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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)

POSITIVE PROFIT ALERT

This announcement is made by China Shandong Hi-Speed Financial Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (the “**Current Year**”), the Group expects to record a loss before tax of not more than HK\$5 million for the Current Year, which is a substantial improvement by approximately 99%, as compared to the corresponding audited loss before tax of approximately HK\$1,927 million for the year ended 31 December 2019 (the “**Previous Year**”). The aforementioned change is mainly attributable to:

- (a) a substantial improvement in fair value change on financial assets at fair value through profit or loss. As at 31 December 2019, a significant loss was recorded in the fair value on one of the financial assets, namely the 107,500,227 shares in Jiayuan International Group Limited (stock code: 2768) (“**Financial Assets – Jiayuan International**”) held by the Group. The quoted market price and fair value of Financial Assets – Jiayuan International as at 31 December 2019 was HK\$3.05 per share and approximately HK\$328 million, representing a fair value loss of approximately HK\$1,133 million. The Group had disposed part of the Financial Assets – Jiayuan International and had a realized gain on financial assets at fair value through profit or loss of approximately HK\$33 million for the Current Year.

The Group has recorded the fair value gains of not less than HK\$700 million on the financial assets at fair value through profit or loss for the Current Year;

- (b) an approximate 42% jump in the consolidated revenue of the Group from approximately HK\$894 million for the Previous Year to approximately HK\$1,272 million for the Current Year which was primarily attributable to the significant enlargement in the investment scale in financial assets and also the operational scale in the fixed income investments for the Current Year which led to the significant increase in the interest income from financial assets at fair value through other comprehensive income and interest income from fixed income investments;
- (c) a non-recurring other income of approximately HK\$189 million which was primarily attributable to the acquisition and subscription of the 60% equity interest in Kun Peng International Limited pursuant to the relevant share purchase agreement dated 29 December 2017 (the “**Share Purchase Agreement**”). On 3 August 2020, a supplemental deed to the Share Purchase Agreement was entered into by the Company and the relevant parties, pursuant to which, the Group bought back all the 363,065,565 consideration shares from Honesta Investment Limited at nil consideration. The Group has recognised the fair value of such consideration for the Current Year. Details please refer to the announcements of the Company dated on 29 December 2017, 26 March 2018 and 3 August 2020; and
- (d) Reference is also made to the interim report of the Company dated 17 September 2020 for the six months ended 30 June 2020 and the announcement dated on 2 December 2020, the Group’s finance lease receivables balances regarding three finance lease arrangements (the “**Due Finance Lease Arrangements**”) with an aggregate carrying amount of approximately HK\$899,787,000 as at 31 December 2019 had been past due as at the end of the interim period. The Group has made further impairment around HK\$800 million on finance lease receivables related to the Due Finance Lease Arrangements for the Current Year.

The information contained in this announcement is based on information currently available to the Group. It remains subject to finalisation and necessary adjustments, and has not been confirmed, audited nor reviewed by the Company's auditor. Details of the financial performance of the Group will be disclosed in the Group's annual results announcement which will be released as soon as practicable and in any event on or before 31 March 2021.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 5 February 2021

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 Wei Hei, Mr. Tan Yuexin and Mr. Jonathan Jun Yan.