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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 FOR INTERNATIONAL OFFER SHARES  
IN THE INTERNATIONAL OFFERING OF  
NETEASE**

**SUBSCRIPTION FOR INTERNATIONAL OFFER SHARES IN THE  
INTERNATIONAL OFFERING OF NETEASE**

The Board is pleased to announce that on 4 June 2020 (after trading hours), the Subscriber, a direct wholly-owned subsidiary of the Company, placed the Orders to subscribe for the Allocated Shares in the International Offering of NetEase with the subscription monies to the extent of a maximum amount of aggregate International Offer Price of all the Allocated Shares not exceeding US\$60 million (equivalent to approximately HK\$468 million).

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

**WARNING: Completion of the Subscription is subject to the successful listing of the International Offer Shares on the Stock Exchange, final International Offer Price determination and allocations under the International Offering of NetEase. As the Subscription may or may not materialise, and the Subscriber may or may not be allocated with any International Offer Shares under the International Offering of NetEase, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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## **SUBSCRIPTION FOR INTERNATIONAL OFFER SHARES IN THE INTERNATIONAL OFFERING OF NETEASE**

The details of the Subscription are as follows:

<b>Date of placing the Orders:</b>	4 June 2020
<b>Subscriber:</b>	China Shandong Hi-Speed Capital Limited
<b>Brokers to which the Orders were placed (the “Brokers”):</b>	ABCI Securities Company Limited; BOCI Securities Limited; CCB International Securities Limited; China International Capital Corporation Hong Kong Securities Limited; Citigroup Global Markets Asia Limited; and CMB International Securities Limited.
<b>Company which will issue the International Offer Shares upon successful listing:</b>	NetEase, Inc.

**International Offer Price:**

According to the Prospectus, the maximum public offer price is HK\$126.00 per Offer Share.

NetEase may set the International Offer Price at a level higher than the said maximum public offer price if, (a) the Hong Kong dollar equivalent of the closing trading price of its ADSs on Nasdaq on the last trading day on or before the Price Determination Date (on a per-share converted basis) were to exceed the said maximum public offer price; and/or (b) NetEase believe that it is the best interests of NetEase as a listed company to set the International Offer Price at a level higher than the said maximum public offer price based on the level of interest expressed by professional and institutional investors during the bookbuilding process.

**Maximum amount of the subscription monies:**

A maximum amount of aggregate International Offer Price of all the Allocated Shares of not exceeding US\$60 million (equivalent to approximately HK\$468 million).

The final aggregate International Offer Price payable by the Subscriber shall be determined by multiplying the number of the Allocated Shares and the final International Offer Price.

The Group will fund the subscription monies from its internal recourses.

**Brokerage commission:**

1.0% of the aggregate International Offer Price of all the Allocated Shares.

## **Completion of the Subscription**

Completion of the Subscription is subject to the successful listing of the International Offer Shares on the Stock Exchange, final International Offer Price determination and allocations under the International Offering of NetEase. The Subscriber may or may not be allocated with any International Offer Shares thereunder.

According to the expected timetable of the IPO of NetEase as stated in its Prospectus, the expected Price Determination Date is 5 June 2020 and the expected listing date of the Offer Shares is 11 June 2020. Completion of the Subscription and the payment of subscription monies shall be on or before the first day when the Offer Shares are listed and traded on the Stock Exchange. There are no restrictions on the subsequent sales of the Offer Shares subscribed.

The Company will issue further announcement regarding the final number of the Allocated Shares and the final amount of subscription monies payable by the Subscriber when the Subscription is materialised and completed.

## **INFORMATION OF NETEASE**

NetEase is an exempted company incorporated in the Cayman Islands with limited liability on 6 July 1999. NetEase's ADSs have been listed on the Nasdaq since 2000. As at 25 May 2020 (being the latest practicable date as stated in the Prospectus), NetEase had an authorised share capital of US\$100,030,000, divided into 1,000,300,000,000 ordinary shares of par value US\$0.0001 per share, and issued a total of 3,257,915,456 ordinary shares; and Shining Globe International Limited holds 1,456,000,000 ordinary shares in NetEase (representing approximately 44.7% of NetEase's total issued share capital). Shining Globe International Limited is wholly-owned by Shining Globe Holding Limited, which is in turn wholly-owned by Shining Globe Trust (the "**Trust**"), for which TMF (Cayman) Ltd. act as the trustee. Mr. William Lei Ding is the founder, director and chief executive officer of NetEase. He is also the sole director of Shining Globe International Limited and the settlor of the Trust, retaining the investment and dispositive powers with respects to the assets of the Trust, with the beneficiaries of the Trust being Mr. William Lei Ding and his family. As such, Shining Globe International Limited, together with the entities and person that control it, are the controlling shareholders of NetEase.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, NetEase and its controlling shareholders are Independent Third Parties.

According to the Prospectus, the audited income before tax and net income of NetEase for the two years ended 31 December 2018 and 2019 respectively were as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2018</b>	<b>2019</b>
	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands)</i>	
Income before tax	11,076,749	16,383,333
Net income	6,477,417	21,431,126

The total assets of NetEase as of 31 December 2018 and 31 December 2019 were RMB86,968.0 million and RMB112,124.4 million, respectively. The net asset value of NetEase as of 31 December 2018 and 31 December 2019 were approximately RMB51,411.6 million and RMB73,041.5 million respectively.

## **INFORMATION OF THE BROKERS**

The Brokers are the companies incorporated in Hong Kong with limited liability.

ABCI Securities Company Limited is licensed with CE number ACX411 for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities by the SFC under the SFO.

BOCI Securities Limited is licensed with CE number AAC298 for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contract) regulated activities by the SFC under the SFO.

CCB International Securities Limited is licensed with CE number AMB276 for Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities by the SFC under the SFO.

China International Capital Corporation Hong Kong Securities Limited is licensed with CE number AEN894 for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contract) and Type 6 (advising on corporate finance) regulated activities by the SFC under the SFO, being one of the joint sponsors, joint global coordinators and joint bookrunners of the IPO of NetEase.

Citigroup Global Markets Asia Limited is licensed with CE number AAA137 for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contract), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities by the SFC under the SFO.

CMB International Securities Limited is licensed with CE number AUZ441 for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities by the SFC under the SFO.

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

## **INFORMATION OF THE COMPANY, THE GROUP AND THE SUBSCRIBER**

The Company is an investment holding company incorporated in Bermuda with limited liability and its subsidiaries are principally engaged in the provision of financial services, including (i) financial leasing; (ii) investment in listed and unlisted securities; (iii) money lending business; and (iv) operation of an asset trading platform.

The Subscriber is a company incorporated under the laws of British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company. It is principally engaged in financial investment.

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

According to the Prospectus, NetEase Group has a successful online game business, developing and operating a rich portfolio of highly popular titles. It currently offers over 140 mobile and PC games across a wide range of genres, satisfying the ever-growing and diversifying needs of the global gamer community. Leveraging its user insights and execution expertise, it also incubated and developed in-house a pipeline of innovative and successful businesses, including intelligent learning (via one of its majority-controlled subsidiary listed on The New York Stock Exchange under the symbol “DAO”, namely Youdao, Inc.) and other businesses, ranging from music streaming and private label e-commerce to internet media, e-mail services and others. As of 31 December 2019, NetEase Group had over 1.0 billion registered e-mail users and over 800 million NetEase Cloud Music registered users.

After taking into account of the business prospects, financial performance and potential growth of NetEase Group, the Directors consider that the Subscription would enable the Group to diversify its investment portfolio and capture possible investment returns; and are thus of the view that the terms of the Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the notification and the announcement requirements but is not subject to the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

The following expressions have the following meanings in this announcement unless the content requires otherwise:

“Allocated Shares”	the International Offer Shares as shall be allocated to the Subscriber under the International Offering of NetEase upon successful IPO;
“ADS(s)”	American Depositary Shares (each representing 25 ordinary shares in NetEase);
“Board”	the board of Directors;
“Company”	China Shandong Hi-Speed Financial Group Limited (中國山東高速金融集團有限公司), a company incorporated under the laws of Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00412);
“Director(s)”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons;
“International Offer Price”	the final offer price per International Offer Share in Hong Kong dollars;



“International Offer Shares”	the ordinary shares to be issued and offered by NetEase pursuant to the International Offering upon successful IPO;
“International Offering”	the offer of the International Offer Shares at the International Offer Price under the IPO pursuant to NetEase’s shelf registration statement on Form F-3ASR that was filed with the SEC and became effective on 29 May 2020, and the preliminary prospectus supplement filed with the SEC on 1 June 2020 and the final prospectus supplement to be filed with the SEC on or about 5 June 2020;
“IPO”	the proposed initial public offering and listing of the Offer Shares on the Stock Exchange as particularised in the Prospectus, under which the total number of the Offer Shares is 171,480,000 ordinary shares in NetEase (subject to the over-allotment option which may require NetEase to allot and issue up to an aggregate of 25,722,000 additional ordinary shares at the International Offer Price to cover over-allocations in the International Offering, if any);
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Nasdaq”	Nasdaq Global Select Market;

“NetEase”	NetEase, Inc., an exempted company incorporated in the Cayman Islands with limited liability on 6 July 1999, being the issuer in the IPO;
“NetEase Group”	NetEase, Inc., and its subsidiaries (including the consolidated affiliated entities);
“Offer Share(s)”	ordinary share(s) in the share capital of NetEase with par value of US\$0.0001 each which are seeking to be listed on the Stock Exchange under the IPO pursuant to Chapter 19C of the Listing Rules;
“Orders”	the orders placed by the Subscriber on 4 June 2020 to the Brokers in relation to the Subscription;
“PRC” or “China”	the People’s Republic of China and for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan;
“Price Determination Date”	the date on which the International Offer Price will be determined, which is expected to be on or about 5 June 2020 and in no event, later than 10 June 2020 according to the Prospectus;
“Prospectus”	the prospectus dated 2 June 2020 issued by NetEase regarding its IPO;
“RMB”	Renminbi, the lawful currency of the PRC;
“SEC”	the United States Securities and Exchange Commission;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Shareholder(s)”	holder(s) of the shares of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	China Shandong Hi-Speed Capital Limited, a company incorporated under the laws of British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company;
“Subscription”	the subscription for the Allocated Shares by the Subscriber pursuant to the Orders;
“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*

Hong Kong, 4 June 2020

*As at the date of this announcement, the Company has five executive directors, namely Mr. Wang Xiaodong, Mr. Liu Han, 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.*

*In this announcement, translation of US\$ into HK\$ is based on the exchange rate of US\$1.00 to HK\$7.80. The exchange rate has been used, where applicable, for illustration purpose only. No representation is made that any amounts in US\$ or HK\$ were or may have been converted at the above rates or any other rates or at all.*