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Shanghai Dongzheng Automotive Finance Co., Ltd.*

上海東正汽車金融股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 2718)

INSIDE INFORMATION PROFIT WARNING

This announcement is made by Shanghai Dongzheng Automotive Finance Co., Ltd* (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited management accounts of the Company for the year ended 31 December 2021, it is expected that the Company will record an unaudited net loss ranging from RMB0.81 billion to RMB0.87 billion for the year ended 31 December 2021, as compared to the audited net profit of approximately RMB55 million for the year ended 31 December 2020. The expected loss was mainly due to the following reasons:

- (i) Increase in the Company’s allowances for impairment losses relating to its loans and advances to customers and bills receivable. The Company noted there is an increase in overdue loans from the Company’s dealer customers which may be attributable to (i) the impact of COVID-19 pandemic where car dealers were facing difficult operating environment; and (ii) the aggregate amount (inclusive of interest receivables) due from China ZhengTong Auto Services Holdings Limited (“**China ZhengTong**”, the controlling shareholder and the largest customer of the Company) and its dealers, of approximately RMB1.7 billion as at 31 December 2021. As disclosed in the announcements of the Company dated 7 December 2020 and 8 February 2022, the Shanghai Office of China Banking and Insurance Regulatory Commission and the Shanghai Financial Court of the PRC issued the Administrative

Decision and the Relevant Rulings respectively (as defined in the announcement of the Company dated 8 February 2022), which ruled that the equity interests in the Company held by China ZhengTong be liquidated through auction. At present, the auction is still in progress, and the amount due from China ZhengTong and its dealers remains outstanding. In view of the above, the Company is expected to increase the allowances for the impairment losses relating to its loans and advances to customers and bills receivable etc. in the range from RMB0.86 billion to RMB0.94 billion as compared to the year 2020; and

- (ii) Decrease in interest net income. Based on the assessment of the economic situation and credit risks, as well as to maintain financial stability of the Company, the Company has been gradually reducing the loan portfolio and, at the same time, repaid all of its outstanding placement from bank during the year, leading to a decrease in net interest income. It is expected that the Company would record a decrease in net interest income of approximately RMB0.22 billion for the year ended 31 December 2021 as compared to the year 2020.

In response to the adverse business environment as a result of the COVID-19 pandemic, the Company has adopted measures to optimise cost, monitor and demand for repayments from its customers. The Board will continue to take active steps to monitor the development of the COVID-19 pandemic and is putting appropriate cost and risk management measures in place during this difficult period while still preserving and building its capabilities for the future.

As the Company's annual results for the year ended 31 December 2021 have not yet been finalised, the information contained in this announcement represents preliminary statistics and a preliminary assessment based on the unaudited management accounts of the Company, which have not been reviewed by the Company's auditor. The financial results of the Company for the year ended 31 December 2021 is expected to be published on or around 29 March 2022.

Reference is made to the announcement dated 8 February 2022 and the monthly update announcement dated 8 March 2022 (the "**Monthly Update Announcement**") of the Company in relation to, among other things, the Auction (as defined in the Monthly Update Announcement) and the possible mandatory general offer (the "**Possible Mandatory General Offer**") under Rule 26.1 of the Code on Takeovers and Mergers (the "**Takeovers Code**").

The profit warning included in this announcement ("**Profit Warning**") constitutes a profit forecast under Rule 10 of the Takeovers Code issued by the Securities and Futures Commission of Hong Kong and should be reported on by the Company's financial advisers and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of the inside information under Rule 13.09 of the Listing Rules and the Inside Information Provisions, the Company is required to issue this announcement as soon as practicable and given the time

constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

Under Rule 10.4 of the Takeovers Code, if the Profit Warning is published first in an announcement, it must be repeated in full, together with the reports from the Company's financial advisers and auditors or accountants on the said profit forecast, in the next document to be sent to the Shareholders ("**Shareholders' Document**"). However, if the annual results announcement of the Company for the year ended 31 December 2021, which falls within the ambit of Rule 10.9 of the Takeovers Code, has been published by the time of release of the next Shareholders' Document and the relevant results together with the notes to the financial statements are included in the next Shareholders' Document, the requirements to report on the Profit Warning under Rule 10.4 of the Takeovers Code will no longer apply.

Shareholders and potential investors should note that the Profit Warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Possible Mandatory General Offer.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Shanghai Dongzheng Automotive Finance Co., Ltd.*
Lin Fan
Chairman

Shanghai, 24 March 2022

As at the date of this announcement, the Board comprises Mr. Lin Fan and Mr. Shao Yongjun as executive Directors; Mr. Koh Tee Choong and Mr. Li Guozhou as non-executive Directors; and Mr. Wong Man Chung Francis and Ms. Liang Yanjun as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* For identification purposes only