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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

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 412)**

## **CONNECTED TRANSACTIONS**

- (1) DISPOSAL OF BENEFICIAL INTEREST IN THE SIT TRUST**
- (2) DISPOSAL OF BENEFICIAL INTEREST IN THE FOTIC TRUST**

### **(1) DISPOSAL OF BENEFICIAL INTEREST IN THE SIT TRUST**

On 6 August 2019 (after trading hours), the Assignor, an indirect subsidiary of the Company, the Assignee and the Cooperative Entity entered into the SIT Assignment Agreement, pursuant to which the Assignor agreed to assign the SIT Assigned Interest to the Assignee at a consideration of RMB17,530,000 (equivalent to approximately HK\$19,820,675), and following which, the Assignee shall re-assign the SIT Assigned Interest to the Assignor after the expiry of the SIT Assignment Period at a total consideration equal to the then balance of the SIT Trust Principal as at the date of completion of the SIT Re-assignment plus the amount of any SIT Assignment Income Distribution due to but not yet received by the Assignee by the completion of the SIT Re-assignment.

## **(2) DISPOSAL OF BENEFICIAL INTEREST IN THE FOTIC TRUST**

On 6 August 2019 (after trading hours), the Assignor, an indirect subsidiary of the Company, FOTIC, the Assignee and the Cooperative Entity entered into the FOTIC Assignment Agreement, pursuant to which the Assignor agreed to assign the FOTIC Assigned Interest to the Assignee at a consideration of RMB20,100,000 (equivalent to approximately HK\$22,726,502), and following which, the Assignee shall re-assign the FOTIC Assigned Interest to the Assignor after the expiry of the FOTIC Assignment Period at a total consideration equal to the then balance of the FOTIC Trust Principal as at the date of completion of the FOTIC Re-assignment plus the amount of any FOTIC Assignment Income Distribution due to but not yet received by the Assignee by the completion of the FOTIC Re-assignment.

### **LISTING RULES IMPLICATIONS**

The Assignee is directly and indirectly owned as to approximately 43.09% by Shandong Hi-Speed Group, an indirect controlling shareholder of the Company. Accordingly, the Assignee is a connected person of the Company and therefore each of the SIT Assignment and the FOTIC Assignment constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated 26 March 2019 and 30 April 2019 respectively in relation to the Previous Assignment. The Previous Assignment, the SIT Assignment and the FOTIC Assignment shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the aggregation of the Previous Assignment, the SIT Assignment and the FOTIC Assignment exceed(s) 0.1% but less than 5%, each of the SIT Assignment and the FOTIC Assignment is subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement under Rule 14A.76 of the Listing Rules.

## (1) THE SIT ASSIGNMENT AGREEMENT

### PRINCIPAL TERMS OF THE SIT ASSIGNMENT AGREEMENT

Date 6 August 2019

Parties **Assignor:** Shenzhen Honesta New Finance Holding Company Ltd.\* (深圳厚生新金融控股有限公司), a company controlled as to 60% by the Group through contractual arrangements

**Assignee:** Weihai City Commercial Bank Co., Ltd\* (威海市商業銀行股份有限公司), a joint stock limited liability company directly and indirectly owned as to approximately 43.09% by Shandong Hi-Speed Group

**Cooperative Entity:** Shangao Puhui (Shenzhen) Information Services Co., Ltd.\* (山高普惠(深圳)信息服務有限公司), a company indirectly controlled as to approximately 79.47% by the Assignor

Subject matter The Assignor as assignor agreed to assign the SIT Assigned Interest to the Assignee as assignee, subject to the terms and conditions of the SIT Assignment Agreement.

The SIT Assigned Interest represented the entire beneficial interest in the SIT Trust, of which the Assignor was the sole beneficiary, as at immediately before the execution of the SIT Assignment Agreement.

Consideration	<p>The SIT Consideration payable by the Assignee to the Assignor for purchase of the SIT Assigned Interest was RMB17,530,000 (equivalent to approximately HK\$19,820,675).</p> <p>The SIT Consideration shall be settled by the Assignee in cash in full on the SIT Assignment Effective Date.</p> <p>The amount of SIT Consideration was determined after arm’s length negotiations between the Assignor and the Assignee with reference to the unaudited book value of the SIT Assigned Interest as at 31 March 2019.</p>
Assignment Income Distributions	<p>Within five (5) Business Days after each SIT Assignment Income Distribution Date, the Assignee will receive cash distributions (the “<b>SIT Assignment Income Distributions</b>”) out of the assets of the SIT Trust, calculated at an annualised return of 7.6% per annum on the balance of the SIT Trust Principal as at each day elapsed from the immediately preceding SIT Assignment Income Distribution Date. Such return shall be calculated on the basis of the actual number of days elapsed and a year of 365 days.</p>
Guaranteed return	<p>If the SIT Trust fails to pay in full the amount of any SIT Assignment Income Distribution and/or (if applicable) the principal of the SIT Trust due to be paid by the SIT Trust to the Assignee on any SIT Assignment Income Distribution Date, the Assignor shall pay the Assignee an amount in cash equal to the amount of the shortfall (the “<b>SIT Shortfall</b>”).</p>

Buy back and restriction on transfer of the Assigned Interest      The SIT Assignment Period shall end on 15 January 2020. Upon expiry of the SIT Assignment Period, the Assignee shall have the right (the “**SIT Re-assignment Right**”) to re-assign back to the Assignor or Shangao Puhui, and require the Assignor or Shangao Puhui (as applicable) to purchase from the Assignee, the SIT Assigned Interest (the “**SIT Re-assignment**”), at a total consideration equal to the balance of the SIT Trust Principal as at the date of completion of the SIT Re-assignment plus the amount of any SIT Assignment Income Distribution due to but not yet received by the Assignee by the completion of the SIT Re-assignment.

The SIT Assignment Agreement did not specify a period within which the Assignee must exercise the SIT Re-assignment Right after the expiry of the SIT Assignment Period. Therefore, the express terms of the SIT Assignment Agreement would allow the Assignee to exercise the SIT Re-assignment Right at any time after the expiry of the SIT Assignment Period and before the termination of the Trust.

However, for the reasons elaborated in the section “Reasons for and Benefits for Entering into of the Transactions” below, the SIT Trust Principal will be nil by the end of March 2020 at the latest, and the Assignee is in effect bound to assign the SIT Assigned Interest back to the Assignor or Shangao Puhui as soon as practicable after the expiry of the SIT Assignment Period on 15 January 2020.

Save as disclosed above, the Assignee has no right to sell, transfer, assign or dispose of the SIT Assigned Interest to any third party.

The terms of the SIT Assignment Agreement were determined after arm’s length negotiations between the Assignor and the Assignee with reference to the prevailing market rates for the similar financing arrangements.

## **INFORMATION OF THE PARTIES**

### **The Assignor and the Group**

The Assignor is a company established under the laws of the PRC. It is an indirect subsidiary of the Company. The Assignor, together with its subsidiaries, is principally engaged in securities investment management, conducting electronic commerce, provision of financial intermediary services through the internet, market research, and internet culture operation.

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 securities; (iii) money lending business; (iv) financial technology and related financial services; and (v) operation of an asset trading platform.

### **The Assignee**

The Assignee is a licensed bank in the PRC and is principally engaged in commercial banking activities. It is directly and indirectly owned as to approximately 43.09% by Shandong Hi-Speed Group, an indirect controlling shareholder of the Company.

### **The Cooperative Party**

The Cooperative Entity is a company established under the laws of the PRC. It is indirectly controlled as to approximately 79.47% by the Assignor. Its principal business is the provision of referral service and lending support service. Under the SIT Trust Agreement and the FOTIC Trust Agreement, it shall source suitable individuals as potential borrowers and refer them to the SIT Trust and the FOTIC Trust respectively for the making of loans.

## **INFORMATION OF THE SIT TRUST AND THE SIT ASSIGNED INTEREST**

The SIT Trust was established on 18 December 2018 by the SIT Trust Agreement executed by the Assignor as settlor and sole beneficiary, and SIT as trustee. Under the terms of the SIT Trust, the Assignor injected RMB20,000,000 (equivalent to approximately HK\$22,613,435) in the SIT Trust, of which (i) RMB2,470,000 (equivalent to approximately HK\$2,792,759) was not utilised to make any loan, and was returned to the Assignor by the SIT Trust in March 2019; and (ii) the balance, being RMB17,530,000 (equivalent to approximately HK\$19,820,675) (the “**SIT Trust Principal**”), shall be managed by SIT.

### **Information of SIT**

SIT is a joint stock limited liability company (listed) established under the laws of the PRC. Its principal business is provision of professional trustee services.

To the best of the Directors’ knowledge, information and belief having made all reasonable inquiry, as at the date of the Assignment Agreement and the date of this announcement, SIT and its ultimate beneficial owner are third parties independent of the Company and are not the connected persons of the Company.

### **Application of the SIT Trust Principal**

SIT shall, in accordance with the Assignor’s instructions, utilise the SIT Trust Principal in making loans (each a “**Real Estate Loan**”) to individuals in the PRC referred by the Cooperative Party and approved by the Assignor. Each Real Estate Loan shall be secured by real estate(s) owned by the borrower (or, if different, the owner(s) of such real estate(s)) in the PRC.

In this regard, the SIT Assignment Agreement provided that the Assignor’s rights under the SIT Trust Agreement shall vest in the Assignee upon completion of the SIT Assignment. The Assignor would therefore cease to be in a position to directly give such instructions to SIT.

On the other hand, under the terms of the SIT Trust Agreement, the Assignor may only instruct SIT to grant loans to borrowers referred by the Cooperative Entity. This means after the SIT Assignment, the Assignor will, through the Cooperative Entity, retain control to which borrower(s) the SIT Trust may grant Real Estate Loan(s).

### **Other terms of the SIT Trust Agreement**

The SIT Trust has a duration of ten (10) years from the date of the SIT Trust Agreement. At the end of the said period, the SIT Trust shall make a distribution of the SIT Trust Principal and any due and unpaid income distribution to the beneficiary of the SIT Trust.

The Cooperative Entity was responsible for sourcing individuals as potential borrowers and referring them to the SIT Trust for the making of loans. The Cooperative Entity shall receive, by way of service fees, the net profit of the SIT Trust (being the gross income of the SIT Trust less any return payable to the then beneficiary of the SIT Trust, fees charged by SIT, and all other costs and expenses of the SIT Trust).

The SIT Assigned Interest represented the entire beneficial interest in the SIT Trust, of which the Assignor was the sole beneficiary as at immediately before the execution of the SIT Assignment Agreement.

The original acquisition costs of the SIT Assigned Interest was RMB17,530,000 (equivalent to approximately HK\$19,820,675), being the amount of the SIT Trust Principal as at the date of this announcement. The unaudited book value of the SIT Assigned Interest was RMB17,530,000 (equivalent to approximately HK\$19,820,675) according to the unaudited management accounts of the Assignor as at 31 March 2019.

### **FINANCIAL INFORMATION OF THE SIT TRUST AND THE SIT ASSIGNED INTEREST**

The unaudited net profit attributable to the SIT Assigned Interest, both before and after tax, for the period from 18 December 2018 (being the date of establishment of the SIT Trust) and 31 March 2019 was RMB377,414.48 (equivalent to approximately HK\$426,732).



## **(2) THE FOTIC ASSIGNMENT AGREEMENT**

### **PRINCIPAL TERMS OF THE FOTIC ASSIGNMENT AGREEMENT**

<b>Date</b>	6 August 2019
<b>Parties</b>	<b>Assignor:</b> the Assignor  <b>Assignee:</b> the Assignee  <b>Trustee:</b> China Foreign Economy and Trade Trust Co., Ltd.* (中國對外經濟貿易信託有限公司), a company established under the laws of the PRC  <b>Cooperative Entity:</b> Shangao Puhui
<b>Subject matter</b>	<p>The Assignor as assignor agreed to assign the FOTIC Assigned Interest to the Assignee as assignee, subject to the terms and conditions of the FOTIC Assignment Agreement.</p> <p>The FOTIC Assigned Interest represented the entire beneficial interest in the FOTIC Trust, of which the Assignor was the sole beneficiary, as at immediately before the execution of the FOTIC Assignment Agreement.</p>
<b>Consideration</b>	<p>The FOTIC Consideration payable by the Assignee to the Assignor for purchase of the FOTIC Assigned Interest was RMB20,100,000 (equivalent to approximately HK\$22,726,502).</p> <p>The FOTIC Consideration shall be settled by the Assignee in cash in full on the FOTIC Assignment Effective Date.</p>

The amount of FOTIC Consideration was determined after arm's length negotiations between the Assignor and the Assignee with reference to the unaudited book value of the FOTIC Assigned Interest as at 31 March 2019.

**Assignment Income Distributions**

Within five (5) Business Days after each FOTIC Assignment Income Distribution Date, the Assignee will receive cash distributions (the "**FOTIC Assignment Income Distributions**") out of the assets of the FOTIC Trust, calculated at an annualised return of 7.6% per annum on the balance of the FOTIC Trust Principal as at each day elapsed from the immediately preceding FOTIC Assignment Income Distribution Date. Such return shall be calculated on the basis of the actual number of days elapsed and a year of 365 days.

**Guaranteed return**

If the FOTIC Trust fails to pay in full the amount of any FOTIC Assignment Income Distribution and/or (if applicable) the principal of the FOTIC Trust due to be paid by the FOTIC Trust to the Assignee on any FOTIC Assignment Income Distribution Date, the Assignor shall pay the Assignee an amount in cash equal to the amount of the shortfall (the "**FOTIC Shortfall**").

**Buy back and restriction on transfer of the Assigned Interest**

The FOTIC Assignment Period shall end on 26 March 2020. Upon expiry of the FOTIC Assignment Period, the Assignee shall have the right (the "**FOTIC Re-assignment Right**") to re-assign back to the Assignor or Shangao Puhui, and require the Assignor or Shangao Puhui (as applicable) to purchase from the Assignee, the FOTIC Assigned Interest (the "**FOTIC Re-assignment**"), at a total consideration equal to the balance of the FOTIC Trust Principal as at the date of completion of the FOTIC Re-assignment plus the amount of any FOTIC Assignment Income Distribution due to but not yet received by the Assignee by the completion of the FOTIC Re-assignment.

The FOTIC Assignment Agreement did not specify a period within which the Assignee must exercise the FOTIC Re-assignment Right after the expiry of the FOTIC Assignment Period. Therefore, the express terms of the FOTIC Assignment Agreement would allow the Assignee to exercise the FOTIC Re-assignment Right at any time after the expiry of the FOTIC Assignment Period and before the termination of the FOTIC Trust.

However, for the reasons elaborated in the section “Reasons for and Benefits for Entering into of the Transactions” below, the Trust Principal will be nil by the end of March 2020 at the latest, and the Assignee is in effect bound to assign the FOTIC Assigned Interest back to the Assignor or Shangao Puhui as soon as practicable after the expiry of the FOTIC Assignment Period on 26 March 2020.

Save as disclosed above, the Assignee has no right to sell, transfer, assign or dispose of the FOTIC Assigned Interest to any third party.

The terms of the FOTIC Assignment Agreement were determined after arm’s length negotiations between the Assignor and the Assignee with reference to the prevailing market rates for the similar financing arrangements.

## **INFORMATION OF THE PARTIES**

The respective information of the Assignor, the Group, the Assignee and the Cooperative Entity is disclosed in the sections respectively headed “The Assignor and the Group”, “The Assignee” and “The Cooperative Entity” above.

## **Information of FOTIC**

FOTIC is a licensed trust corporation regulated by the China Banking and Insurance Regulatory Commission. Founded in 1987, it is one of the earliest trust companies established in the PRC. It offers, among other things, professional trustee services, fund administration, custodian, big data, and asset management services. As at 31 December 2017, FOTIC has invested a total of approximately RMB132 billion, or approximately 26.39%, of the assets under its management in loans.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, as at the date of the Assignment Agreement and the date of this announcement, FOTIC and its ultimate beneficial owner are third parties independent of the Company and are not the connected persons of the Company.

## **INFORMATION OF THE FOTIC TRUST AND THE FOTIC ASSIGNED INTEREST**

The FOTIC Trust was established on 19 January 2019 by the FOTIC Trust Agreement executed by the Assignor as settlor and sole beneficiary, and FOTIC as trustee. Under the terms of the FOTIC Trust, the Assignor injected RMB20,100,000 (equivalent to approximately HK\$22,726,502) (the "**FOTIC Trust Principal**") in the FOTIC Trust to be managed by FOTIC.

### **Application of the FOTIC Trust Principal**

FOTIC shall, in accordance with the Assignor's instructions, utilise the FOTIC Trust Principal in making Real Estate Loans to individuals in the PRC referred by the Cooperative Party and approved by the Assignor. Each Real Estate Loan shall be secured by real estate(s) owned by the borrower (or, if different, the owner(s) of such real estate(s)) in the PRC.

In this regard, the FOTIC Assignment Agreement provided that the Assignor's rights under the FOTIC Trust Agreement shall vest in the Assignee upon completion of the FOTIC Assignment. The Assignor would therefore cease to be in a position to directly give such instructions to FOTIC.

On the other hand, under the terms of the FOTIC Trust Agreement, the Assignor may only instruct FOTIC to grant loans to borrowers referred by the Cooperative Entity. This means after the FOTIC Assignment, the Assignor will, through the Cooperative Entity, retain control to which borrower(s) the FOTIC Trust may grant Real Estate Loan(s).

### **Other terms of the FOTIC Trust Agreement**

The FOTIC Trust has a duration of five (5) years from the date of the FOTIC Trust Agreement. At the end of the said period, the FOTIC Trust shall make a distribution of the FOTIC Trust Principal and any due and unpaid income distribution to the beneficiary of the FOTIC Trust.

The Cooperative Entity was responsible for sourcing individuals as potential borrowers and referring them to the FOTIC Trust for the making of loans. The Cooperative Entity shall receive, by way of service fees, the net profit of the FOTIC Trust (being the gross income of the FOTIC Trust less any return payable to the then beneficiary of the FOTIC Trust, fees charged by FOTIC, and all other costs and expenses of the FOTIC Trust).

The FOTIC Assigned Interest represented the entire beneficial interest in the FOTIC Trust, of which the Assignor was the sole beneficiary as at immediately before the execution of the FOTIC Assignment Agreement.

The original acquisition costs of the FOTIC Assigned Interest was RMB20,100,000 (equivalent to approximately HK\$22,726,502), being the amount of the FOTIC Trust Principal. The unaudited book value of the FOTIC Assigned Interest was RMB20,100,000 (equivalent to approximately HK\$22,726,502) according to the unaudited management accounts of the Assignor as at 31 March 2019.

### **FINANCIAL INFORMATION OF THE FOTIC TRUST AND THE FOTIC ASSIGNED INTEREST**

The unaudited net profit attributable to the FOTIC Assigned Interest, both before and after tax, for the period from 19 January 2019 (being the date of establishment of the FOTIC Trust) and 31 March 2019 was RMB287,539.72 (equivalent to approximately HK\$325,113).

## **REASONS FOR AND BENEFITS FOR ENTERING INTO OF THE TRANSACTIONS**

The Group will not accrue any gain or loss from the SIT Assignment or the FOTIC Assignment. After the SIT Assignment and the FOTIC Assignment, the SIT Assigned Interest and the FOTIC Assigned Interest will be derecognized from the statement of financial position of the Group respectively.

The purpose of both the SIT Assignment and the FOTIC Assignment is to allow the Assignor to recoup its respective investments in the SIT Trust and the FOTIC Trust so it can utilise the respective proceeds of the SIT Assignment and the FOTIC Assignment to invest in other trusts similar to the Trust.

Through the SIT Assignment and the FOTIC Assignment, the Assignor will be able to obtain an amount equal to the SIT Trust Principal (being the consideration for the SIT Assignment) and the FOTIC Trust Principal (being the consideration for the FOTIC Assignment), respectively, upon the respective completions of the SIT Assignment and the FOTIC Assignment, without having to wait until the individual borrowers repay the Real Estate Loans. The Assignee will benefit from receiving the SIT Assignment Income Distributions from the SIT Trust and the FOTIC Assignment Income Distributions from the FOTIC Trust respectively. If the SIT Trust fails to pay to the Assignee the full amount of the SIT Assignment Income Distributions due, the Assignor shall pay the SIT Shortfall; if the FOTIC Trust fails to pay to the Assignee the full amount of the FOTIC Assignment Income Distributions due, the Assignor shall pay the FOTIC Shortfall. But if there is no such failure, the Assignor will not have to pay to the Assignee any SIT Shortfall (or the FOTIC Shortfall, as applicable) as the SIT Assignment Income Distributions (or the FOTIC Assignment Income Distributions, as applicable) will be borne by the SIT Trust (or the FOTIC Trust, as applicable) in full. The above can be viewed as the financing costs incurred by the Assignor in consideration of the benefit of early recoup of its respective investments in the SIT Trust and the FOTIC Trust for re-investment purpose.

Under the respective terms of the SIT Trust Agreement and the FOTIC Trust Agreement, each of SIT and FOTIC shall utilise the respective trust principal in making Real Estate Loans. Before the date of this announcement, the entire SIT Trust Principal has been fully utilised by the SIT Trust, and the FOTIC Trust Principal has been fully utilised by the FOTIC Trust, respectively, in each case through the provision of the Real Estate Loans to different borrowers in the PRC. As the duration of each Real Estate Loan was no longer than one year for both the SIT Trust and the FOTIC Trust, by the expiry of the SIT Assignment Period (and the FOTIC Assignment Period, as applicable), all the Real Estate Loans would have been repaid by the borrowers. As a result, the balance of the SIT Trust Principal as at the expiry of the SIT Assignment Period, and the balance of the FOTIC Trust Principal as at the expiry of the FOTIC Assignment Period, shall in each case be nil as such Real Estate Loans are all repaid, and the SIT Trust (or the FOTIC Trust, as applicable) should also have distributed the SIT Trust Principal (or the FOTIC Trust Principal, as applicable) and all the SIT Assignment Income Distributions (or the FOTIC Assignment Income Distributions, as applicable) to the Assignee, meaning the Assignor would not be required to pay to the Assignee any sum in relation to the SIT Re-assignment (or the FOTIC Re-assignment, as applicable), or any SIT Shortfall (or any FOTIC Shortfall, as applicable).

If default occurs to any Real Estate Loans, the terms of the respective cooperative entity service agreements between Shangao Puhui on one hand and SIT (or FOTIC, as applicable) on the other requires Shangao Puhui to acquire from the SIT Trust (or the FOTIC Trust, as applicable) any such defaulted Real Estate Loan if it remains in default after a specified period of time. After assigning such defaulted Real Estate Loan to Shangao Puhui, the SIT Trust (or the FOTIC Trust, as applicable) would distribute the principal and any outstanding SIT Assignment Income Distributions (or the FOTIC Assignment Income Distributions, as applicable) to the Assignee out of the consideration received from Shangao Puhui. Shangao Puhui would proceed with recovery or disposal of such defaulted Real Estate Loan.

As (i) in the case of the SIT Trust, the terms of the SIT Trust Agreement prohibits the SIT Trust from making of any further loans from the principal of the Real Estate Loans made by the SIT Trust before the date of the SIT Assignment Agreement; and (ii) in the cases of both the SIT Trust and the FOTIC Trust, Shangao Puhui would not recommend any borrower to the SIT Trust (or the FOTIC Trust, as applicable) during or after the SIT Trust Assignment Period (or the FOTIC Trust Assignment Period, as applicable), the Assignee would not be in a position to further operate the SIT Trust or the FOTIC Trust, as applicable, after the principal of the Real Estate Loans are repaid. Based on Shangao Puhui's obligations to acquire respective defaulted loans from the SIT Trust and the FOTIC Trust as disclosed above and the date on which the principal of the respective last Real Estate Loan shall be repaid, the balance of the SIT Trust Principal will become nil by the end of March 2020 at the latest, and the balance of the FOTIC Trust Principal will become nil by the end of March 2020 at the latest, even if default occurs to any Real Estate Loan in each case.

The interest rate payable by the borrowers to the SIT Trust or the FOTIC Trust, as applicable, under each Real Estate Loan was such that assuming no defaults on the interest payments, after paying (i) the SIT Assignment Income Distributions (or the FOTIC Assignment Income Distributions, as applicable) to the Assignee; and (ii) the fees, costs and expenses of the SIT Trust (or the FOTIC Trust, as applicable; in each case including without limitation the fees charged by SIT or FOTIC, as applicable), the SIT Trust and the FOTIC Trust would remain in a position to pay to Shangao Puhui service fees at the respective annualised rates of no less than 5.60% and 5.80% per annum on the outstanding principal thereof.

The expected interest payments to be made by the borrowers would therefore sufficiently cover the SIT Assignment Income Distributions (or the FOTIC Assignment Income Distribution, as applicable) payable to the Assignee. Shangao Puhui, whose financial results are consolidated in the financial results of the Assignor, would also expect to enjoy substantial additional service fees from the Assignor's strategy to recoup its respective investments in the SIT Trust and the FOTIC Trust, and re-invest the same in other similar trust arrangements.



In that event that certain borrowers fail to fully repay their Real Estate Loans within the agreed term and upon the respective expiry of the SIT Assignment Period or the FOTIC Assignment Period, as applicable, the outstanding principals of such Real Estate Loans shall be the balance of the SIT Trust Principal (or the FOTIC Trust Principal, as applicable) and the Assignor might need to pay to the Assignee the SIT Shortfall (or the FOTIC Shortfall, as applicable), should the Assignee exercise the SIT Re-assignment Right (or the FOTIC Re-assignment Right, as applicable) before the principals of such Real Estate Loans are repaid or recovered.

On the other hand, since:

- (i) each of the SIT Trust and the FOTIC Trust has diversified the default risk by having made a number of Real Estate Loans, each to different borrowers, with the highest principal amount among all Real Estate Loans not exceeding 15% of the Trust Principal;
- (ii) each Real Estate Loan is secured by real estate situated in the PRC; and
- (iii) each of the SIT Trust and the FOTIC Trust has restricted the loan to value ratio of each Real Estate Loan to below 70%,

the Assignor considers that the risk that a material part of the SIT Trust Principal (or the FOTIC Trust Principal, as applicable) may become affected by default is low, and any sum recovered from enforcement of the charge over the real estate or disposing of such defaulted Real Estate Loan to third parties will be sufficient to cover the principal and any outstanding and default interest of any such Real Estate Loan. Therefore, the risk that the Assignor will be called to make any unrecoverable payment to the Assignee, whether on account of any SIT Shortfall (or any FOTIC Shortfall, as applicable) or consideration for the SIT Re-assignment (or the FOTIC Re-Assignment, as applicable), is remote.

The Company considers that the SIT Assignment and the FOTIC Assignment are arrangements which enable the Group to enhance its service fee income through rolling over the SIT Trust Principal and the FOTIC Trust Principal, respectively. The business model of each of them is to apply a single amount of principal to achieve multiple service fee income. This means the Group would not be required to utilise its cash and cash equivalents, other than the SIT Trust Principal and the FOTIC Trust Principal, to achieve such multiple service fee income.

Having considered above, the Directors (including the independent non-executive Directors, but excluding Mr. Wang Xiaodong, Mr. Liu Zhijie and Mr. Liu Yao, each of whom holds directorship and/or senior positions in Shandong Hi-Speed Group and/or its associates and therefore abstained from voting on the board resolutions to approve the SIT Assignment Agreement, the FOTIC Assignment Agreement, the SIT Assignment and the FOTIC Assignment) are of the view that the respective transactions contemplated under the SIT Assignment Agreement and the FOTIC Assignment Agreement are entered into on normal commercial terms, and the respective terms set out in the SIT Assignment Agreement and the FOTIC Assignment Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Assignee is directly and indirectly owned as to approximately 43.09% by Shandong Hi-Speed Group, an indirect controlling shareholder of the Company, as at the date of this announcement. Accordingly, the Assignee is a connected person of the Company, and therefore each of the SIT Assignment and the FOTIC Assignment constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated 26 March 2019 and 30 April 2019 respectively in relation to the Previous Assignment. The Previous Assignment, the SIT Assignment and the FOTIC Assignment shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the aggregation of the Previous Assignment, the SIT Assignment and the FOTIC Assignment exceed(s) 0.1% but less than 5%, each of the SIT Assignment and the FOTIC Assignment is subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement under Rule 14A.76 of the Listing Rules.

## DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Assignee”	Weihai City Commercial Bank Co., Ltd* (威海市商業銀行股份有限公司), a joint stock company established under the laws of the PRC with limited liability, the shares in which is indirectly held as to 43.09% by Shandong Hi-Speed Group as at the date of this announcement;
“Assignor”	Shenzhen Honesta Innovative Finance Group Co., Ltd.* (深圳厚生新金融控股有限公司), a company established under the laws of the PRC with limited liability, which is controlled as to 60% by the Group through contractual arrangements;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Chian 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);
“Cooperative Entity” or “Shangao Puhui”	Shangao Puhui (Shenzhen) Information Services Co., Ltd.* (山高普惠(深圳)信息服務有限公司), a company established under the laws of the PRC which is indirectly controlled as to approximately 79.47% by the Assignor;
“Director(s)”	director(s) of the Company;

“FOTIC Assigned Interest”	the entire beneficial interest as sole beneficiary in the FOTIC Trust;
“FOTIC Assignment”	the assignment of the FOTIC Assigned Interest by the Assignor in favour of the Assignee pursuant to the FOTIC Assignment Agreement;
“FOTIC Assignment Agreement”	the agreement on assignment of beneficial interest in the FOTIC Trust (信託受益權轉讓合同) dated 6 August 2019 entered into by and among the Assignor as assignor, the Assignee as assignee, FOTIC as trustee of the FOTIC Trust, and Shangao Puhui as cooperative party, under which the Assignor assigned to the Assignee the FOTIC Assigned Interest;
“FOTIC Assignment Effective Date”	6 August 2019;
“FOTIC Assignment Income Distribution Dates”	the dates respectively falling the twentieth (20th) day of each of March, June, September and December during the FOTIC Assignment Period;
“FOTIC Assignment Period”	the period from the FOTIC Assignment Effective Date to 26 March 2020;
“FOTIC Consideration”	the sum of RMB20,100,000 (equivalent to approximately HK\$22,726,502), being the total consideration paid by the Assignee to the Assignor for the FOTIC Assigned Interest;
“FOTIC Trust”	the trust established under the FOTIC Trust Agreement;
“FOTIC Trust Agreement”	the FOTIC-Shangao Puhui Series Single Principal Trust III trust agreement* (外貿信託 – 山高普惠系列單一資金信託合同 (三期)) dated 19 January 2019 executed by the Assignor as settlor and sole beneficiary, and FOTIC as trustee;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Previous Assignment”	the assignment of the entire beneficial interest as sole beneficiary in the Previous Trust by the Assignor in favour of the Assignee pursuant to the agreement on assignment of beneficial interest in the Previous Trust (信託受益權轉讓協議) dated 26 December 2018 entered into by and among the Assignor as assignor, the Assignee as assignee, FOTIC as trustee of the Previous Trust, and Shangao Puhui as cooperative entity
“Previous Trust”	the trust established under the FOTIC-Shangao Puhui Series Single Principal Trust II trust agreement* (外貿信託－山高普惠系列單一資金信託(二期)信託合同) dated 26 October 2018 executed by the Assignor as settlor and sole beneficiary, and FOTIC as the trustee
“RMB”	Renminbi, the lawful currency of the PRC;
“Shandong Hi-Speed Group”	Shandong Hi-Speed Group Co., Ltd.* (山東高速集團有限公司), a state-owned company established under the laws of the PRC and the indirect owner of 42.78% of all issued Shares as at the date of the Assignment Agreement and the date of this announcement;

“Share(s)”	ordinary shares in the Company;
“SIT”	Shaanxi International Trust Co., Ltd.* (陝西省國際信託股份有限公司), a joint-stock limited liability company (listed) established under the laws of the PRC, acting as the trustee of the SIT Trust;
“SIT Assigned Interest”	the entire beneficial interest as sole beneficiary in the SIT Trust;
“SIT Assignment”	the assignment of the SIT Assigned Interest by the Assignor in favour of the Assignee pursuant to the SIT Assignment Agreement;
“SIT Assignment Agreement”	the agreement on assignment of beneficial interest in the SIT Trust (信託受益權轉讓合同) dated 6 August 2019 entered into by and among the Assignor as assignor, the Assignee as assignee and Shangao Puhui as cooperative party, under which the Assignor assigned to the Assignee the SIT Assigned Interest;
“SIT Assignment Effective Date”	6 August 2019;
“SIT Assignment Income Distribution Dates”	the dates respectively falling the twentieth (20th) day of each of March, June, September and December during the SIT Assignment Period;
“SIT Assignment Period”	the period from the SIT Assignment Effective Date to 15 January 2020;
“SIT Consideration”	the sum of RMB17,530,000 (equivalent to approximately HK\$19,820,675), being the total consideration paid by the Assignee to the Assignor for the SIT Assigned Interest;
“SIT Trust”	the trust established under the SIT Trust Agreement;

“SIT Trust Agreement”	the SIT Changlong No.5 Series Single Principal Trust I trust agreement* ( 陝國投•長隆5號系列單一資金信託合同(一期) ) trust agreement dated 17 December 2018 executed by the Assignor as settlor and sole beneficiary, and SIT as the trustee;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board  
**Chian Shandong Hi-Speed Financial Group Limited**  
**Liu Han**  
*Vice-Chairman*

Hong Kong, 6 August 2019

*Unless otherwise specified in this announcement, amounts denominated in RMB have been converted to HK\$ at a rate of HK\$1.00 to RMB0.88443.*

*As at the date of this announcement, the directors of China Shandong Hi-Speed Financial Group Limited are Mr. Wang Xiaodong, Mr. Liu Han, Mr. Liu Zhijie, Mr. Liu Yao, Ms. Liao Jianrong, Dr. Lam Lee G., Mr. Qiu Jianyang, Mr. Lo Man Tuen, Mr. To Shing Chuen, Mr. Cheung Wing Ping, Mr. Guan Huanfei and Mr. Tan Yuexin.*

\* *for identification purpose only*