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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO DISCLOSEABLE TRANSACTION
(I) NOVATION OF LOAN; AND
(II) TOTAL RETURN SWAP**

Reference is made to the announcement of China Shandong Hi-Speed Financial Group Limited (the “**Company**”) dated 8 September 2020 (the “**Announcement**”) in relation to the proposed Loan Novation and TRS Transaction (together the “**Transactions**”). Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

The Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the Transactions as follows:

FURTHER INFORMATION ABOUT THE REFERENCE ENTITY

Definitions

For the purpose of this Announcement, “**Programme**” means the structured issuance programme arranged by Nomura Singapore, “**Transaction Documents**” means transaction documents relating to the Programme, “**Relevant Term**” means the signing date of the Transaction Documents till the date on which all obligations of the Reference Entity under the Transaction Documents are discharged and “**charitable institution**” means any trust, foundation, corporation, organisation or other body established exclusively for purpose recognised as charitable by the laws of the Cayman Islands.

Background

The Reference Entity is a special purpose vehicle incorporated under the laws of the Cayman Islands wholly-owned by the Share Trustee. The Share Trustee is wholly-owned subsidiary of Intertrust N.V., a company incorporated under the laws of the Netherlands, the shares of which are listed on Euronext Amsterdam. The Share Trustee holds the shares of the Reference Entity upon trusts (i) during the Relevant Term exclusively for the benefit of the person to whom the Reference Entity is from time to time indebted or otherwise obligated under the terms of the Transaction Documents; and (ii) from the conclusion of the Relevant Term exclusively for the benefit of charitable institution, which at the time of this Announcement, means Intertrust Charitable Foundation.

Roles and obligations

The Reference Entity is one of the issuers to the Programme arranged by Nomura Singapore, who may from time to time offer notes pursuant to the offer documents under the Programme.

Early termination (which may result from occurrence of an event of default by the Borrower, Guarantor or Chargor under the Facility-2) of the Facility Agreement-2 is, among others, an Early Redemption Event under the Reference Facility-Backed Note and an Early Termination Event under the TRS Transaction. Under the TRS Transaction and assuming the Cash Settlement Event shall not occur, CSH Capital HK shall pay Nomura Singapore a sum equal to (A) 45% times the Notional Amount times the Price of Reference Asset (i.e. US\$36,000,000 (being approximately HK\$280,800,000)); plus (B) unwind cost; plus (C) accrued but unpaid Floating Rate Payment by CSH Capital HK, and Nomura Singapore shall deliver, novate, transfer, assign or sell to CSH Capital HK the Reference Facility-Backed Note. Upon receipt of the Reference Facility-Backed Note, CSH Capital HK shall have right to redeem the Reference Facility-Backed Note from the Reference Entity on the Early Redemption Date by transfer of the Charged Asset to CSH Capital HK, upon which, CSH Capital HK shall be able to seek remedies available to the lender of the Facility-2 under the Facility Agreement-2 from the Borrower, Guarantor and/or Chargor.

Save for the general operating expenses incurred by the Reference Entity pursuant to the Programme (funded by Nomura Singapore), the Reference Entity is not entitled to any fees or benefit from the Transactions.

Underlying reasons for issuing the Reference Facility-Backed Note by the Reference Entity

It is normal business practice in structured finance transaction(s) of similar types to transform an asset (i.e. Facility-2) of the original owner (i.e. CSH Capital HK) into a security (i.e. Reference Facility-Backed Note) through a special purpose vehicle (i.e. Reference Entity) which can then be sold to investors (i.e. Nomura Singapore). The advantage of securitisation of an asset into a security is that it enhances transferability. The Programme is structured in such a way as to allow Nomura Singapore to capitalise on such enhanced transferability.

FURTHER INFORMATION ABOUT THE NOTEHOLDER OF THE REFERENCE FACILITY-BACKED NOTE

The registered holder of the Reference Facility-Backed Note upon completion of the Loan Novation and at time of commencement of the TRS Transaction (i.e. Settlement Date) is Nomura Singapore.

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

Hong Kong, 15 September 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, 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.