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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)

UPDATES ON TRANSACTIONS INVOLVING FINANCE LEASING

Reference is made to the announcement of China Shandong Hi-Speed Financial Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 16 May 2018 and the circular of the Company dated 17 July 2018, in relation to, among others, (i) the finance lease arrangement agreed on 21 March 2018 (the “**China Tieniu Lease**”) by, among others, Shangao International Finance Leasing (Shenzhen) Co., Ltd.* (山高國際融資租賃(深圳)有限公司, “**Shangao International**”), an indirect wholly-owned subsidiary of the Company, as lessor and China Tieniu Group Co., Ltd.* (鐵牛集團有限公司, “**China Tieniu**”) as lessee; and (ii) the finance lease arrangement agreed on 29 March 2018 (the “**Hangzhou ESSEN Lease**”) (as amended by a supplemental agreement dated 7 May 2018) by, among others, Shangao International as lessor and Hangzhou ESSEN Auto Component Co., Ltd.* (杭州易辰孚特汽車零部件有限公司, “**Hangzhou ESSEN**”) as lessee. Reference is also made to the interim report of the Company dated 26 August 2020 (the “**2020 Interim Report**”) for the six months ended 30 June 2020 as to the amounts of past due finance lease receivables arising from the China Tieniu Lease, the Hangzhou ESSEN Lease and the finance lease arrangement agreed on 7 May 2019 (the “**Ruizhan (Tongling) Lease**”, together with China Tieniu Lease and Hangzhou ESSEN Lease, the “**Finance Leases**”) by, among others, Shangao International as lessor and Ruizhan (Tongling) Technology Co., Ltd.* (銳展(銅陵)科技有限公司, “**Ruizhan (Tongling)**”) as lessee.

Updates on the Anhui Tongfeng’s Bankruptcy

As disclosed in the 2020 Interim Report, a bankruptcy liquidation (破產清算) application was filed against Anhui Tongfeng Electronics Group Co., Ltd (安徽銅峰電子集團有限公司) (“**Anhui Tongfeng**”) (one of the guarantors of each of the Finance Leases and a subsidiary of China Tieniu) and was accepted by the Anhui Tongling Intermediate People’s Court (安徽省銅陵市中級人民法院). In September 2020, Anhui Tongfeng was declared bankrupt by the Anhui Tongling Intermediate People’s Court. According to a civil ruling (民事裁定書) dated 25 November 2020 released by the Anhui Tongling Intermediate People’s Court in relation to the proposal for the distribution of bankruptcy assets of Anhui Tongfeng, within 15 days after the approval of such assets distribution proposal and the court adjudication of the amount of undisputed debts of Anhui Tongfeng, the Group is expected to receive RMB22,854,304.18 (equivalent to approximately HK\$26,739,535.89) from the bankruptcy administrator of Anhui Tongfeng, of which RMB12,955,290.28 (equivalent to approximately HK\$15,157,689.63), RMB4,556,691.48 (equivalent to approximately HK\$5,331,329.03) and RMB5,342,322.42 (equivalent to approximately HK\$6,250,517.22) will be allocated as repayments in relation to the China Tieniu Lease, Hangzhou ESSEN Lease and Ruizhan (Tongling) Lease, respectively (collectively, the “**Expected Repayments**”).

Updates on the Status of Recovery of the Receivables from the Finance Leases

Since September 2019, China Tieniu, Hangzhou ESSEN and Ruizhan (Tongling) failed to fully perform their contractual obligations under the respective Finance Leases to pay to Shangao International the periodic rents required therein despite repeated requests and demands. In October 2019, Shenzhen Intermediate People’s Court (深圳市中級人民法院) accepted the property preservation (財產保全) applications from Shangao International against China Tieniu, Hangzhou ESSEN and Ruizhan (Tongling) and the respective guarantors of the respective Finance Leases for further actions. In November 2019, Shenzhen Intermediate People’s Court also accepted the lawsuit applications from Shangao International against China Tieniu, Hangzhou ESSEN and Ruizhan (Tongling) and the respective guarantors of the respective Finance Leases to recover, among others, the relevant past due rents and accelerated rents arising from the breaches of the Finance Leases. The judgments of the respective lawsuits (the “**Judgements**”) were released by Shenzhen Intermediate People’s Court in favour of the Group with an effective date on 18 September 2020, which set out, among others, that the adjudicated amounts of rental receivables in addition to any liquidated damages or interest receivables arising from such breaches of China Tieniu Lease, Hangzhou ESSEN Lease and Ruizhan (Tongling) Lease were RMB515,032,769.09 (equivalent to approximately HK\$602,588,339.84), RMB180,791,732.92 (equivalent to approximately HK\$211,526,327.52) and RMB212,038,304.56 (equivalent to approximately HK\$248,084,816.34), respectively (collectively, the “**Rental Receivables**”).

As at the date of this announcement, the Judgments are in the stage of enforcement. Since 18 September 2020 which was the effective date of the Judgements, the Group has not received any repayment in relation to the Rental Receivables. The Expected Repayments are expected to be received by the Group as partial repayment of the Rental Receivables.

The Group has sought legal advice and has been devising and implementing various measures with an aim to recover the Rental Receivables, which include without limitation the followings:

- (1) As the leased assets under the respective Finance Leases (the “**Leased Assets**”) are assets owned by the Group, the Group is currently actively communicating with Hangzhou ESSEN, Ruizhan (Tongling) and the bankruptcy administrator of China Tieniu to understand the current status of the Leased Assets and to discuss the arrangements of the recovery of and the subsequent disposal of the Leased Assets;
- (2) As the applications for bankruptcy reorganisation by China Tieniu and Zhejiang Zhuocheng Zhaoye Investment Development Co., Ltd.* (浙江卓誠兆業投資開發有限公司) (one of the guarantors of Ruizhan (Tongling) Lease and a subsidiary of China Tieniu) (“**Zhuocheng Zhaoye**”) were accepted by Zhejiang Yongkang People’s Court (浙江省永康市人民法院) in August 2020, the Group has been actively participating in the bankruptcy reorganisation processes of China Tieniu and Zhuocheng Zhaoye, including but not limited to the exploration of new investors to participate in their respective bankruptcy reorganisations; and
- (3) The Group will continue communicating with the bankruptcy administrator of Anhui Tongfeng for the further recovery of Rental Receivables (if any), in addition to the expected receipt of the Expected Repayments.

The Directors are of the view that there are uncertainties as to the full recovery of the Rental Receivables. The Group will closely monitor the progress of the recovery of Rental Receivables, 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, 2 December 2020

As at the date of this announcement, the Company has five executive directors, namely Mr. Wang Xiaodong, Mr. Liu Han, Mr. Liu Honghui, Mr. Liu Zhijie and Mr. Liu Yao; three non-executive directors, namely Mr. Liang Zhanhai, Mr. Chen Di and Mr. Gao Guicheng; and four independent non-executive directors, namely Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Tan Yuexin and Mr. Jonathan Jun Yan.

The English translation of an entity or company's name in Chinese which is marked with "" is for identification purpose only. If there is any inconsistency between the Chinese names of entities or companies established in the PRC and their English translations, the Chinese names shall prevail.*

For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.170.