

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)

CONNECTED TRANSACTION FORMATION OF JOINT VENTURE COMPANY

FORMATION OF JOINT VENTURE COMPANY

On 28 June 2021 (after trading hours), Shangao Shenzhen Investment, an indirect wholly-owned subsidiary of the Company, entered into the Founders Agreement with SDHS Road&Bridge Investment and Beijing Yifang in relation to the proposed formation of the Joint Venture Company.

Pursuant to the Founders Agreement, the registered capital of the Joint Venture Company will be RMB100,000,000 (equivalent to approximately HK\$120,000,000), of which SDHS Road&Bridge Investment, Shangao Shenzhen Investment and Beijing Yifang agreed to make a capital contribution in cash to the Joint Venture Company of RMB45,000,000 (equivalent to approximately HK\$54,000,000), RMB40,000,000 (equivalent to approximately HK\$48,000,000) and RMB15,000,000 (equivalent to approximately HK\$18,000,000) respectively, representing 45%, 40% and 15% of the registered capital of the Joint Venture Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, as SDHS Group indirectly holds approximately 43.42% equity interest in the Company, it is a controlling shareholder of the Company. On the other hand, SDHS Group directly and indirectly holds approximately 63.40% equity interest in SDHS Road&Bridge Group, which in turn directly wholly owns SDHS Road&Bridge Investment. Therefore, SDHS Road&Bridge Investment is an indirect non-wholly-owned subsidiary of SDHS Group and thus a connected person of the Company. Accordingly, the entering into of the Founders Agreement constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Founders Agreement are more than 0.1% but all are less than 5%, the entering into of the Founders Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE FOUNDERS AGREEMENT

On 28 June 2021 (after trading hours), Shangao Shenzhen Investment, an indirect wholly-owned subsidiary of the Company, entered into the Founders Agreement with SDHS Road&Bridge Investment and Beijing Yifang in relation to the proposed formation of the Joint Venture Company.

The principal terms and conditions of the Founders Agreement are set out below:

Date: 28 June 2021

- Parties:**
- (a) Shangao (Shenzhen) Investment Co., Ltd.* (山高(深圳)投資有限公司), an indirect wholly-owned subsidiary of the Company
 - (b) Shandong Hi-Speed Road&Bridge Investment Management Co., Ltd.* (山東高速路橋投資管理有限公司), an indirect non-wholly-owned subsidiary of SDHS Group
 - (c) Beijing Yifang Commercial Factoring Co., Ltd.* (北京一方商業保理有限公司)

Registered capital

Pursuant to the Founders Agreement, the registered capital of the Joint Venture Company will be RMB100,000,000 (equivalent to approximately HK\$120,000,000), of which SDHS Road&Bridge Investment, Shangao Shenzhen Investment and Beijing Yifang agreed to make a capital contribution in cash to the Joint Venture Company of RMB45,000,000 (equivalent to approximately HK\$54,000,000), RMB40,000,000 (equivalent to approximately HK\$48,000,000) and RMB15,000,000 (equivalent to approximately HK\$18,000,000) respectively, representing 45%, 40% and 15% of the registered capital of the Joint Venture Company.

According to the Guidelines for the Supervision and Management of Beijing Commercial Factoring Companies (for Trial Implementation)* (《北京市商業保理公司監督管理指引(試行)》) issued by Beijing Local Financial Supervision and Administration, all Parties undertake that they shall not transfer their respective equity interest in the Joint Venture Company within three years from the date the Joint Venture Company obtains the business license, nor shall they pledge or establish a trust over their respective equity interest in the Joint Venture Company.

The Parties shall pay its respective capital contribution in full to the account of the Joint Venture Company within three Business Days after receiving the written notice in relation to the information of such account.

The amount of the capital contributions under the Founders Agreement was determined after arm's length negotiations among the parties, taking into account various factors, including the nature of the business, the demand for working capital and future development plans of the Joint Venture Company.

Capital contribution to be made by Shangao Shenzhen Investment will be funded by the internal resources of the Group.

Scope of business

The scope of business of the Joint Venture Company shall include accounts receivable management, providing companies with services such as trade financing, sales sub-account management, customer credit investigation and evaluation, and credit risk guarantee (business activities subject to approval according to the laws shall only be carried out upon approval by relevant authorities). If there is any change in the business scope of the Joint Venture Company during industrial and commercial business registration, the business scope as registered shall prevail.

Term of operation

The term of operation of the Joint Venture Company is 30 years.

Composition of the board of directors and the board of supervisors

The board of directors of the Joint Venture Company shall comprise three directors. Each Party shall appoint one director. The chairman of the board of directors shall be appointed by SDHS Road&Bridge Investment. The directors of the Joint Venture Company may concurrently serve as senior management of the Joint Venture Company.

The board of supervisors of the Joint Venture Company shall comprise three supervisors. Each Party shall appoint one supervisor. The chairman of the board of supervisors shall be appointed by SDHS Road&Bridge Investment.

Liabilities of the Parties for failure to form the Joint Venture Company

If the Joint Venture Company cannot be established due to administrative management or financial supervision, the Parties shall not be held liable to each other.

In the following circumstances, the breaching Party shall be liable for breach of contract to the observant Parties:

- (i) if any Party fails to pay the capital contribution in breach of the Founders Agreement or the capital contribution is overdue for more than 10 days, it shall be liable for breach of contract to the Parties who have paid the capital contribution in full on time, and the breaching Party shall pay 10% of its capital contribution to each of the observant Parties as damages; and
- (ii) if any Party fails to provide in a timely manner or refuse to provide the documents, information or authorisation documents required for the establishment of the Joint Venture Company and resulting in the failure to establish the Joint Venture Company, the defaulting Party shall pay 10% of its capital contribution to each of the observant Parties as damages.

INFORMATION OF 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, online investment and technology-enabled lending services, online new media services and asset management.

Shangao Shenzhen Investment is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of financial leasing in the PRC.

INFORMATION OF SDHS ROAD&BRIDGE INVESTMENT

SDHS Road&Bridge Investment is a company established in the PRC with limited liability. It is principally engaged in investment, asset management and investment management of investment projects.

As at the date of this announcement, SDHS Road&Bridge Investment is directly wholly-owned by SDHS Road&Bridge Group, which is in turn directly and indirectly held as to approximately 63.40% by SDHS Group. SDHS Group indirectly holds approximately 43.42% equity interest in the Company and is a controlling shareholder of the Company.

INFORMATION OF BEIJING YIFANG

Beijing Yifang is a company established in the PRC with limited liability. It is principally engaged in providing companies with services such as trade financing, sales sub-account management, customer credit investigation and evaluation, accounts receivable management and credit risk guarantee.

As at the date of this announcement, Beijing Yifang is ultimately beneficially owned as to approximately 48.99% by Ms. Wang Lijun, approximately 24.99% by Ms. Lai Shaoli, approximately 22.29% by Mr. Lai Ronghuo and each of the remaining ultimate beneficial owners of Beijing Yifang respectively holds not more than 1% equity interest in Beijing Yifang.

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

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE COMPANY

In order to ensure the stable operation and development of the Joint Venture Company in the future, the Parties shall give full play to their own advantages as shareholders of the Joint Venture Company. Shangao Shenzhen Investment has abundant customer resources in various industries, financial institution resources and the advantage of financing convenience with low cost. As a core enterprise of supply chain finance, SDHS Road&Bridge Investment has accumulated abundant upstream and downstream customer resources, and also advantages in business resources in SDHS Group and in the infrastructure field, and can make use of supply chain finance to expand diversified financing channels. As a leading domestic commercial factoring company in the PRC, Beijing Yifang has the advantages of supply chain finance industry experience, project management, operation, serving state-owned enterprises and being located in the capital of the PRC. Upon formation of the Joint Venture Company, the Parties shall effectively combine their resources, which will result in synergy effect to the Joint Venture Company in its development in the commercial factoring industry and deeply explore the potential business scale and profit growth.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Founders Agreement are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

None of the Directors has any material interest in the Founders Agreement and the transactions contemplated thereunder and no Director is required to abstain from voting on the Board resolutions approving the entering into of the Founders Agreement and the transactions contemplated thereunder. However, Mr. Wang Xiaodong, Mr. Liu Zhijie, Mr. Liu Yao, Mr. Liang Zhanhai and Mr. Gao Guicheng have voluntarily abstained from voting on the Board resolutions approving the entering into of the Founders Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, as SDHS Group indirectly holds approximately 43.42% equity interest in the Company, it is a controlling shareholder of the Company. On the other hand, SDHS Group directly and indirectly holds approximately 63.40% equity interest in SDHS Road&Bridge Group, which in turn directly wholly owns SDHS Road&Bridge Investment. Therefore, SDHS Road&Bridge Investment is an indirect non-wholly-owned subsidiary of SDHS Group and thus a connected person of the Company. Accordingly, the entering into of the Founders Agreement constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Founders Agreement are more than 0.1% but all are less than 5%, the entering into of the Founders Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of 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:

“Beijing Yifang”	Beijing Yifang Commercial Factoring Co., Ltd.* (北京一方商業保理有限公司), a company established in the PRC with limited liability
“Business Days”	any day other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for business in the PRC
“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)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Founders Agreement”	the founders agreement dated 28 June 2021 entered into among Shangao Shenzhen Investment, SDHS Road&Bridge Investment and Beijing Yifang in relation to the proposed formation of the Joint Venture Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons (as defined in the Listing Rules)
“Joint Venture Company”	a limited liability company to be established in the PRC pursuant to the Founders Agreement, the proposed name of which is Shangao Commercial Factoring (Beijing) Co., Ltd.* (山高商業保理(北京)有限公司), which is subject to approval of the relevant supervision and management authorities in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Party(ies)”	the party(ies) to the Founders Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SDHS Group”	Shandong Hi-Speed Group Co., Ltd.* (山東高速集團有限公司), a company established in the PRC with limited liability and a controlling shareholder of the Company
“SDHS Road&Bridge Group”	Shandong Hi-Speed Road&Bridge Group Co., Ltd., a company established in the PRC with limited liability
“SDHS Road&Bridge Investment”	Shandong Hi-Speed Road&Bridge Investment Management Co., Ltd.* (山東高速路橋投資管理有限公司), a company established in the PRC with limited liability
“Shangao Shenzhen Investment”	Shangao (Shenzhen) Investment Co., Ltd.* (山高(深圳)投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholders”	holders of the Share(s)
“Share(s)”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 28 June 2021

For illustration purpose only, amounts in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.20.

As at the date of this announcement, the Company has four executive directors, namely Mr. Wang Xiaodong, 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.

** For identification purpose only*