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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)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO SUBSCRIPTION OF NOTES**

### **SUBSCRIPTION OF NOTES**

The Board is pleased to announce that on 2 December 2019 (after trading hours), CSH Capital (a direct wholly-owned subsidiary of the Company) as a subscriber entered into the Subscription Agreement with the Issuer and the Arranger, pursuant to which the Company has conditionally agreed to subscribe for, and the Issuer has conditionally agreed to issue the Notes in the aggregate principal amount of US\$125 million (equivalent to approximately HK\$980 million).

### **LISTING RULES IMPLICATION**

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Subscription is more than 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

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## **THE TERMS OF THE SUBSCRIPTION**

Date:	2 December 2019
Subscriber:	CSH Capital, a direct wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding.
Issuer:	Champion Union Limited, a limited liability company incorporated and registered as an exempted company under the laws of the Cayman Islands. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Issuer and its ultimate shareholders are third parties independent from the Company and its connected persons.
Conditions precedent	The obligation of the Subscriber to subscribe for the Notes is in all respects upon all warranties and covenants given by the Issuer under the Subscription Agreement being accurate, true and correct.

The obligation of the Issuer to issue the Notes on the Issue Date is conditional in all respects upon the following:

- (a) the subscription price of US\$125 million for the Notes being received;
- (b) relevant documents in connection with the Loan as Collateral Assets being received;
- (c) the Hedge Positions being established on or prior to the Issue Date;
- (d) all warranties and covenants given by the Subscriber being accurate, true and correct; and
- (e) all fees and expenses payable to the Arranger in connection with the transactions contemplated under the Subscription have been paid (“**Conditions Precedent**”).

The parties to the Subscription Agreement agree and acknowledge that if, on or before 31 December 2019 or any date otherwise agreed by the parties, any Conditions Precedent has not been satisfied or waived by the Issuer in writing, the Subscription Agreement shall be terminated with immediate effect and all obligations of each party shall be fully discharged, and none of the parties shall have any further obligation, except that the Issuer shall (where applicable) repay the Purchaser the total subscription price (minus any costs incurred by the Issuer in connection with establishing the Hedge Positions).

Subscription price: US\$125 million (equivalent to approximately HK\$980 million), which is payable in cash one (1) Business Day prior to the Issue Date, which will be satisfied by the internal resources of the Group. The subscription price for the Subscription was determined by the aggregate principal amount of the Notes.

## **PRINCIPAL TERMS OF THE NOTES**

Issue Date: Expected to be on or about 5 December 2019

Principal amount: US\$125 million

Issue Price: 100% of the principal amount of the Notes. Each Note is issued at the issue price of US \$1.00

Payment of interest: Within five (5) Business Days after the date on which applicable Loan Interest Amount is actually received by or on behalf of the Issuer, which is expected to be 7.5% per annum

Redemption: If the Notes have not been early redeemed due to taxation or illegality reasons or as provided below, all outstanding Notes shall become due and payable on the Redemption Date (as set out below in this section) at its Final Redemption Amount (as set out below in this section)

Redemption Date: Scheduled to be five (5) Business Days after the final repayment date of the Loan, which is the date falling three hundred and sixty-four (364) days after the drawdown date of the Loan (or such other date as may be extended in accordance with the terms of the Loan), provided that the Issuer has actually received such repayment under the Loan

Final Redemption Amount:	An amount equal to (i) the outstanding Loan actually repaid or prepaid to the Issuer divided by (ii) the aggregate number of Notes outstanding
Mandatory Redemption Events:	<p>Each of the following events is a “<b>Mandatory Redemption Event</b>” in relation to the Notes:</p> <ul style="list-style-type: none"> <li>(i) (a) there occurs any event that disrupts or may disrupt the making of any payments due under the Loan; and (b) there occurs any material change or adjustment to the terms of the Loan, as determined by the calculation agent of the Notes;</li> <li>(ii) any change in applicable law, rule, order, directive or regulation (including, without limitation, any tax law);</li> <li>(iii) the Issuer and/or any of its agents is unable, or it is impractical for the Issuer or any of its agents, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s) (the “<b>Hedging</b>”);</li> <li>(iv) the Issuer and/or any of its agents would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to the Hedging;</li> <li>(v) the acceleration of repayment of the Loan;</li> </ul>

- (vi) the prepayment of the Loan in whole or in part (whether voluntary or mandatory); and
- (vii) any event pursuant to which any activities or transactions undertaken in connection with the establishment, maintenance, adjustment or termination of the Hedge Positions is terminated.

Subject to the terms and conditions of the Notes, following the occurrence of a mandatory redemption event set out above (other than a loan acceleration), the Notes so redeemed shall be redeemed on the Early Redemption Date at the amount equal to the amount due under the Loan divided by the aggregate number of Notes outstanding.

If it is determined that loan acceleration has occurred, the Notes shall be redeemed at the amounts actually received by the Issuer in respect of amounts payable under the Loan within five (5) Business Days following the expiry of the Recovery Period.

Status of the Notes:

The obligations of the Notes constitute secured limited recourse obligations of the Issuer ranking *pari passu* without any preference among themselves and secured in the manner according to the terms and conditions of the Notes.

Security:

- (a) by way of a first fixed charge over all of the Issuer's rights, title and interest in the agreements relating the Loan;
- (b) an assignment by way of security of all the Issuer's right, title and interest in and to the agreements relating to the Loan and all related rights (such as the proceeds of sale, dividends and distributions) to any asset.

## **INFORMATION OF THE ISSUER**

The Issuer is a limited liability company incorporated and registered as an exempted company under the laws of the Cayman Islands, which is a special purpose vehicle formed by the Arranger for the purpose of issuing or entering into series of notes, alternative investments or other obligations for the purposes of purchasing assets and entering into related derivatives and other contracts.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Issuer, the Arranger and their ultimate controlling shareholders are third parties independent from the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Company is an investment holding company incorporated in Bermuda with limited liability and its subsidiaries are principally engaged in (i) investment in securities; (ii) money lending; (iii) financial leasing; and (iv) financial technology.

The terms of the Subscription were determined based on arm's length negotiations between the Company and the Issuer on normal commercial terms. Having considered the terms of the Subscription, as well as the stable revenue and cashflow stream expected to be generated by the Notes, the Directors are of the view that the terms of the Subscription Agreement and the terms and conditions of the Notes are fair and reasonable and the Subscription is in the interests of the Company and its Shareholders as a whole.

## **LISTING RULE IMPLICATIONS**

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Subscription is more than 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

## DEFINITIONS

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

- “A share(s)” the domestic share(s) of par value of RMB1.00 each in the share capital of ordinary shares of Bank of Communications, Co., Ltd. (交通銀行股份有限公司) which is/are listed on the Shanghai Stock Exchange and traded in Renminbi;
- “Arranger” BOCOM International Asset Management Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which is a subsidiary of Bank of Communications, Co., Ltd. (交通銀行股份有限公司), a joint stock company incorporated in the People’s Republic of China with limited liability, the H shares and overseas preference Shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange;
- “Borrower” Grand Sail Developments Limited (盛帆發展有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability, which is a third party independent of the Company and connected persons of the Company;
- “Business Day” any day on which commercial banks are open for business and dealings in Hong Kong;
- “Collateral Assets” the Loan, and any other assets to be agreed by both the Issuer and the holder of the Notes from time to time;



“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;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“CSH Capital”	China Shandong Hi-speed Capital Limited, a direct wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands with limited liability;
“Director(s)”	the director(s) of the Company;
“Early Redemption Date”	the date which is five (5) Business Days after the date on which the amount due under the Loan is actually received by or on behalf of the Issuer;
“Group”	the Company and its subsidiaries;
“H share(s)”	the overseas-listed foreign share(s) of par value of RMB1.00 each in the share capital of ordinary shares of Bank of Communications, Co., Ltd. ( 交通銀行股份有限公司 ) which is/are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars;
“Hedge Positions”	(i) the commitment made available to the Borrower by the Issuer as lender in respect of the Loan; and (ii) any purchase, sale, entry into or maintenance of positions or contracts in any other assets to be agreed by both the Issuer and the holder of the Notes from time to time;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Date”	the issue date of the Notes, which is expected to be on or about 5 December 2019;
“Issuer”	Champion Union Limited, an exempted company incorporated in the Cayman Islands with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the term loan of US\$125 million made and/or to be made by the Issuer to the Borrower;
“Loan Interest Amount”	any accrued interest on the Loan in respect of the relevant interest period scheduled to be payable by the Borrower on the last day of each interest period;
“Notes”	the notes referencing the Collateral Assets in the principal amount of US\$125 million subscribed by CSH Capital from the Issuer pursuant to the Subscription Agreement;
“Recovery Period”	from and including the date of occurrence of loan acceleration (the “ <b>Start Date</b> ”) as determined by the calculation agent to and including the earlier to occur of (i) the date which is sixty (60) days from the Start Date, and (ii) the date on which the Issuer has received all amounts due and payable by the obligors under the underlying documents relating to the Loan to the Issuer;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholders”	holders of the Share(s);

“Share(s)”	ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Notes pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 2 December 2019 entered into among CSH Capital, the Issuer and the Arranger;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

*For illustration purpose only, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1=HK\$7.84.*

Hong Kong, 2 December 2019

*As at the date of this announcement, the Company has five executive directors, namely Mr. Wang Xiaodong, Mr. Liu Han, Mr. Liu Zhijie, Mr. Liu Yao and Ms. Liao Jianrong; three non-executive directors, namely 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. Guan Huanfei and Mr. Tan Yuexin.*