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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)**

## **UPDATE ON TRANSACTIONS**

This announcement is made by China Shandong Hi-Speed Financial Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to provide its shareholders and potential investors with information regarding the subsequent development of certain loans provided by the Group as disclosed below.

### **BACKGROUND OF THE RELEVANT DEFAULT OF LOANS**

Reference is made to (i) the section headed “Management Discussion and Analysis – Impairment Losses on Finance Lease Receivables and Loan Receivables – Loan Receivable (1) – (4) Gao Xin Investment Loans, Cheng Shun Tai Loans, Yonglihe Loan and Gao Sheng Investment Loans” of the annual report of the Company for the year ended 31 December 2020 (the “**Annual Report**”) in relation to the Loan to Honesta; and (ii) the announcement of the Company dated 7 April 2021 in relation to the disposal of the entire issued shares in Coastal Silk Limited by the Group. Unless otherwise stated, capitalised terms used herein shall have the same meaning ascribed to them in the Annual Report.

The Loan to Honesta comprises three loans provided by Shangao International Leasing to Honesta New Finance, each of which has a loan principal of RMB100,000,000, a loan period of 18 months and an annual interest rate of 7.5% payable semi-annually. As the three loans were drawn down on 13 April 2018, 18 May 2018, and 21 August 2018, respectively (the “**First Honesta Loan**”, “**Second Honesta Loan**” and “**Third Honesta Loan**”, respectively), such loans became matured on 12 October 2019, 17 November 2019 and 20 February 2020, respectively. Honesta New Finance defaulted in repayment of the outstanding principals and interest payables under the Loan to Honesta. For illustrative purpose and taking into account the default interests and liquidated damages receivable by the Group pursuant to the respective agreements of Loan to Honesta, as at 21 July 2021, the outstanding amounts under the agreements of the First Honesta Loan, the Second Honesta Loan and the Third Honesta Loan amounted to approximately RMB139.0 million, RMB123.7 million and RMB120.9 million, respectively. Such amounts remain outstanding as at the date of this Announcement.

Before the Group’s disposal of the entire issued shares in Coastal Silk Limited on 7 April 2021 (the “**Disposal**”), Honesta New Finance, being a subsidiary of Coastal Silk Limited, was a subsidiary of the Company and the Loan to Honesta was therefore regarded as intercompany transactions within the Group. As the Loan to Honesta became loan receivables due from Honesta New Finance to the Group after the Disposal, as disclosed in the Annual Report, on the same date as the completion of the Disposal, the Group:

- (i) entered into a receivable charge agreement (the “**Receivable Charge Agreement**”) with Honesta New Finance for the creation by Honesta New Finance of first ranking charges in favour of the Group over, among others, all Honesta New Finance’s rights, title and interests arising from the Loans (namely, the Gao Xin Investment Loans, Cheng Shun Tai Loans, Yonglihe Loan and Gao Sheng Investment Loans) as security for Honesta New Finance’s repayment obligations under the Loan to Honesta; and
- (ii) entered into the Guarantee Agreement with the Guarantors, pursuant to which the Guarantors agreed to bear irrevocable joint and several liabilities (連帶責任保證) for the repayment obligations of Honesta New Finance under the Loan to Honesta.

## **COMMENCEMENT OF RELEVANT LEGAL PROCEEDINGS**

Shangao International Leasing:

- (i) filed an arbitration application with the Shenzhen Court of International Arbitration (深圳國際仲裁院) against Honesta New Finance on 22 July 2021 and initiated civil litigation proceeding in the Shenzhen Intermediate People’s Court (深圳市中級人民法院) against all Guarantors under the Guarantee Agreement on 23 July 2021 for the recovery of, among others, the outstanding principal, interests and liquidated damages receivable under the First Honesta Loan;

- (ii) initiated civil litigation proceedings in the Shenzhen Intermediate People's Court (深圳市中級人民法院) against Honesta New Finance and all Guarantors under the Guarantee Agreement on 23 July 2021 for, among others, the recovery of the outstanding principal and interests (including default interests) receivables under the Second Honesta Loan and the Third Honesta Loan; and
- (iii) initiated civil litigation proceedings in the Shenzhen Intermediate People's Court (深圳市中級人民法院) against Honesta New Finance on 23 July 2021 for the claim of its rights of priority compensation (優先受償權) to the receivables under the Loans by virtue of the Receivable Charge Agreement.

The Group is currently investigating whether the default in repayments under the Loan to Honesta involved any managerial misconduct of Honesta New Finance and considering, if so, the countermeasures to be adopted by the Group. The Group will closely monitor the progress of the matters set forth above, and will inform the shareholders and potential investors by making further announcement(s) as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 23 July 2021

*As at the date of this announcement, the Company has four executive directors, namely Mr. Wang Xiaodong, 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.*