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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**

On 30 September 2021 (after trading hours), the Subscriber (an indirect wholly-owned subsidiary of the Company) entered into the Subscription Agreement with the Issuer, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Issuer has conditionally agreed to issue the Notes in the aggregate principal amount of up to US\$120,000,000.

### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios under 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 under Chapter 14 of the Listing Rules.

### **SUBSCRIPTION OF NOTES**

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## THE TERMS OF THE SUBSCRIPTION

- Date: 30 September 2021 (after trading hours)
- Subscriber: Safe Castle Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
- Issuer: Ye Chang Investment Company Limited (葉昌投資有限公司), a company incorporated in the BVI with limited liability
- Subscription Amount: An aggregate of up to US\$120,000,000 payable in cash in two tranches as follows:
- (i) the first tranche of the Notes with a principal amount of US\$80,000,000 (the “**First Tranche**”);
  - (ii) the second tranche of the Notes with a principal amount of up to US\$40,000,000 (the “**Second Tranche**”), which the subscriber can elect to subscribe for at its discretion;
- Conditions Precedent: (i) *for the First Tranche*
- The Subscriber’s obligations to subscribe for the First Tranche under the Subscription Agreement are conditional upon (unless waived by the Subscriber):
- (a) the execution and delivery of the Note Documents;
  - (b) no potential event of default is continuing or would result from the transaction contemplated by the Note Documents;

- (c) evidence that the Subscriber has obtained all necessary external, internal and corporate approvals and checks under all applicable laws and regulations;
- (d) the representations and warranties of each obligor contained in each of the Note Documents to which it is a party which are required to be repeated being true, accurate and correct and not misleading in all material respects during the period beginning on the date of the Subscription Agreement and ending on the closing date of the First Tranche;
- (e) all necessary approvals, consents and authorisations from relevant government authorities and/or third parties for the entering into of the Note Documents of the obligors having been obtained and such approvals, consents and authorisations being in full force and effect and not withdrawn, revoked or otherwise cancelled; and
- (f) the Issuer having complied with all its obligations on or before the closing date of the First Tranche under the Note Documents to which it is a party.

If any of the above conditions precedent have not been fulfilled or waived in writing by the Subscriber within one month from the date of the Subscription Agreement or such later date as may be agreed by the parties in writing, the Subscription Agreement shall lapse immediately thereafter and be of no further effect and neither party to the Subscription Agreement shall have any claim against or liability or obligation to the other party under the Subscription Agreement save for any rights or obligations which may accrue prior to the date of such termination.

*(ii) for the Second Tranche*

The Subscriber may but not obliged to subscribe for the Second Tranche under the Subscription Agreement which is conditional upon (unless waived by the Subscriber):

- (a) the closing of the subscription by the Subscriber of the subscription of the First Tranche;
- (b) the execution and delivery of the note certificate in relation to Second Tranche on the closing date of the Second Tranche;
- (c) no potential event of default is continuing or would result from the transaction contemplated by the Note Documents;
- (d) evidence that the Subscriber has obtained all necessary external, internal and corporate approvals and checks under all applicable laws and regulations;

- (e) the representations and warranties of each obligor contained in each of the Note Documents to which it is a party which are required to be repeated being true, accurate and correct and not misleading in all material respects during the period beginning on the date of the Subscription Agreement and ending on the closing date of the Second Tranche;
- (f) all necessary approvals, consents and authorisations from relevant government authorities and/or third parties for the entering into of the Note Documents of the obligors having been obtained and such approvals, consents and authorisations being in full force and effect and not withdrawn, revoked or otherwise cancelled; and
- (g) the Issuer having complied with all its obligations on or before the closing date of the Second Tranche under the Note Documents to which it is a party.

Termination:

The Subscription Agreement may be terminated if any one or more of the conditions precedent for the First Tranche is not fulfilled or waived within one month of the date of the Subscription Agreement or such later date as may be agreed by the parties in writing.

Guarantee:

The Guarantor entered into a deed of guarantee (the “**Guarantee**”) on the same date of the Subscription Agreement, pursuant to which the Guarantor has agreed to unconditionally and irrevocably guarantee to the holder(s) of the Notes the punctual performance by the Issuer of all of its obligations under the Subscription Agreement, Note Instrument, the Security Agreement (as below defined) and other documents in relation to the Notes to which the Issuer is a party.

Security:

The Issuer and the Subscriber entered into a security agreement (the “**Security Agreement**”) on the same date of the Subscription Agreement, pursuant to which the Issuer as primary obligor covenants with the Subscriber that it will on demand pay the secured liabilities (the “**Secured Liabilities**”) which include (a) all present and future obligations and liabilities owed by each obligor to the secured parties under (i) the Notes Documents; (ii) the 2002 ISDA Master Agreement and the schedule and annex thereto dated 12 August 2020 and confirmed by the trade confirmation in May 2021 between China Shandong Hi-Speed Capital (HK) Limited and Nomura Singapore Limited in relation to the Reference Facility-Backed Notes where reference can be made to the announcements of the Company dated 18 December 2019, 13 May 2021 and 16 June 2021 ; (iii) the Reference Facility-Backed Notes; and (iv) the Reference Facility Agreement; and (b) all present and future payment obligations and liabilities in respect of financial indebtedness owed by any member of the Guarantor and its subsidiaries to the Company or any of its subsidiaries from time to time. All of the rights, title and interest to or relating to the Collateral Account, including the Charged Securities, have been charged to the Subscriber as continuing security for the payment of the Secured Liabilities.

If the Loan-to-Value Ratio reaches or exceeds 60%, the Issuer shall transfer or procure the transfer of an amount of additional cash in US\$ into the Collateral Account, and/or deposit to the Collateral Account extra shares of the Charged Company which are free of any security interest, and/or redeem such amount of the outstanding Notes so that the Loan-to-Value Ratio is below 40%.

## PRINCIPAL TERMS OF THE NOTES

Issue date:	(i) The First Tranche is expected to be issued on or around 4 October 2021;  (ii) The Second Tranche may be issued (at the discretion of the Subscriber) within 4 months of the issue date of the First Tranche or otherwise agreed by the parties in writing, on a date to be agreed between the Subscriber and the Issuer.
Principal amount:	Up to US\$120,000,000, comprising (i) a principal amount of US\$80,000,000 in the First Tranche; and (ii) a principal amount of up to US\$40,000,000 in the Second Tranche
Issue price:	100% of the principal amount of the relevant tranche of the Notes
Interest rate:	The Notes bear an interest rate (the “ <b>Interest Rate</b> ”) at the simple interest rate of 11.5 per annum on the outstanding aggregate principal amount of the Notes.
Maturity Date:	(i) The date falling 364 days from the issue date of the First Tranche (the “ <b>First Maturity Date</b> ”); or (ii) the date falling not more than 364 days from the First Maturity Date upon express consent from the holders of the Notes on the extension request from the Issuer by way of a 30-day prior written notice.
Assignability:	The Notes shall be freely assignable without consent of the Issuer.
Event of Default:	The usual events of default in similar financing activities, including but not limited to default on any amount due and payable under the Notes, and where the aggregate amount of defaulted debts of the Guarantor and of the companies in the consolidated financial statements of the Guarantor reaches or exceeds US\$20,000,000.

Mandatory Redemption  
Events:

At any time following the occurrence of any one or more of the following events, the Subscriber shall have the right (but not the obligation) to demand from the Issuer all unpaid amounts of the Notes, including principal and unpaid interest:

- (i) any event that materially disrupts or impairs the ability of market participants in general to effect transaction in the shares of the Charged Company on the Stock Exchange, any suspension of or limitation imposed on trading by the Stock Exchange relating to the shares of the Charged Company or an early closure of the Stock Exchange on any Business Day which the majority holders of the Notes determines in good faith to be materially adverse occurs and continues for 15 or more consecutive Trading Days;
- (ii) a merger event or a tender offer under the Codes on Takeovers and Mergers and Share Buy-backs occurs, provided that any such event shall be deemed to occur on the earlier of the ex-date and the announcement date with respect to the relevant event;
- (iii) the Loan-to-Value Ratio on any Trading Day reaches or exceeds 75%;
- (iv) a change of control event occurs; or
- (v) an event of default occurs and is continuing.

## **FUNDING OF THE SUBSCRIPTION**

The Group will finance the Subscription by internal resources of the Group.



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

The Company is an investment holding company incorporated in Bermuda with limited liability and its subsidiaries are principally engaged in financial leasing, operation of an asset trading platform, investments in securities, money lending, investment holding and asset management.

The Subscriber is a company incorporated under the laws of the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment in securities.

## **INFORMATION OF THE ISSUER, THE CORPORATE GUARANTOR AND THE CHARGED COMPANY**

### **The Issuer**

The Issuer is a limited liability company incorporated in the BVI and is wholly owned by the Guarantor. The Issuer is an investment holding company.

### **The Guarantor**

The Guarantor is a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (stock code: 1638). The Guarantor is engaged in investment holding and its subsidiaries are mainly engaged in property development in the Mainland China. It owns 100% of the Issuer.

### **The Charged Company**

The Charged Company is a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange (stock code: 2168). The Charged Company and its subsidiaries are mainly engaged in provision of property management services in Mainland China. As at the date of this announcement, the Issuer directly owns approximately 67.18% issued share capital of the Charged Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Issuer, the Guarantor and their ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

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

The terms of the Subscription were determined based on arm's length negotiations between the Company and the Issuer on normal commercial terms. In assessing the commercial benefits and risks in connection with the Subscription, the Company had also carried out due diligence on the Guarantor (who acts as a corporate guarantor for the repayment obligations of the Issuer under the Subscription) to assess the potential risks pursuant to the Subscription including but not limited to the Issuer's ability to repay the Notes together with the soundness of the Guarantor's financial positions.

The determination of the Interest Rate of the Notes has taken into account the following factors: (i) the interest rate of guaranteed and secured notes issued by the group of the Guarantor; and (ii) the securities provided for the Notes.

Having considered (i) the terms of the Subscription; (ii) stable revenue and cashflow expected to be generated by the Notes; (iii) the credit rating of the Guarantor; (iv) the financial positions of the Guarantor; and (v) the securities provided for the Notes, the Directors are of the view that the terms of the Subscription Agreement are fair and reasonable and in the interest of the Shareholders and the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under 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 under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Business Day”	a day other than a Saturday, Sunday or public holiday on which commercial banks are opened for business in Hong Kong;
“BVI”	British Virgin Islands;
“Charged Company”	Kaisa Prosperity Holdings Limited (佳兆業美好集團有限公司), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2168) and directly owned as to approximately 67.18% by the Issuer;
“Charged Securities”	103,530,000 shares in the Charged Company and any additional shares further pledged by the Issuer;
“Collateral Account”	the cash and securities account in which, among others, the Charged Securities are held and charged by the Issuer;
“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;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;

“Guarantor”	Kaisa Group Holdings Ltd. (佳兆業集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1638);
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Issuer”	Ye Chang Investment Company Limited (葉昌投資有限公司), a company incorporated in the BVI and wholly owned by the Guarantor;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Loan-to-Value Ratio”	the result of the outstanding principal amount of the Notes minus the cash balance standing to the credit of the Collateral Account divided by the latest market value of the Charged Securities, which is calculated by the official closing price of the Charged Securities published by the Stock Exchange on the relevant Trading Day multiplying the number of the Charged Securities;
“Maturity Date”	the maturity date of the Notes;
“Notes”	the guaranteed and secured notes in the aggregate principal amount of up to US\$120,000,000 subscribed by the Subscriber from the Issuer pursuant to the Subscription Agreement comprising the First Tranche and the Second Tranche;
“Note Documents”	the Subscription Agreement, the Note Instrument, the Guarantee, the Security Agreement and other documents in relation to the Notes;

“Note Instrument”	a note instrument to be executed as a deed by the Issuer, pursuant to which the Notes are constituted by;
“Reference Facility-Backed Notes”	the series 2021 notes issued by Lani Finance Limited in the principal amount of US\$125,000,000 and backed by the rights and obligations under the Reference Facility Agreement;
“Reference Facility Agreement”	means the facility agreement dated 18 December 2019 between, among others, Grand Sail Developments Limited as borrower, the Guarantor as guarantor and China Shandong Hi-Speed Capital (HK) Limited as lender;
“Shareholders”	holders of the Share(s);
“Share(s)”	ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Safe Castle Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Subscription”	the subscription of the Notes pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 30 September 2021 entered into among the Subscriber and the Issuer;
“Trading Day”	any day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions;

“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, 3 October 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.*