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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 DISPOSAL OF BENEFICIAL INTEREST IN A TRUST**

The Board was informed that on 26 December 2018, the Assignor, an indirect subsidiary of the Company, and the Assignee entered into the Assignment Agreement, pursuant to which the Assignor agreed to assign the Assigned Interest to the Assignee at the Consideration of RMB20,500,000 (equivalent to approximately HK\$23,313,000), and following which, the Assignee shall have the right to re-assign the Assigned Interest back to the Assignor or Shangao Puhui after the expiry of the Assignment Period at a total consideration equal to the balance of the Trust Principal as at the date of completion of such re-assignment plus the amount of any Assignment Income Distribution due to but not yet received by the Assignee by the completion of such re-assignment.

As at the date of the Assignment Agreement, the Assignee was owned as to approximately 44.95% by Shandong Hi-Speed Group, an indirect controlling shareholder of the Company. Accordingly, the Assignee was a connected person of the Company and therefore the Assignment Agreement and the Assignment thereunder constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Assignment Agreement exceeded 0.1% but were less than 5%, the Assignment Agreement and the Assignment thereunder was subject to the reporting, announcement and annual review requirements only but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## PRINCIPAL TERMS OF THE ASSIGNMENT AGREEMENT

**Date** 26 December 2018

**Parties** **Assignor:** Shenzhen Honesta New Finance Holding Company Ltd.\* (深圳厚生新金融控股有限公司), a company indirectly controlled as to 60% by the Company through contractual arrangements

**Assignee:** Weihai City Commercial Bank Co., Ltd\* (威海市商業銀行股份有限公司), a joint stock limited liability company owned as to approximately 44.95% by Shandong Hi-Speed Group as at the date of the Assignment Agreement

**Trustee:** China Foreign Economy and Trade Trust Co., Ltd.\* (中國對外經濟貿易信託有限公司), a company established under the laws of the PRC

**Cooperative Entity:** Shangao Puhui (Shenzhen) Information Services Co., Ltd.\* (山高普惠(深圳)信息服務有限公司), a company indirectly controlled as to 100% by the Assignor

**Subject matter** The Assignor as assignor agreed to assign the Assigned Interest to the Assignee as assignee, subject to the terms and conditions of the Assignment Agreement.

The Assigned Interest represented the entire beneficial interest in the Trust, of which the Assignor was the sole beneficiary as at immediately before the execution of the Assignment Agreement.

**Consideration** The Consideration payable by the Assignee to the Assignor for the purchase of the Assigned Interest was RMB20,500,000 (equivalent to approximately HK\$23,313,000).

The Assignor and the Assignee confirmed that the Consideration had been settled by the Assignee in cash in full as at the Assignment Effective Date.

The amount of the Consideration was determined after arm's length negotiations between the Assignor and the Assignee with reference to the unaudited book value of the Assigned Interest as at 30 November 2018.

**Assignment Income  
Distributions**

On each Assignment Income Distribution Date, the Assignee shall receive cash distributions (the “**Assignment Income Distributions**”) out of the assets of the Trust, such that during the Assignment Period, the Assignee would receive from the Trust an annual return of 7.6% of the Trust Principal. Such return shall be calculated on the basis of the actual number of days elapsed and a year of 365 days.

**Guaranteed return**

If the Trust fails to pay in full the amount of any Assignment Income Distribution and/or (if applicable) the principal of the Assigned Interest due to be paid by the Trust to the Assignee on any Assignment Income Distribution Date, the Assignor shall pay the Assignee an amount in cash equal to the amount of the shortfall.

**Buy back and restriction  
on transfer of the  
Assigned Interest**

The Assignment Period shall end on 27 December 2019. Upon expiry of the Assignment Period, the Assignee shall have the right to re-assign back to the Assignor or Shangao Puhui, and require the Assignor or Shangao Puhui (as applicable) to purchase from the Assignee, the Assigned Interest, at a total consideration equal to the balance of the Trust Principal as at the date of completion of such re-assignment plus the amount of any Assignment Income Distribution due to but not yet received by the Assignee by the completion of such re-assignment.

Save as disclosed above, the Assignee shall have no right to sell, transfer, assign or dispose of the Assigned Interest to any third party.

The terms of the Assignment Agreement were determined after arm's length negotiations between the Assignor and the Assignee with reference to the prevailing market rates for the similar financing arrangements.

## **INFORMATION OF THE PARTIES**

### **The Assignor and the Group**

The Assignor is a company established under the laws of the PRC. It is an indirect subsidiary of the Company. The Assignor, together with its subsidiaries, is principally engaged in securities investment management, conducting electronic commerce, provision of financial intermediary services through the internet, market research, and internet culture operation.

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 securities; (iii) money lending business; (iv) financial technology and related financial services; and (v) operation of an asset trading platform.

### **The Assignee**

The Assignee is a licensed bank in the PRC and is principally engaged in commercial banking activities. As at the date of the Assignment Agreement, it was owned as to approximately 44.95% by Shandong Hi-Speed Group, an indirect controlling shareholder of the Company.

### **The Trustee**

The Trustee is a licensed trust corporation regulated by the China Banking Regulatory Commission. Founded in 1987, it is one of the earliest trust companies established in the PRC. It offers, among other things, professional trustee services, fund administration, custodian, big data, and asset management services. As at 31 December 2017, the Trustee has invested a total of approximately RMB132 billion, or approximately 26.39%, of the assets under its management in loans.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, as at the date of the Assignment Agreement and the date of this announcement, the Trustee and its ultimate beneficial owners are third parties independent of the Company and are not the connected persons of the Company.

## **The Cooperative Entity**

The Cooperative Entity is a company established under the laws of the PRC. It is indirectly controlled as to 100% by the Assignor. Its principal business is the provision of referral service and lending support service. Under the Trust Agreement, it shall source suitable individuals as potential borrowers and refer them to the Trust for the making of loans.

## **INFORMATION OF THE TRUST AND THE ASSIGNED INTEREST**

The Trust was established in the PRC on 26 October 2018 by the Trust Agreement executed by the Assignor as settlor and sole beneficiary, and FOTIC as the trustee. Under the terms of the Trust, the Assignor injected a total of RMB20,750,000 (equivalent to approximately HK\$23,598,000), in the Trust, of which (i) RMB250,000 (equivalent to approximately HK\$285,000) was paid to China Trust Industry Security Fund Co., Ltd\* (中國信託業保障基金有限責任公司) by FOTIC as a statutory deposit for registration of the Trust, which shall be refunded to the Assignor as settlor of the Trust upon termination of the Trust; and (ii) the balance, being RMB20,500,000 (equivalent to approximately HK\$23,313,000)(the “**Trust Principal**”), shall be managed by FOTIC. FOTIC shall, in accordance with the Assignor’s instructions, utilise the Trust Principal in making loans to individuals in the PRC referred by the Cooperative Entity and approved by the Assignor. Each loan made by the Trust shall be secured by real estate(s) owned by the borrower in the PRC.

The Trust has a duration of five (5) years from the date of the Trust Agreement. At the end of the said period, the Trust shall make a distribution of the Trust Principal and any due and unpaid income distribution to the beneficiary of the Trust.

The Cooperative Entity was responsible for sourcing individuals as potential borrowers and referring them to the Trust for the making of loans. The Cooperative Entity shall receive, by way of service fees, the net profit of the Trust (being the gross income of the Trust less any return payable to the then beneficiary of the Trust, fees charged by the Trustee, and all other costs and expenses of the Trust).

The Assigned Interest represented the entire beneficial interest in the Trust, of which the Assignor was the sole beneficiary as at immediately before the execution of the Assignment Agreement.

The original acquisition costs of the Assigned Interest was RMB20,500,000 (equivalent to approximately HK\$23,313,000), being the amount of the Trust Principal. The unaudited book value of the Assigned Interest was RMB20,500,000 (equivalent to approximately HK\$23,313,000) according to the unaudited management accounts of the Assignor as at 30 November 2018.

## **REASONS FOR AND BENEFITS FOR ENTERING INTO OF THE ASSIGNMENT AGREEMENT**

By entering into the Assignment Agreement, the Assignor disposed of the Assigned Interest and recouped its investment in the Trust, which enables the Assignor to invest the proceeds of the Assignment in other trust arrangements similar to the Trust. As a result, the Cooperative Entity, which is indirectly controlled as to 100% by the Assignor, would be able to offer its borrower referral services to the subsequent trusts in which the Assignor invests in, thereby expanding its operation scale and generating more service fees.

The Group did not accrue any gain or loss from the Assignment itself. After the Assignment, the Assigned Interest was derecognised from the statement of financial position of the Group.

Having considered above, the Directors (including the independent non-executive Directors, but excluding Mr. Ji Kecheng, Mr. Wang Zhenjiang and Mr. Li Hang, each of whom holds directorship and/or senior positions in Shandong Hi-Speed Group and/or its associates and therefore abstained from voting on the board resolutions to approve the Assignment Agreement and the Assignment) are of the view that the transactions contemplated under the Assignment Agreement are entered into on normal commercial terms, and the terms set out in the Assignment Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of the Assignment Agreement, the Assignee was owned as to approximately 44.95% by Shandong Hi-Speed Group, an indirect controlling shareholder of the Company. Accordingly, the Assignee was a connected person of the Company and therefore the Assignment Agreement and the Assignment thereunder constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Assignment Agreement exceeded 0.1% but were less than 5%, the Assignment Agreement was subject to the reporting, announcement and annual review requirements only but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

- “Assigned Interest”** the entire beneficial interest as sole beneficiary in the Trust;
- “Assignee”** Weihai City Commercial Bank Co., Ltd\* (威海市商業銀行股份有限公司), a joint stock limited liability company established under the laws of the PRC with limited liability, the shares in which is held as to approximately 44.95% by Shandong Hi-Speed Group as at the date of the Assignment Agreement;
- “Assignment”** the assignment of the Assigned Interest by the Assignor in favour of the Assignee pursuant to the Assignment Agreement;
- “Assignment Agreement”** the agreement on assignment of beneficial interest in the Trust (信託受益權轉讓協議) dated 26 December 2018 entered into by and among the Assignor as assignor, the Assignee as assignee, FOTIC as trustee of the Trust, and Shangao Puhui as cooperative entity, under which, among other things, the Assignor assigned to the Assignee the Assigned Interest;
- “Assignment Effective Date”** 27 December 2018;
- “Assignment Income Distribution Dates”** the dates respectively falling (i) the twentieth (20th) day of each of the third (3rd), sixth (6th) and ninth (9th) calendar month after the Assignment Effective Date; and (ii) the expiry of the Assignment Period;

<b>“Assignment Period”</b>	the period of one (1) year from the Assignment Effective Date;
<b>“Assignor”</b>	Shenzhen Honesta New Finance Holding Company Ltd.* (深圳厚生新金融控股有限公司), a company established under the laws of the PRC with limited liability, which is indirectly controlled as to 60% by the Company through contractual arrangements;
<b>“associate”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Board”</b>	the board of Directors;
<b>“Company”</b>	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);
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Consideration”</b>	the sum of RMB20,500,000 (equivalent to approximately HK\$23,313,000), being the total consideration paid by the Assignee to the Assignor for the Assigned Interest;
<b>“Cooperative Entity” or “Shangao Puhui”</b>	Shangao Puhui (Shenzhen) Information Services Co., Ltd.* (山高普惠(深圳)信息服務有限公司), a company established under the laws of the PRC which is indirectly controlled as to 100% by the Assignor;
<b>“Director(s)”</b>	director(s) of the Company;

<b>“FOTIC” or “Trustee”</b>	China Foreign Economy and Trade Trust Co., Ltd.* (中國對外經濟貿易信託有限公司), a company established under the laws of the PRC, acting as the trustee of the Trust;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Listing Rules”</b>	the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited;
<b>“PRC”</b>	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Shandong Hi-Speed Group”</b>	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 and the indirect owner of 42.78% of all issued Shares as at the date of the Assignment Agreement and the date of this announcement;
<b>“Share(s)”</b>	ordinary shares in the Company;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;

“Trust”	the trust established under the Trust Agreement;
“Trust Agreement”	the FOTIC-Shangao Puhui Series Single Principal Trust II trust agreement* (外貿信託－山高普惠系列單一資金信託(二期)信託合同) dated 26 October 2018 executed by the Assignor as settlor and sole beneficiary, and FOTIC as the trustee; and
“%”	per cent.

By order of the Board  
**China Shandong Hi-Speed Financial Group Limited**  
**Li Zhen Yu**  
*Executive Director*

Hong Kong, 26 March 2019

*Unless otherwise specified in this announcement, amounts denominated in RMB have been converted to HK\$ at a rate of HK\$1.00 to RMB0.87933.*

*As at the date of this announcement, the Company has four executive directors, namely Mr. Ji Kecheng, Mr. Wang Zhenjiang, Mr. Yau Wai Lung and Mr. Li Zhen Yu, four non-executive directors, namely Mr. Li Hang, Dr. Lam Lee G., Mr. Qiu Jianyang and Mr. Lo Man Tuen, and four independent non-executive directors, namely Mr. To Shing Chuen, Mr. Cheung Wing Ping, Mr. Wang Huixuan and Mr. Guan Huanfei.*

\* *for identification purpose only*