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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 six months ended 30 June 2021, it is expected that the Company will record an unaudited net loss ranging from RMB245 million to RMB275 million for the six months ended 30 June 2021, as compared to the unaudited net profit of approximately RMB143 million in the corresponding period last year. The expected loss was mainly due to: (i) the decrease in new loans disbursed by the Company since 2020 due to the cautious approach adopted by the Company to approve loan applications under the impact of COVID-19 outbreak, coupled with adjustments of interest rate made by the Company for customers greatly affected by the pandemic since the second half of last year, which resulted in a decrease in the total loan size and interest income; and (ii) the increase in the Company’s allowances for impairment losses relating to its loans and advances to customers and finance lease receivables etc. due to the negative impact of the COVID-19 pandemic on repayment capabilities of some of its customers, whereby the Company is expected to provide for the impairment losses ranging from RMB460 million to RMB500 million based on the preliminary assessment of the unaudited management accounts of the Company for the six months ended 30 June 2021.

As the Company's interim results for the six months ended 30 June 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 or the audit committee of the Board. The financial results of the Company for the six months ended 30 June 2021 is expected to be published on or around 27 August 2021.

Reference is made to the announcement dated 3 February 2021 ("**Rule 3.7 Announcement**") and the monthly update announcements dated 3 March 2021, 1 April 2021, 3 May 2021, 3 June 2021, 5 July 2021 and 5 August 2021 of the Company in relation to, among other things, the Potential Disposal (as defined in the Rule 3.7 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 interim results announcement of the Company for the six months ended 30 June 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, 18 August 2021

*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*