreements and other undertakings as may in the opinion of the Manager be necessary or desirable for the proper performance of the Manager's duties under the Discretionary Investment Management Agreement and Safe Castle agrees to ratify such contracts, agreements and undertakings on request.

The Manager or its associates (including the holding companies and the subsidiaries of the Manager, and the subsidiaries of such holding companies) may enter into soft commission arrangements with brokers through which transactions are executed for the Portfolio. The Manager may retain cash commissions or money rebates from brokers or dealers on transactions executed for the account of the Portfolio.

The Custodian (if any) or the Manager shall be responsible for valuation of the Discretionary Account at such frequency as the Manager may require and in any event, no less frequently than monthly.

Withdrawal

Subject to the terms of the Discretionary Investment Management Agreement and the availability of cash balance, Safe Castle may from time to time request the withdrawal of cash from the Portfolio provided that the Manager receives no less than 30 Business Days prior written notice (or any time as determined in the Sub-Agreements) specifying the amount, currency and payment procedures. Subject to any instructions in the notice, the outstanding liabilities whatsoever incurred by Safe Castle, the uncompleted transactions already initiated by the Manager and any Suspension Events, the Manager will arrange for and issue appropriate instructions for the realisation as soon as practicable of such part of the Portfolio as it considers appropriate to produce the relevant cash sum for payment to Safe Castle. Any withdrawal shall also be carried out in consideration of the relevant settlement periods in relation with realisation of assets of the Discretionary Account as a result of such withdrawal.

Term and termination of the Discretionary Investment Management Agreement

The Discretionary Investment Management Agreement shall take effect from 9 January 2018 with an unlimited term. Either party may terminate the Discretionary Investment Management Agreement without penalty or compensatory damages by providing not less than three (3) months' prior notice in writing to the other party. Safe Castle or the Manager may terminate the Discretionary Investment Management Agreement by notice in writing taking immediate effect, if either party breaches any obligation under the Discretionary Investment Management Agreement and fails to make good such breach within one (1) month of receipt of such notice from another party requiring it to do so; or if the other party becomes bankrupt or enters liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party); or if a receiver is appointed over any of the other party's assets. The Manager may also terminate the Discretionary Investment Management Agreement by notice in writing taking immediate effect if so required by any competent regulatory authority.

Management fee

The Manager is entitled to receive a management fee for the Portfolio at the rate of 0.75% per annum of the net asset value of the Portfolio on the last Business Day of each calendar month, payable quarterly in arrears within 14 Business Days after the end of each quarter. For the avoidance of doubt, if the net assets value of the Portfolio is nil, the Manager shall not be entitled to any fee.

The management fee was determined upon arms-length basis negotiation between Safe Castle and the Manager after taking into account the benefit of the entering into of the Discretionary Investment Management Agreement as set out in the relevant section below.

INVESTMENT AMOUNT

The Investment Amount made by Safe Castle into the Discretionary Account on the date of the Discretionary Investment Management Agreement is HK\$550,000,000. The Investment Amount will be managed by the Manager with full discretionary power in accordance with the terms of the Discretionary Investment Management Agreement. If there is an increase in the Investment Amount, the Company will make appropriate disclosure in accordance with the applicable Listing Rules. There are no upper limit or minimum level in relation to the Investment Amount.

INFORMATION OF THE MANAGER

The Manager is a company incorporated under the laws of Hong Kong and registered with the SFC for Type 1, Type 2, Type 4, Type 6 and Type 9 regulated activities pursuant to the SFO.

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.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT

The principal purpose for the Safe Castle to enter into the Discretionary Investment Management Agreement is to enhance its income for the presently unutilized assets. In addition, the Safe Castle also has the flexibility of withdrawal at its request. These features enable the Safe Castle to generate steady income from its cash surplus while at the same time, maintain the Safe Castle's liquidity position.

In addition, the Manager is specialized in providing securities and asset management services. It has solid practical investment experience in the Asia-Pacific region and has a wide and well-established buyer research communication network. Furthermore, the Manager's investment management team has both localized and international background while its research team has comprehensive coverage and senior industry background. The Directors believe that the strength and capabilities of the Manager will enable it to provide quality investment management service and bring favourable returns to Safe Castle.

The Directors consider that the Discretionary Investment Management Agreement was entered into on normal commercial terms, and the terms of the Discretionary Investment Management Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Investment Amount, the Discretionary Investment Management Agreement and the transactions contemplated thereunder exceed 5% but are less than 25%, the entering into of the Discretionary Investment Management Agreement constitutes a discloseable transaction of the Company and is subject to the notification and the announcement requirements but is not subject to the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Board”	the board of Directors;
“Business Day”	means a day (other than a Saturday, Sunday and Public Holiday) on which licensed banks are open for business in Hong Kong;
“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);
“Custodian”	means any person(s) as the Manager may on behalf of Safe Castle appoint from time to time, as custodian of the Portfolio;
“Directors”	the director(s) of the Company;
“Discretionary Account”	means the securities account and cash account relating to the Portfolio;
“Discretionary Investment Management Agreement”	the discretionary investment management agreement dated 9 January 2018 and entered into between the Manager and Safe Castle in relation to the provision of the discretionary investment management service by the Manager to Safe Castle;
“Group”	the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People's Republic of China;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons;

“Investments”	means any securities (as defined in the SFO), other investments, assets (excluding real estates), rights, options, futures or interests in collective investment schemes or investment products, where the context permits, includes uninvested cash;
“Investment Amount”	HK\$550,000,000;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Manager”	Sinolink Securities (Hong Kong) Company Limited, a company incorporated under the laws of Hong Kong and registered with the SFC for Type 1, Type 2, Type 4, Type 6 and Type 9 regulated activities pursuant to the SFO;
“Portfolio”	means all the Investments at any time under the management of the Manager hereunder credited to the Discretionary Account;
“Safe Castle”	Safe Castle Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of the Company;
“SFC”	the Securities and Futures Commission in Hong Kong;
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong);
“Shares”	ordinary shares of the Company;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Sub-Agreements”	means Sub-Portfolio agreements or appendices;
“Sub-Portfolio”	means a sub portfolio of the Portfolio and its terms and conditions are further elaborated and agreed by a Sub-Agreement; and

“Suspension Events” includes situations where the trading of a specific or various Investments are unavailable due to severe market conditions or issuer distress, suspension or limitation of trading by any public exchanges or any other circumstances which render it impossible to liquidate any or all of the relevant Investments.

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

Hong Kong, 9 January 2018

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.