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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 TRANSACTION**

### **ACQUISITION OF 2% EQUITY INTERESTS IN A TARGET COMPANY**

#### **THE ACQUISITION**

The Board is pleased to announce that on 2 August 2021, the Purchaser entered into the Agreement with the Vendor for the sale and purchase of the Sale Equity, representing 2% of the equity interest in the Target Company for a total consideration of RMB100,000,000 subject to the terms and conditions as set out in the Agreement.

Upon Completion, the Target Company will not become a subsidiary of the Company and the financial results of the Target Company will not be consolidated into the financial statements of the Group.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shandong Hi-Speed Group is a controlling shareholder of the Company interested in 43.42% of all issued share capital of the Company. Therefore, Shandong Hi-Speed Group is a controller of the Company within the meaning of the Listing Rules. In addition, as Shandong Hi-Speed Group is interested in over 10% of the entire equity interest of the Target Company, Shandong Hi-Speed Group is a substantial shareholder of the Target Company. Accordingly, the Acquisition constitutes a connected transaction under Rule 14A.28(1) of the Listing Rules.

As more than one of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but is less than 5%, the Acquisition is only subject to the reporting and announcement requirements under the Listing Rules, and is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 2 August 2021, the Purchaser entered into the Agreement with the Vendor for the sale and purchase of the Sale Equity, representing 2% of the equity interest in the Target Company for a total consideration of RMB100,000,000 subject to the terms and conditions as set out in the Agreement.

## **THE ACQUISITION**

Principal terms of the Agreement are summarised as follows:

**Date:** 2 August 2021

**Parties:** (1) the Vendor, and  
(2) the Purchaser

### **Subject matter**

Pursuant to the Agreement, the Vendor agrees to sell, and the Purchaser agrees to purchase, the Sale Equity, representing 2% of the equity interest in the Target Company.

As at the date of this announcement, the Target Company is owned as to (i) 60% directly by Shandong Hi-Speed Group; (ii) 16.8% directly by Equity Holder-1; (iii) 6.2% directly by the Vendor; (iv) 5% directly by Equity Holder-2; (v) 4.395% directly by Equity Holder-3; (vi) 3.75% directly by Equity Holder-4; (vii) 1.945% directly by Equity Holder-5; and (viii) 1.91% directly by Equity Holder-6.

## **Consideration**

The total consideration for the sale and purchase of the Sale Equity is RMB100,000,000 (the “**Consideration**”) and payable in instalments in the following manner:

- (a) RMB20,000,000 (being 20% of the Consideration) shall be payable by the Purchaser to the Vendor within 30 working days after the date of the Agreement (the “**Deposit**”);
- (b) RMB60,000,000 (being 60% of the Consideration) shall be payable by the Purchaser to the Vendor within five working days after 24 August 2021;
- (c) the Deposit shall be returned by the Vendor to the Purchaser within three working days after the completion of the filing of the relevant documents in relation to the Acquisition with the relevant authority(ies) in the PRC; and
- (d) RMB40,000,000 (being 40% of the Consideration) shall be payable by the Purchaser to the Vendor within five working days after the date the Deposit has been returned to the Purchaser.

## **Basis of Consideration**

The Consideration was determined after arm’s length negotiations between the parties on normal commercial terms taking into account of factors including but not limited to the reasons as set out in the section headed “Reasons for and Benefits of the Acquisition” in this announcement and a Valuation of the entire equity interest in the Target Company of RMB6,049,137,000 as at 31 December 2020 based on the market approach prepared by an independent valuer. The Consideration of RMB100,000,000 represents a discount of approximately 17.34% to the Valuation (calculated on a pro rata basis).

The Consideration will be financed by the internal resources of the Group.

## **Default**

If the Purchaser fails to settle the Consideration or the Deposit in accordance with the terms of the Agreement, the Purchaser shall pay default interest at the rate of 0.05% on the unpaid sum per day. The Vendor shall have the right to terminate the Agreement by written notice if payment remains outstanding for 10 working days after the due date as stipulated in the Agreement, and the Purchaser shall pay RMB20,000,000 to the Vendor as default fee (which may be deducted directly from the amounts received by the Vendor, including the Deposit).

If the Acquisition cannot be completed due to events attributable to the Vendor, the Vendor shall pay 0.05% of the amount paid by the Purchaser per day as default fee. The Purchaser shall have the right to terminate the Agreement by written notice if any of the procedure(s) (i) and/or (ii) as set out in the section headed "Completion" below remains outstanding for 10 working days after the due date as stipulated in the Agreement and such failure is attributable to the Vendor. In such case, the Vendor shall refund all amounts (including the Deposit) paid by the Purchaser, and the Vendor shall pay RMB20,000,000 to the Purchaser as default fee.

## **Lock-up arrangement**

The Purchase shall not transfer any of the Sale Equity until 13 August 2022 or after the expiry of any longer lock-up period where transfer of the Sale Equity is expressly prohibited by applicable laws.

## **Completion**

The parties agreed that (i) the name of the Purchaser shall be entered in the register of members and reflected in the articles of association of the Target Company in respect of the Sale Equity; and (ii) the relevant documents in relation to the Acquisition shall be filed with the relevant authority(ies) in the PRC within 30 working days after 24 August 2021.

Upon Completion, the Target Company will be owned as to: (i) 60% directly by Shandong Hi-Speed Group; (ii) 16.8% directly by Equity Holder-1; (iii) 4.2% directly by the Vendor; (iv) 5% directly by Equity Holder-2; (v) 4.395% directly by Equity Holder-3; (vi) 3.75% directly by Equity Holder-4; (vii) 2% directly by the Purchaser; (viii) 1.945% directly by Equity Holder-5; and (ix) 1.91% directly by Equity Holder-6. To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, as at the date of the Agreement, Equity Holder-1, Equity Holder-2, Equity Holder-3, Equity Holder-4, Equity Holder-5, Equity Holder-6 and their respective ultimate beneficial owner(s) are Independent Third Parties.

Upon Completion, the Target Company will not become a subsidiary of the Company and the financial results of the Target Company will not be consolidated into the financial statements of the Group. The Target Company shall be accounted for as equity investments at FVTOCI in the consolidated financial statements of the Group.

## **INFORMATION ABOUT THE PARTIES AND THE TARGET COMPANY**

### **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. As at the date of this announcement, 43.42% of the shares issued by the Company are indirectly held by Shandong Hi-Speed Group.

Shandong Hi-Speed Group is a company established in the PRC with limited liability. It is principally engaged in the investment, construction, operation, management of transportation infrastructure and smart transportation, comprehensive development of supporting land, logistics, and investment and management of financial assets. As at the date of the announcement, Shandong Hi-Speed Group is (i) directly and indirectly held as to 90% by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government; and (ii) directly held as to 10% by Shandong Provincial Council for Social Security Fund, a governmental institution set up by the Shandong Provincial People's Government\* (山東省人民政府).

The Purchaser is a limited partnership established in accordance with the laws of the PRC. The Purchaser is principally engaged in the investments in private equity. Pursuant to a limited partnership agreement, the capital commitment of the Limited Partner, an indirect wholly-owned subsidiary of the Company, in the Purchaser is RMB199,990,000, which represents approximately 99.995% of the investment funds to be raised by the Purchaser. As at the date of the announcement, RMB96,882,000 has been contributed by the Limited Partner to the Purchaser. The management, policies and control of the Purchaser are vested exclusively in the Managing General Partner.

The Limited Partner is a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in equity investment.

The Managing General Partner is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It has committed and contributed to the Purchaser an aggregate amounts of RMB10,000, which represents approximately 0.005% of the investment funds raised by the Purchaser as at the date of this announcement. It is the managing general partner of the Purchaser, which is responsible for overseeing the management, policies and control of the Purchaser. It is principally engaged in provision of equity investment, asset management and investment consulting services.

### **The Vendor**

The Vendor is a company with limited liability established pursuant to the laws of the PRC whose shares are listed on The Shenzhen Stock Exchange and is principally engaged in the provision of services in relation to development, product innovation and promotion in the field of smart transportation and Internet of Things (IoT).

As at the date of the announcement, Shenzhen Minxing, the single largest shareholder of the Vendor interested in 16.95% of all issued equity interest of the Vendor, together with Mr. Luo Ruifa 羅瑞發, a party acting in concert with Shenzhen Minxing and interested in 4.52% of all issued equity interest of the Vendor, in aggregate holds 21.47% of all issued equity interest of the Vendor collectively. Shenzhen Minxing is a company established in the PRC with limited liability and engaged in the principal business of foreign equity investment.

As at the date of the announcement, Shenzhen Minxing is owned by Mr. Luo Ruifa 羅瑞發 and Ms. Zheng Yinghong 鄭映虹 as to 94% and 6%, respectively. Mr. Luo principally engaged in smart traffic related business and Ms. Zheng principally engaged in legal related business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor, Shenzhen Minxing, Mr. Luo, Ms. Zheng and their respective ultimate beneficial owner(s) are Independent Third Parties.

### **The Target Company**

The Target Company is a company established in the PRC with limited liability. It was established in 2019 with a registered capital of RMB500,000,000. It operates an electronic toll collection (ETC) business in the Shandong province, the PRC, and is principally engaged in the business of providing users with ETC issuance services and comprehensive car-related services such as ETC-based data technology, online gas refueling, smart parking, smart car wash, etc..

Set out below is the shareholding structure of the Target Company as at the date of this announcement and immediately after Completion:

<b>Shareholder</b>	<b>Shareholding percentage as at the date of this announcement (approximately)</b>	<b>Shareholding percentage immediately after Completion (approximately)</b>
Shandong Hi-Speed Group	60%	60%
Equity Holder-1	16.8%	16.8%
Vendor	6.2%	4.2%
Equity Holder-2	5%	5%
Equity Holder-3	4.395%	4.395%
Equity Holder-4	3.75%	3.75%
Purchaser	Nil	2%
Equity Holder-5	1.945%	1.945%
Equity Holder-6	1.91%	1.91%

Set out below are certain audited financial information of the Target Company (prepared in accordance with the generally accepted accounting principles of the PRC) for the year ended 31 December 2019 and the year ended 31 December 2020 respectively:

	<b>For the year ended 31 December 2019 <i>(audited)</i> RMB'000</b>	<b>For the year ended 31 December 2020 <i>(audited)</i> RMB'000</b>
Profit/(Loss) before tax	101,084.17	250,310.08
Profit/(Loss) after tax	87,736.97	172,315.00

As at 31 December 2020, the audited net asset value of the Target Company based on its audited accounts was approximately RMB889,993,068.08.

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

The Target Company is a leading enterprise in the PRC's ETC issuance service industry, focusing on the transportation and logistics industry, and is principally engaged in providing users with ETC issuance services and comprehensive car-related services such as ETC-based data technology, online gas refueling, smart parking, smart car wash, etc.. After considering its business prospects, financial performance and growth potential, the Acquisition will help the Group diversify its investment portfolio and capture viable investment returns.

The Acquisition would also further the Group's business integration with Shandong Hi-Speed Group to strengthen business synergies and allow the Group to leverage on the advantages of Shandong Hi-Speed Group's ownership and continued control of the Target Company.

The terms of the Agreement were determined after arm's length negotiation between the parties thereto and on normal commercial terms. The transactions contemplated thereunder (including the Acquisition) were approved prior to the Change. The Board (including the independent non-executive Directors) is of the view that terms of the Agreement and the Acquisition are fair and reasonable, and the entering into of the Agreement and the Acquisition is conducted on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.



None of the Directors has any material interest in the Acquisition and no Director is required to abstain from voting on the relevant board resolutions. However, (i) three executive directors, namely Mr. Wang Xiaodong, Mr. Liu Zhijie and Mr. Liu Yao, and two non-executive directors, namely Mr. Liang Zhanhai and Mr. Gao Guicheng, have voluntarily abstained from voting on the Board resolutions proposed to approve the Agreement and the transactions contemplated thereunder (including the Acquisition); and (ii) Mr. Zhu Jianbiao and Mr. Wang Wenbo did not participate in voting as they were appointed after the Change.

## **IMPLICATION UNDER THE LISTING RULES**

As at the date of this announcement, Shandong Hi-Speed Group is a controlling shareholder of the Company interested in 43.42% of all issued share capital of the Company. Therefore, Shandong Hi-Speed Group is a controller of the Company within the meaning of the Listing Rules. In addition, as Shandong Hi-Speed Group is interested in over 10% of the entire equity interest of the Target Company, Shandong Hi-Speed Group is a substantial shareholder of the Target Company. Accordingly, the Acquisition constitutes a connected transaction under Rule 14A.28(1) of the Listing Rules.

As more than one of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but is less than 5%, the Acquisition is only subject to the reporting and announcement requirements under the Listing Rules, and is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Equity by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the equity transfer agreement dated 2 August 2021 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Equity

“Board”	the board of Directors of the Company
“Change”	the change in composition of the Board and board committees on 28 July 2021
“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”	the date the name of the Purchaser is entered in the register of members and reflected in the articles of association of the Target Company in respect of the Sale Equity
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company (before and after the Change)
“Equity Holder-1”	Shanghai Yunxin Venture Capital Co., Ltd.* 上海雲鑫創業投資有限公司, a company established under the laws of the PRC with limited liability and the registered holder of 16.8% of the equity interest in the Target Company as at the date of this announcement and immediately after Completion
“Equity Holder-2”	Beijing Wanji Technology Co., Ltd.* 北京万集科技股份有限公司, a company established under the laws of the PRC with limited liability and the registered holder of 5% of the equity interest in the Target Company as at the date of this announcement and immediately after Completion
“Equity Holder-3”	Tianjin Qianchi Management Consulting Partnership (Limited Partnership)* 天津乾馳管理諮詢合夥企業(有限合夥), a limited partnership in the PRC established in accordance with the laws of the PRC and the registered holder of 4.395% of the equity interest in the Target Company as at the date of this announcement and immediately after Completion

“Equity Holder-4”	Tianjin Jingce Management Consulting Partnership (Limited Partnership)* 天津景策管理諮詢合夥企業(有限合夥), a limited partnership in the PRC established in accordance with the laws of the PRC and the registered holder of 3.75% of the equity interest in the Target Company as at the date of this announcement and immediately after Completion
“Equity Holder-5”	Tianjin Yuzhi Management Consulting Partnership (Limited Partnership)* 天津聿智管理諮詢合夥企業(有限合夥), a limited partnership in the PRC established in accordance with the laws of the PRC and the registered holder of 1.945% of the equity interest in the Target Company as at the date of this announcement and immediately after Completion
“Equity Holder-6”	Tianjin Qizhen Management Consulting Partnership (Limited Partnership)* 天津齊臻管理諮詢合夥企業(有限合夥), a limited partnership in the PRC established in accordance with the laws of the PRC and the registered holder of 1.91% of the equity interest in the Target Company as at the date of this announcement and immediately after Completion
“FVTOCI”	fair value through other comprehensive income
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	the independent third party(ies) who is/are independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Limited Partner”	Smart Faith Inc Limited 信睿有限公司, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is the sole limited partner of the Purchaser

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Managing General Partner”	Shangao (Shenzhen) Equity Investment Fund Management Co., Ltd.* 山高(深圳)股權投資基金管理有限責任公司, a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is the managing general partner of the Purchaser
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Qingdao Shangao Zhiyuan Private Equity Investment Fund Partnership (Limited Partnership)* 青島山高智遠私募股權投資基金合夥企業(有限合夥), a limited partnership established in accordance with the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	2% of the equity interest in the Target Company
“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 with limited liability and the indirect owner of 43.42% of all issued share capital of the Company as at the date of this announcement. It holds 60% of the equity interest in the Target Company as at the date of this announcement and immediately after Completion
“Shareholders”	persons whose names appear on the register of members as registered holders of the shares of the Company

“Shenzhen Minxing”	Shenzhen Minxing Electronics Co., Ltd. * 深圳市敏行電子有限公司, a company established in the PRC with limited liability. It is the single largest shareholder of the Vendor and holds 16.95% of the equity interest in the Vendor as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Shandong Expressway Xinlian Technology Co., Ltd.* 山東高速信聯科技股份有限公司, a company established in the PRC with limited liability
“Valuation”	the valuation conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent professional valuers, on the entire equity interest in the Target Company as at 31 December 2020. The valuation is commissioned by the Managing General Partner
“Vendor”	Shenzhen Genvict Technologies Co., Ltd. 深圳市金溢科技股份有限公司, a company with limited liability established pursuant to the laws of the PRC, the shares of which are listed on The Shenzhen Stock Exchange (Stock Code: 002869)
“%”	per cent.

\* for identification purposes only

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

Hong Kong, 2 August 2021

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