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(Stock Code: 412)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 31 January 2022 in relation to the proposed formation of the Limited Partnership Corporation (the “**Announcement**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meaning ascribed to them in the Announcement.

To the best of the Directors’ knowledge, information and belief and after having made all reasonable enquiries, the Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the Transaction as follows:

FURTHER INFORMATION OF THE LIMITED PARTNERSHIP CORPORATION

Nature of the underlying investments, investment mandate, strategy and restrictions

As disclosed in the Announcement, the funds of the Limited Partnership Corporation shall be mainly used to invest in the sectors of infrastructure construction and public service facilities construction (the “**Target Sectors**”) and make equity or debt investments with sustained and stable cash flow in projects associated with the Target Sectors. In particular, the Limited Partnership Corporation will mainly invest (directly or indirectly) in highway and transportation infrastructure construction projects and conversion of old to new energy projects* (新舊動能轉換) in Shandong Province of the PRC.

The Limited Partnership Corporation aims at generating income and interest returns through identifying and investing in projects with continuous and stable cash flow. When selecting the investment target(s), (i) a higher priority will be given to high quality domestic highways, ports, bridges, and airports related projects; and (ii) particular emphasis will be placed on the likelihood of the Limited Partnership Corporation to recover its capital and the relevant exit mechanism.

While appropriate investment projects are yet to be identified, the total project size will be no more than RMB801,000,000 (i.e. the total committed capital of the Limited Partnership Corporation) and the term of each investment will be less than eight years (i.e. the term of the Limited Partnership Corporation). The single investment size is generally not expected to exceed 75% of the total fund raised. The Limited Partnership Corporation are also subject to the following investment restrictions:

- (a) it shall not provide guarantees for other entities; and
- (b) it shall not raise fund via foreign debt during the term of the Limited Partnership Corporation.

FURTHER INFORMATION OF THE MANAGEMENT TEAM OF SHANGAO SUNRISE INVESTMENT

The key personnel of the management team of Shangao Sunrise Investment are Zhang Lujun (張魯軍) (“**Mr. Zhang**”), Li Yanjun (李艷軍) (“**Mr. Li**”), Zhao Yanguang (趙衍廣) (“**Mr. Zhao**”), Chen Zhanzhi (陳佔志) (“**Mr. Chen**”), and Guo Yonggang (郭永剛) (“**Mr. Guo**”). The qualifications of Mr. Zhang, Mr. Li, Mr. Zhao, Mr. Chen and Mr. Guo are as follows:

Mr. Zhang

Mr. Zhang served as the legal representative and chairman of Shangao Sunrise Investment. He is also the legal representative of SDHS Road&Bridge Investment and member of the senior management team of Yunnan Shangao Lutong Construction Management Co., Ltd.* (雲南山高魯通建設管理有限公司) (a PRC company principally engaged in construction management) and Shandong Expressway Tonghui Fuzun Equity Investment Fund Management Co., Ltd.* (山東高速通匯富尊股權投資基金管理有限公司) (a PRC company principally engaged in private equity investment). Mr. Zhang joined SDHS Group since 1994 and has over 30 years of experience in investment and financing, financial management, securities management, restructuring and mergers and acquisitions, refinancing of listed companies, etc. Prior to his current role, he served as the chairman of SDHS Road&Bridge Investment.

Mr. Zhang invested in and supported (via SDHS Road&Bridge Investment and other asset management entities) various infrastructure construction and public service facilities construction companies, whereby he participated in the following projects (non-exhaustive):

- The East-West highway project in Algeria
- The urban expressway network financing, engineering, procurement and construction (“F+EPC”) project in Zibo, Shandong Province
- The Mejiashan Tunnel F+EPC project in the PRC

Mr. Zhang holds a Bachelor’s Degree in Accounting from the Shandong University of Finance and Economics in the PRC.

Mr. Li

Mr. Li served as the deputy general manager of Shangao Sunrise Investment. He is also the deputy general manager of SDHS Road&Bridge Investment, director of Shandong Expressway Qilu Construction Group Co., Ltd.* (山東高速齊魯建設集團有限公司) (a PRC company principally engaged in engineering construction) and supervisory board chairman of Shandong Xinqiao Urban-rural Integration Development Co., Ltd.* (山東省新橋城鄉融合發展有限公司) (a PRC company principally engaged in land remediation). Prior to his current role, he served as head of finance of Hangzhou Command Office of China Railway Fourteenth Bureau Group Co., Ltd.* (中鐵十四局集團有限公司) (a PRC company principally engaged in engineering construction).

Mr. Li has over 6 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, whereby he participated in the following projects (non-exhaustive):

- The Juba-Rumbek highway project in South Sudan
- The Hazrat Shahjalal International Airport elevated expressway project in Bangladesh
- The Rizhao-Qufu section of the Lunan high-speed railway project in the PRC
- The Jinan-Qingdao expressway expansion project in the PRC

Mr. Li holds a Master's Degree in Engineering Project Management from Shijiazhuang Tiedao University in the PRC, and a Bachelor's Degree in Accounting from Shijiazhuang Tiedao University (previously known as Shijiazhuang Railway Institute) in the PRC. He is also a Certified Management Accountant of the Institute of Management Accountants USA.

Mr. Zhao

Mr. Zhao served as the deputy general manager of Shangao Sunrise Investment. He is also the deputy general manager of SDHS Road&Bridge Investment. Prior to his current role, he served as railroad engineering project finance member of Shandong Road and Bridge Group Co., Ltd.* (山東省路橋集團有限公司) (a PRC company principally engaged in engineering construction), investment specialist of the Development Department of SDHS Road&Bridge Investment, and general manager of the Investment Department of Shandong Expressway Huifuzun Equity Investment Fund Management Co., Ltd.* (山東高速通匯富尊股權投資基金管理有限公司) (a PRC company principally engaged in private equity investment).

Mr. Zhao has over 7 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, whereby he participated in the following projects (non-exhaustive):

- The Jingtai expressway Tai'an-Zaozhuang expansion project in the PRC
- The Changshen expressway (Gaoqing-Guangrao section), Longkou-Qingdao expressway and Taian-Dong'ping expressway investment and construction integration projects in the PRC
- The Nansihu main channel bridge project in the PRC
- The urban expressway network F+EPC project in Zibo, Shandong Province

Mr. Zhao holds a Master's Degree in Finance (Investment) from Zhongnan University of Economics and Law in the PRC. He also holds a Bachelor's Degree in Applied Physics from Shandong Jianzhu University in the PRC.

Mr. Chen

Mr. Chen served as the deputy general manager of Shangao Sunrise Investment. He is also the head of the mineral development working group of SDHS Road&Bridge Group, deputy general manager of SDHS Road&Bridge Investment, and chairman of the supervisory board of Shandong Zhongquan Convergence New Material Technology Co., Ltd* (山東中泉彙聚新材料科技有限公司) (a PRC company principally engaged in new materials R&D). Prior to his current role, he served as technician, head of mechanic squad and head of machinery division of the fifth branch of Shandong Provincial Traffic Engineering Corporation* (山東省交通工程總公司五分公司) (a PRC company principally engaged in transportation infrastructure development), head of machinery division of the third branch of Shandong Road and Bridge Group Co., Ltd.* (山東省路橋集團有限公司第三分公司) (a PRC company principally engaged in infrastructure development), head of machinery division and head of corporate management department of Bridge (Bridge and Tunnel) Engineering Company* (橋樑(橋隧)工程公司) (a PRC company principally engaged in bridge engineering construction), and the equipment management director of the machine and material management department of SDHS Road&Bridge Investment.

Mr. Chen has over 3 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, whereby he participated in the following projects (non-exhaustive):

- Jinan-Tai'an expressway general contracting project in Shandong Province
- 704 Weihai coastal tourism landscape road Xiangshuihe project in Shandong Province
- Wendeng-Laiyang expressway road and bridge engineering project in Shandong Province
- Tourist resort road network, bridge and urban infrastructure financing and construction project in Jining Beihu, PRC

Mr. Chen holds a Bachelor of Electromechanical in Mechanical Design and Manufacturing from Shandong Jianzhu University (previously known as 山東建築工程學院) in the PRC.

Mr. Guo

Mr. Guo served as the deputy general manager of Shangao Sunrise Investment. Prior to his current role, he served as project office head of three branch offices of SDHS Road&Bridge Group, contract and legal affairs specialist of the corporate management department of SDHS Road&Bridge Group, and general manager assistant and deputy general manager of SDHS Road&Bridge Investment.

Mr. Guo has over 5 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, whereby he participated in the following projects (non-exhaustive):

- The Suining-Pengxi fast lane public private partnership (“**PPP**”) project in the PRC
- The Mahuanghe renovation and downhill urban waterlogging control construction PPP projects in the PRC

- The urban road improvement PPP project in Chengwu County, PRC

Mr. Guo holds a Bachelor of Law Degree from Shandong University of Finance and Economics in the PRC. He also holds a Bachelor of Engineering Management Degree from Dongbei University of Finance and Economics in the PRC.

Mr. Zhang, Mr. Li, Mr. Zhao, Mr. Chen and Mr. Guo all have solid fund management and operation experience gained while holding offices in SDHS Road&Bridge Investment. As of the date of the Announcement, SDHS Road&Bridge Investment (as general partner) managed the operation of eight fund(s)/limited partnership corporation(s) which invest in roads, bridges, and other infrastructure construction industry (the “**Investment Vehicles**” and each an “**Investment Vehicle**”). The accumulated issuance size of the Investment Vehicles amounted to over RMB10 billions.

During their tenure, Mr. Zhang, Mr. Li, Mr. Zhao, Mr. Chen and Mr. Guo participated in the management of the Investment Vehicles, whereby they are required to (non-exhaustive):

- participate in the selection of investment targets
- review exit strategies of the Investment Vehicle
- deliberate investment strategies and distribution policies.

FURTHER REASONS FOR AND BENEFITS OF FORMATION OF THE LIMITED PARTNERSHIP CORPORATION

As mentioned in the Announcement, SDHS Road&Bridge Group principally engaged in road and bridge construction and relevant maintenance construction.

The Group principally engages 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 and has continued to explore business opportunities. The Board considered investing in the Target Sectors through the Limited Partnership Corporation would benefit the Company in various aspects:–

- explore potential business opportunities in a blooming industry sector with stable and positive development trend and relatively low default risk (as upstream and downstream participants in the Target Sectors are generally state-owned enterprises with relatively decent credit rating (“**Industry Participants**”));
- explore potential cooperation opportunities with other Partners or investee companies or Industry Participants;
- obtain satisfactory financial returns through a portfolio of diversified investments (as cash flow in the Target Sectors is generally sustainable with relatively stable investment return);
- provide potential business referrals to the Group’s existing services and products to develop, expand and strengthen the Group’s core business (one of which focuses on the asset management business); and
- the Transaction would also further the Group’s business integration with SDHS Group to strengthen business synergies and allow the Group to leverage on SDHS Group’s/Shangao Sunrise Investment’s rich investment experience, up-to-date industry knowledges, market information and customer resources in the Target Sectors.

Based on the above reasons, the Board considered it is in the interests of the Company and its shareholders for the Company to invest in the Target Sectors indirectly through Limited Partnership Corporation.

FURTHER INFORMATION OF SDHS CHANGYING

As mentioned in the Announcement, SDHS Changying is directly and indirectly held as to approximately 85% by its single largest shareholder SDHS Co Ltd. The remaining equity interest of 15% in SDHS Changying was held by Ningbo Qiancui Haifeng Investment Management Partnership (Limited Partnership)* (寧波前萃海豐投資管理合夥企業(有限合夥)) (“**Ningbo Qiancui**”).

Ningbo Qiancui is a limited partnership established in accordance with the laws of the PRC whose principal activity is provision of investment management services. As at the date of the Announcement, the approximate subscription amount made by investors to Ningbo Qiancui are as follows: (i) 98.5915% by Buquan Asset Management Co., Ltd.* (布泉資產管理有限公司) (“**Buquan AM**”); and (ii) 1.4085% by Ningbo Meishan Bonded Port Area Yuanche Enterprise Management Consulting Co., Ltd.* (寧波梅山保稅港區遠澈企業管理諮詢有限公司) (“**Ningbo Meishan**”). Ningbo Meishan is the executive partner of Ningbo Qiancui.

Buquan AM is a company established in the PRC with limited liability whose principal activity is asset management and investment management. As at the date of the Announcement, Buquan AM is an indirect wholly-owned subsidiary of Fortune Joy Ventures Limited (瑞喜創投有限公司) (“**Fortune Joy**”).

Ningbo Meishan is a company established in the PRC with limited liability whose principal activity is provision of enterprise management consulting services. As at the date of the Announcement, Ningbo Meishan is an indirect wholly-owned subsidiary of Fortune Joy.

Fortune Joy is a company incorporated in the British Virgin Islands with limited liability whose principal activity is investment holding. Fortune Joy together with its subsidiaries are leading professional firms focusing on alternative asset management, whose business lines include real estate investment, private equity investment, structured investment, and strategic and innovative investment. As at the date of the Announcement, Fortune Joy is directly or indirectly owned as to (i) 49% by Sino-Ocean Group Holding Limited (遠洋集團控股有限公司) (“**Sino-Ocean**”); (ii) 25.5% by Huamao Focus Limited; and (iii) 25.5% by Leading Bright Investment Limited.

Sino-Ocean is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377). Sino-Ocean and its subsidiaries is a leading large-scale property developer with developments in key economic regions in the PRC, including the Beijing Region, the Bohai Rim Region, the Eastern Region, the Southern Region, the Central Region and the Western Region. Its core businesses include development of residential property, investment property development and operation, property services and whole-industrial chain construction services, along with synergic businesses in real estate financing, senior living service, logistics real estate and internet data center, etc.

Huamao Focus Limited is 87% owned by Huamao Property Holdings Ltd, which is in turn (i) 40.48% owned by Siberite Limited, a company ultimately owned as to 50% by Chia Seok Eng and 50% by Lin Minghan; (ii) 41.84% owned by RCA02, interests in the ordinary shares of which are all ultimately owned by the equity partners of international law firm Maples and Calder; and (iii) 17.68% owned by Risun Holdings Limited, a company owned as to 80% by Fang Chao and 20% by Liu Jun. Leading Bright Investment Limited is wholly-owned by Bright Success Limited Partnership, the general partner of which is ultimately beneficially owned by Ko Kwong Woon Ivan.

The Group will closely monitor the progress of the Transaction, and will inform the Shareholders and potential investors by making further announcement(s) as and when appropriate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 25 February 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.

* *Unofficial English translation included for identification purpose only*