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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

FORMATION OF LIMITED PARTNERSHIP CORPORATION

FORMATION OF LIMITED PARTNERSHIP CORPORATION

On 31 January 2022 (after trading hours), Shangao Shenzhen Investment (as limited partner), an indirect wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Shangao Sunrise Investment (as general partner and executive partner) and Jinan Changying (as limited partner) in relation to the proposed formation of the Limited Partnership Corporation.

Pursuant to the Partnership Agreement, the total capital commitment in relation to the Limited Partnership Corporation shall be RMB801,000,000, in which the capital commitment of Shangao Sunrise Investment, Shangao Shenzhen Investment and Jinan Changying shall be RMB1,000,000, RMB400,000,000 and RMB400,000,000 respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, as SDHS Group indirectly holds approximately 43.42% of all issued share capital of the Company, it is a controlling shareholder of the Company. On the other hand, SDHS Group (i) directly and indirectly holds approximately 55.78% equity interest in SDHS Road&Bridge Group, which in turn indirectly wholly owns Shangao Sunrise Investment; and (ii) directly and indirectly holds approximately 70.91% equity interest in SDHS Co Ltd, which in turn directly and indirectly holds approximately 85% equity interest in SDHS Changying and directly holds approximately 99.9998% equity interest in Jinan Changying. Therefore, Shangao Sunrise Investment and Jinan Changying are indirect non wholly-owned subsidiaries of SDHS Group and thus connected persons to the Company. Accordingly, the entering into of the Partnership 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 Partnership Agreement are more than 0.1% but all are less than 5%, the entering into of the Partnership Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

FORMATION OF LIMITED PARTNERSHIP CORPORATION

On 31 January 2022 (after trading hours), Shangao Shenzhen Investment (as limited partner), an indirect wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Shangao Sunrise Investment (as general partner and executive partner) and Jinan Changying (as limited partner) in relation to the proposed formation of the Limited Partnership Corporation.

The principal terms of the Partnership Agreement are summarised as follows:

- Date:** 31 January 2022
- Parties:**
- (1) Shangao Sunrise Investment (as general partner and executive partner)
 - (2) Shangao Shenzhen Investment (as limited partner)
 - (3) Jinan Changying (as limited partner)
- (collectively the “**Partners**”, each a “**Partner**”)
- Name of the Limited Partnership Corporation:** Jinan Shangao Luqiao Jincheng Investment Partnership (Limited Partnership)* (濟南山高魯橋金程投資合夥企業(有限合夥))
- Business scope:** General projects; investment activities with its own funds; enterprise management; business management consulting. (Except for projects subject to approval according to law, independently carry out business activities according to law with business licence)
- Operation scope:** The funds of the Limited Partnership Corporation shall be mainly used to invest in the sectors of infrastructure construction and public service facilities construction and make equity or debt investments with sustained and stable cash flow in projects associated with investment sector. The scope also covers investment and asset management and capital investment services.

Term: The term of the Limited Partnership Corporation shall be eight years, in which the first six years are investment period and the final two years are exit period. The term of the Limited Partnership Corporation can be extended or reduced by unanimous consent of all partners.

Capital commitment:	Capital commitment	Capital proportion
(1) Shangao Sunrise Investment (as general partner and executive partner)	RMB1,000,000	0.12%
(2) Shangao Shenzhen Investment (as limited partner)	RMB400,000,000	49.94%
(3) Jinan Changying (as limited partner)	RMB400,000,000	49.94%
Total	<u>RMB801,000,000</u>	<u>100%</u>

The scale of the Limited Partnership Corporation and the capital contribution of each of the Partners are determined after arm's length negotiations among the Partners with reference to the anticipated capital requirements of the Limited Partnership Corporation and its investment term.

Payment of capital contribution

The executive partner will from time to time issue capital contribution notices to the Partners. Each Partner shall timely settle the specified amount to the Limited Partnership Corporation's account after it receives the capital contribution notice.

The Group intends to finance its capital contribution to the Limited Partnership Corporation by using its internal resources and external financing of the Group.

Management and operation

The executive partner is responsible for management of the Limited Partnership Corporation's affairs, including execution of decisions made by the Investment Committee (as defined below) and by the Partners at the Partners' Meetings.

The limited partners shall not take part in the management of the Limited Partnership Corporation and shall not represent the Limited Partnership Corporation externally.

Investment Committee:

An investment committee (the "**Investment Committee**") will be established by the Limited Partnership Corporation to consider and approve, by unanimous decision, among other things, investment decisions and investment exit plans. The Investment Committee shall comprise three members, among whom Shangao Sunrise Investment, Shangao Shenzhen Investment and Jinan Changying may each nominate one member respectively.

Fees and remunerations

The Limited Partnership Corporation shall pay the executive partner's remuneration. The annual remuneration shall be 0.3% of the total paid-up capital of the Limited Partnership Corporation.

The Investment Committee will not receive any remuneration from the Limited Partnership Corporation.

The fees and remunerations were determined after arm's length negotiations between the parties with reference to, among other things, market standards, including the fee structures and fee rates for those adopted by other limited partnerships similar to that of the Limited Partnership Corporation.

Profit distribution

The amount of investment income from any project of the Limited Partnership Corporation, after deducting the expenses to be borne by the project, shall be distributed to the Partners in proportion to their actual capital contribution in the project. The order of the distribution shall be determined under the investment confirmation of each project.

Transfer of interest: Transfer of interests in the Limited Partnership Corporation by any limited partner is subject to prior written consent by the general partner and all other Partners, whereas transfer of interests in the Limited Partnership Corporation by the general partner shall be approved by all Partners in the Partners' Meeting.

Dissolution and winding-up: Subject to the Partnership Agreement, the Limited Partnership Corporation shall be dissolved and wound up upon occurrence of any of the following events:

- (i) all the Partners agree to dissolve the Limited Partnership Corporation;
- (ii) the Limited Partnership Corporation is terminated before the end of the term;
- (iii) project(s) of the Limited Partnership Corporation is/are wound up before the expected exit time, and all the Partners decide not to continue to operate the Limited Partnership Corporation;
- (iv) the general partner ceases to be the general partner of the Limited Partnership Corporation and the Limited Partnership Corporation does not appoint a new general partner;
- (v) the business license of the Limited Partnership Corporation has been cancelled or revoked, or the Limited Partnership Corporation is required to be terminated by law; or
- (vi) other reasons pursuant to the Partnership Agreement, Partnership Law of the PRC and applicable laws and administrative rules.

The Limited Partnership Corporation is a limited partnership established under the laws of the PRC. As the Limited Partnership Corporation is newly formed, no financial information or past performance of the Limited Partnership Corporation is available for disclosure in this announcement.

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 and asset management. As at the date of this announcement, approximately 43.42% of the shares issued by the Company are indirectly held by SDHS Group.

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 SHANGAO SUNRISE INVESTMENT

Shangao Sunrise Investment is a company established in the PRC with limited liability and is principally engaged in the asset management and investment management in the PRC.

Shangao Sunrise Investment is wholly owned by SDHS Road&Bridge Investment, which is in turn wholly-owned by SDHS Road&Bridge Group.

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

SDHS Road&Bridge Group is a company established in the PRC with limited liability, the shares of which are listed in the Shenzhen Stock Exchange (stock code: 000498). It is principally engaged in road and bridge construction and relevant maintenance construction. As at the date of the announcement, SDHS Road&Bridge Group is directly and indirectly held as to approximately 55.78% by its single largest shareholder SDHS Group.

INFORMATION OF JINAN CHANGYING

Jinan Changying is a limited partnership established in accordance with the laws of the PRC. Jinan Changying is principally engaged in investment in private equity. The management, policies and control of Jinan Changying are vested exclusively in SDHS Changyin (as executive partner of Jinan Changying). SDHS Co Ltd (as limited partner of Jinan Changyin) holds approximately 99.9998% equity interest in Jinan Changying. SDHS Changyin holds approximately 0.0002% equity interest in Jinan Changying.

SDHS Changying is a company established in the PRC with limited liability and is principally engaged in investment in private equity funds, venture capital funds and related fund of funds investment.

SDHS Changying is directly and indirectly held as to approximately 85% by its single largest shareholder SDHS Co Ltd.

SDHS Co Ltd is a company established in the PRC with limited liability and the shares of which are listed in the Shanghai Stock Exchange (stock code: 600350). It is principally engaged in investment and operation of transportation infrastructure, as well as equity investment in related upstream and downstream industries of the highway industry chain. As at the date of the announcement, SDHS Co Ltd is directly and indirectly held as to approximately 70.91% by its single largest shareholder SDHS Group.

INFORMATION OF SDHS GROUP

SDHS 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, SDHS 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).

REASONS FOR AND BENEFITS OF FORMATION OF THE LIMITED PARTNERSHIP CORPORATION

By entering into the Partnership Agreement, the Group can leverage on the resources from SDHS Group and Shangao Sunrise Investment's management team's experience in asset management and expertise in investing and managing infrastructure construction projects and public service facilities construction projects. The management team of Shangao Sunrise Investment is lead by Mr. Zhang Lujun (張魯軍) ("Mr. Zhang"). Mr. Zhang has over 30 years of investment experience, having invested in and supported (via SDHS Road&Bridge Investment and other asset management entities) various infrastructure construction and public service facilities construction companies in the PRC. The Company considers that the formation of the Limited Partnership Corporation will enable the Group to generate stable cashflow and considerable return with a relatively lower risk profile.

The terms of the Partnership Agreement were determined after arm's length negotiation between the parties thereto and on normal commercial terms. The Directors (including the independent non-executive Directors) are of the view that terms of the Partnership Agreement and the Transaction are fair and reasonable, and the entering into of the Partnership Agreement and the Transaction 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 Transaction and no Director is required to abstain from voting on the relevant board resolutions. However, Mr. Wang Xiaodong, Mr. Liu Zhijie, Mr. Liu Yao, Mr. Liang Zhanhai and Mr. Wang Wenbo have voluntarily abstained from voting on the Board resolutions approving the entering into of the Partnership Agreement and the transactions contemplated thereunder.

IMPLICATION UNDER THE LISTING RULES

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“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 under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinan Changying”	Jinan Changying Jincheng Equity Investment Partnership (Limited Partnership)* 濟南暢贏金程股權投資合夥企業(有限合夥), a limited partnership established in accordance with the laws of the PRC
“Limited Partnership Corporation”	Jinan Shangao Luqiao Jincheng Investment Partnership (Limited Partnership)* (濟南山高魯橋金程投資合夥企業(有限合夥), a limited partnership corporation to be formed under the laws of the PRC pursuant to the Partnership Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Partnership Agreement”	the partnership agreement dated 31 January 2022 entered into between Shangao Sunrise Investment, Shangao Shenzhen Investment and Jinan Changying in relation to the formation of the Limited Partnership Corporation
“Partners’ Meeting(s)”	meeting(s) attended by all Partners in accordance with terms of the Partnership Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SDHS Changying”	Shandong Hi-Speed Changying Equity Investment Management Co., Ltd. * (山東高速暢贏股權投資管理有限公司), a company established in the PRC with limited liability
“SDHS Co Ltd”	Shandong Hi-Speed Co., Ltd.* (山東高速股份有限公司), a company established in the PRC with limited liability
“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. (山東高速路橋集團股份有限公司), 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

“Shangao Sunrise Investment”	Jinan Shangao Risheng Investment Co., Ltd.* (濟南山高日昇投資有限公司), a company established in the PRC with limited liability
“Shareholders”	persons whose names appear on the register of members as registered holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the transactions contemplated under the Partnership Agreement (i.e. the establishment of the Limited Partnership Corporation)
“%”	per cent.

* for identification purposes only

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

Hong Kong, 31 January 2022

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.