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*(formerly known as China Innovative Finance Group Limited 中國新金融集團有限公司)  
(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00412)**

**ANNOUNCEMENT  
MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION OF  
THE SALE SHARES IN THE TARGET COMPANY**

**THE ACQUISITION**

The Board is pleased to announce that on 31 October 2017 (after trading hours), the Buyer, a wholly-owned subsidiary of the Company, and the Seller entered into the Agreement, pursuant to which the Buyer conditionally agreed to acquire, and the Seller conditionally agreed to sell, the Sale Shares (representing 30% of the total issued share capital (comprising all the preference shares and ordinary shares) or 6.94% of the effective voting rights of the Target Company as at the date of this Agreement) in accordance with the terms and conditions of the Agreement.

The Consideration shall be HK\$934,500,000, which shall be settled by way of the Buyer issuing the Promissory Note in the principal amount of HK\$934,500,000 to the Seller upon Completion. The Promissory Note matures on the first anniversary after its issue and is non-interest bearing and pursuant to the Promissory Note, the Buyer shall pay the entire amount in cash to the Seller on or before the first anniversary after Completion. Immediately upon Completion, the Company will be indirectly interested in 30% of the total issued share capital of the Target Company (comprising all the preference shares and ordinary shares).

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Seller was indirectly interested in approximately 14.67% of the total issued share capital of the Company. The Seller is a substantial shareholder of the Company and hence a connected person of the Company. Accordingly, the Acquisition constitutes 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 Acquisition is more than 25% but are all less than 100%, the Acquisition also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and therefore will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

#### **ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed pursuant to the Listing Rules to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder. In this connection, an independent financial adviser will be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the Agreement and the transactions contemplated thereunder are fair and reasonable, and to make recommendation(s) on voting.

#### **SGM**

The SGM will be convened to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder. The Seller and its associates will (and any other Shareholder who is involved or interested in the Acquisition will be required to) abstain from voting on the resolutions to be proposed at the SGM for approving the Agreement and the transactions contemplated thereunder.

#### **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) details of the Agreement and the transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder; and (iv) the notice of the SGM and forms of proxy, will be despatched to the Shareholders on or before 8 December 2017, as additional time is required by the Company for the preparation of relevant information for inclusion in the circular.

#### **WARNING**

**SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO A NUMBER OF CONDITIONS BEING SATISFIED, INCLUDING BUT NOT LIMITED TO THE APPROVAL OF THE ACQUISITION AT THE SGM BY THE INDEPENDENT SHAREHOLDERS, AND CONSEQUENTLY THE ACQUISITION MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.**

## **THE AGREEMENT**

The Board is pleased to announce that on 31 October 2017 (after trading hours), the Buyer, a wholly-owned subsidiary of the Company, and the Seller entered into the Agreement, pursuant to which the Buyer conditionally agreed to acquire, and the Seller conditionally agreed to sell, the Sale Shares (representing 30% of the total issued share capital (comprising all the preference shares and ordinary shares) or 6.94% of the effective voting rights of the Target Company as at the date of this Agreement) in accordance with the terms and conditions of the Agreement.

Details of the Agreement are set out below:

### **The Agreement**

#### ***Date***

31 October 2017

#### ***Parties***

- (1) the Buyer, a wholly-owned subsidiary of the Company; and
- (2) the Seller.

#### ***Subject matter***

The Buyer agreed to acquire, and the Seller agreed to sell, the Sale Shares (representing 30% of the total issued share capital (comprising all the preference shares and ordinary shares) or 6.94% of the effective voting rights of the Target Company as at the date of this Agreement), subject to the terms and conditions of the Agreement.

As at the date of this announcement, the entire issued share capital (comprising preference shares and ordinary shares) of the Target Company is directly held by the Seller. Immediately upon Completion, the total issued share capital (comprising preference shares and ordinary shares) of the Target Company will be owned as to 70% by the Seller and 30% by the Buyer respectively, and the effective voting rights of the Target Company (assuming the weighted voting rights of the preference shares are fully exercised) will be owned as to 93.06% by the Seller and 6.94% by the Buyer, respectively. Therefore, the financial results of the Target Group will not be consolidated into the financial statements of the Group.

#### ***Consideration***

The Consideration shall be HK\$934,500,000, which shall be settled by way of the Buyer issuing the Promissory Note in the principal amount of HK\$934,500,000 to the Seller upon Completion. The Promissory Note matures on the first anniversary after its issue and is non-interest bearing and pursuant to the Promissory Note, the Buyer shall pay the entire amount in cash to the Seller on or before the first anniversary after Completion.

#### ***Basis of the Consideration***

The Consideration was determined after arm's length negotiation between the Company and the Seller on normal commercial terms after taking into account a number of factors including but not limited to (i) the net asset value of the Target Group as at 31 March 2017; (ii) the

investment portfolio of the Target Company as at the date of the Agreement; and (iii) the indicative preliminary valuation prepared by an independent professional valuer in relation to the fair value of the Target Group.

### ***Conditions Precedent***

Completion of the Agreement is conditional upon the satisfaction (or, if applicable, the waiver) of the following conditions precedent:

- (a) approvals having been obtained from the Independent Shareholders at the SGM for the terms and conditions of the Agreement;
- (b) all necessary licenses, consents, approvals, authorisations, permissions, waivers, orders, exemptions or notifications of, among others, creditors and shareholders of the Target Company, other relevant third parties and/or governmental or regulatory authorities or bodies (including the relevant PRC, Hong Kong and the BVI bodies), which are required for the execution and performance of the Agreement or Completion, having been obtained and not having been revoked prior to Completion;
- (c) all necessary licenses, consents, approvals, authorisations, permissions, waivers, orders, exemptions or notifications of, among others, relevant government, governmental, quasi-governmental, statutory or regulatory authorities or bodies (including the Stock Exchange and the Bermuda bodies), which are required for the execution and performance of the Agreement or Completion, having been obtained and not having been revoked prior to Completion;
- (d) the warranties given by the Company in the Agreement remaining true and accurate and not misleading in any material respect if they were repeated at any time prior to Completion by reference to the facts and circumstances then existing;
- (e) the warranties given by the Seller in the Agreement remaining true and accurate and not misleading in any material respect if they were repeated at any time prior to Completion by reference to the facts and circumstances then existing;
- (f) no material adverse change or prospective material adverse change in the business, operations, financial condition or prospects of the Target Group having occurred since 31 March 2017;
- (g) the Seller having performed and complied with all agreements, obligations and conditions contained in the Agreement that are required to be performed or complied with by it on or before Completion; and
- (h) the Company having conducted the business, legal and financial due diligence in respect of the Target Group to its satisfaction.

Neither the Company nor the Seller shall have the right to waive any of the conditions set out in paragraphs (a) to (c) above. The Buyer may at its discretion waive any of the conditions set out in paragraphs (e) to (h) above and the Seller may at its discretion waive the condition set out in paragraph (d) above. The above conditions are expected to be satisfied or waived on or before 30 June 2018 (or such later date as the parties to the Agreement may agree in writing). If any of the conditions has not been satisfied or waived by then, the Agreement shall be terminated and no party shall have any claim against any of the others, except in respect of any antecedent breach of the terms thereof.

## ***Completion***

Completion will take place on the second Business Day (or such other date as the parties to the Agreement shall agree) after all the conditions to the Agreement as set out in the section headed “Conditions Precedent” above have either been fulfilled or (as the case may be) waived.

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

The Group is engaged in a wide range of financial services businesses including, among others, investment in listed and unlisted securities. It has been the Group’s plan to broaden and strengthen its exposure in this business segment to expand its investment portfolio of securities to boost the investment returns, and it considers a minority interest in the Target Company an ideal complement to its investment in unlisted securities portfolio. In particular, the Target Company holds approximately 61.67% of the issued share capital of Hao Tian as at the date of this announcement. Together with the Company’s existing interests in Hao Tian of approximately 7.88% and taking into consideration the effective interest in the Target Company assuming the weighted voting rights of the preference shares of the Target Company are fully exercised, the Company’s aggregate direct and indirect interests in Hao Tian upon Completion is expected to be approximately 12.16%.

Based on the understanding that the Seller shall remain as the only controller of the Target Group and continue to exert its influence over the Target Group, the Company intends to invest in the Target Group as a passive investor of the Target Company. As the share capital of the Target Company comprises 51,218,000 ordinary shares and 30,000,000 preference shares as at the date of this announcement and each ordinary share and preference share has the right to exercise one vote and ten votes, respectively, at the general meeting of the Target Company, the effective interest in the Target Company (assuming the weighted voting rights of the preference shares are fully exercised) will be owned as to 93.06% by the Seller and 6.94% by the Buyer, respectively. Upon completion, the minority interest in the Target Company acquired by the Company will be held as part of its capital investment alongside with its investments in other listed or unlisted securities portfolio. Taking into account the weighted voting rights of the preference shares, the Company will not have effective control nor influence over the management of the Target Company through having representation on the Target Company’s board of directors or commitment of financial support and resources to the Target Group after Completion, but will only seek to secure a stable and reasonable return out of its investments by way of dividends and capital gains.

Taking into consideration the reasons for and benefit of the Acquisition to the Group, the Directors (other than the members of the Independent Board Committee whose views will be contained in the circular after taking into consideration the advice from the independent financial adviser) are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole. The Directors (other than the members of the Independent Board Committee whose views will be contained in the circular after taking into consideration the advice from the independent financial adviser) are also of the view that the terms of the Agreement, including the Consideration which have been reached after arm’s length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES AND THE TARGET COMPANY**

### **Information on the Company and the Buyer**

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 Buyer is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. The Buyer is principally engaged in investment in securities.

### **Information on the Seller**

The Seller is an individual and, as at the date of this announcement, the Seller was indirectly interested in approximately 14.67% of the total issued share capital of the Company through its investment in Hao Tian and a substantial shareholder and connected person of the Company. In addition, the Seller directly holds the entire equity interest in the Target Company as at the date of this announcement.

### **Information on the Target Company**

The Target Company is an investment holding company incorporated in the BVI with limited liability, which holds investments in securities including, among others, approximately 61.67% equity interest in Hao Tian. The Target Company's business objective is to explore for potential acquisition opportunities of listed and unlisted securities and to broaden its investment portfolio. The share capital of the Target Company comprises 51,218,000 ordinary shares and 30,000,000 preference shares as at the date of this announcement and each ordinary share and preference share has the right to exercise one vote and ten votes, respectively, at the general meeting of the Target Company.

### **Financial Information of the Target Group**

Based on the audited consolidated financial statements of the Target Group, (i) the net profit before and after taxation for the year ended 31 March 2016 were approximately HK\$1,188 million and HK\$931 million respectively; and (ii) the net loss before and after taxation for the year ended 31 March 2017 were approximately HK\$3,724 million and HK\$3,226 million respectively.

Based on the audited consolidated financial statements of the Target Group, the net asset value and total assets as at 31 March 2017 were approximately HK\$3,227 million and HK\$5,347 million respectively. The cost of investment in the Target Group by the Seller was approximately HK\$693 million.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Seller was indirectly interested in approximately 14.67% of the total issued share capital of the Company. The Seller is a substantial shareholder of the Company and hence a connected person of the Company. Accordingly, the Acquisition constitutes 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 Acquisition is more than 25% but are all less than 100%, the Acquisition also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and therefore will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

## **ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed pursuant to the Listing Rules to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder. In this connection, an independent financial adviser will be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the Agreement and the transactions contemplated thereunder are fair and reasonable, and to make recommendation(s) on voting.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) details of the Agreement and the transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder; and (iv) the notice of the SGM and forms of proxy, will be despatched to the Shareholders on or before 8 December 2017, as additional time is required by the Company for the preparation of relevant information for inclusion in the circular.

## **WARNING**

**SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO A NUMBER OF CONDITIONS BEING SATISFIED, INCLUDING BUT NOT LIMITED TO THE APPROVAL OF THE ACQUISITION AT THE SGM BY THE INDEPENDENT SHAREHOLDERS, AND CONSEQUENTLY THE ACQUISITION MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.**

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares in the Target Company by the Company from the Seller pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 31 October 2017 entered into between the Company and the Seller in respect of the Acquisition
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning number 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9 am and 5 pm or public holiday in Hong Kong or the PRC) on which Hong Kong clearing banks are open for the transaction of normal banking business
“Buyer”	Safe Castle Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“BVI”	the British Virgin Islands
“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)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration”	HK\$934,500,000, being the consideration for the Acquisition
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hao Tian”	Hao Tian Development Group Limited (昊天發展集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 00474), which is owned as to approximately 61.67% by the Target Company as at the date of this announcement and a substantial shareholder and connected person of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, which has been formed pursuant to the Listing Rules for the purpose of advising the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than: (i) the Seller and its associates; and (ii) all other Shareholders (if any) who are involved or interested in the Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan



“Promissory Note”	the promissory note to be issued by the Buyer to the Seller upon Completion in the principal amount of HK\$934,500,000, which will mature on the first anniversary after its issue and is non-interest bearing
“Sale Shares”	24,365,400 ordinary shares of the Target Company, representing 30% of the total issued share capital (comprising all the preference shares and ordinary shares) or 6.94% of the effective voting rights of the Target Company as at the date of this announcement.
“Seller”	Li Shao Yu (李少宇), an individual indirectly interested in approximately 14.67% of the total issued share capital of the Company through its investment in Hao Tian and thus a substantial shareholder and connected person of the Company as at the date of this announcement
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder
“Share(s)”	shares(s) of the Company of HK\$0.00025 each
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Asia Link Capital Investment Holdings Limited (亞聯創富控股有限公司), a company incorporated in the BVI with limited liability, which is wholly owned by the Seller as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“%”	per cent.

*In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “percentage ratio(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.*

By Order of the Board  
**China Shandong Hi-Speed Financial Group Limited**  
**Li Hang**  
*Chairman*

Hong Kong, 31 October 2017

*As at the date of this announcement, the Company has four executive Directors, being Mr. Wang Zhenjiang, Mr. Yau Wai Lung, Mr. Li Zhen Yu and Mr. Ma Chao; two non-executive Directors, being Mr. Li Hang and Mr. Qiu Jianyang; and three independent non-executive Directors, being Mr. To Shing Chuen, Mr. Chung Yuk Lun and Mr. Cheung Wing Ping.*