

SGX-ST ANNOUNCEMENT

Coastal Emerald Limited

(incorporated in the British Virgin Islands with limited liability)

VOLUNTARY ANNOUNCEMENT – BUSINESS UPDATE OF A CONTROLLING SHAREHOLDER

This is a voluntary announcement made by Coastal Emerald Limited (the “**Issuer**”), a subsidiary of China Shandong Hi-Speed Financial Group Limited (“**CSFG**”).

I. Related Matters of Lunan High Speed Railway Co., Ltd.* (魯南高速鐵路有限公司)

According to the relevant arrangements of the *Minutes of Meeting between China Railway Corporation and Shandong Provincial People’s Government on Promoting Shandong Railway Construction* (No. 359 [2019] issued by China Railway Corporation) and based on the principle of “One Province & One Company”, Shandong Railway Investment Holding Group Co., Ltd.* (山東鐵路投資控股集團有限公司) (hereinafter referred to as “**SDRI**”), a subsidiary of Shandong Hi-Speed Group Co., Ltd.* (山東高速集團有限公司) (hereinafter referred to as “**SDHS**”), being a controlling shareholder of CSFG, and Shandong Railway Development Fund Co., Ltd., an associate of SDHS, made capital injection into Shandong Regional Railway Company* (山東省區域鐵路公司) with the shares held by them in Lunan High Speed Railway Co., Ltd.* (魯南高速鐵路有限公司) (hereinafter referred to as “**Lunan High Speed Railway**”). After such capital injection, SDRI has become a shareholder of Shandong Regional Railway Company, and Lunan High Speed Railway is thereafter no longer included in SDHS’s consolidated financial statements.

As at the end of 2019, SDRI held 1.5038% of the shares in Lunan High Speed Railway. Shandong Railway Development Fund Co., Ltd., an associate of SDHS, held 42.8436% of the shares in Lunan High Speed Railway and entrusted SDRI with the same. The remaining shareholders of Lunan High Speed Railway have relatively scattered shareholding and its daily operation decisions are substantially controlled by SDRI. Therefore, Lunan High Speed Railway was a consolidated subsidiary of SDRI.

As at the end of 2019, Lunan High Speed Railway had total assets of RMB41,761.9842 million, total liabilities of RMB13,876.5108 million and net assets of RMB27,885.4735 million. In 2019, it realized a total operating income of RMB23.5993 million and incurred net loss of RMB117.387 million.

As at the end of September 2020, Lunan High Speed Railway had total assets of RMB48,373.7918 million, total liabilities of RMB15,943.2881 million and net assets of RMB32,430.5037 million. For the nine months ended 30 September 2020, it realized a total operating income of RMB261.7727 million and incurred net loss of RMB864.2694 million.

II. Related Matters of Shandong Railway Investment Holding Group Co., Ltd.* (山東鐵路投資控股集團有限公司)

According to the relevant requirements of the *Notice of the State-owned Assets Supervision and Administration Commission (SASAC) of Shandong Provincial People's Government on Issues Related to Financial Management of Shandong Railway Investment Holding Group Co., Ltd.* (LGZCJZ [2020] No. 87), in order to standardize the financial accounting management of enterprises which experienced changes in regulatory supervision system, SDRI will no longer be included in SDHS's consolidated financial statements starting from 1 January 2021. From 2021 onwards, the budget and final accounts and other financial management matters of SDRI will be directly managed by the State-owned Assets Supervision and Administration Commission of Shandong Province. The shareholding structure and SDHS's shareholding percentage in SDRI will remain unchanged.

As at the end of 2019, SDRI had total assets of RMB158,723.4788 million, total liabilities of RMB57,698.8233 million and net assets of RMB101,024.6555 million. In 2019, it realized a total operating income of RMB1,339.1799 million and incurred net loss of RMB522.8009 million.

As at the end of September 2020, SDRI had total assets of RMB175,559.4218 million, total liabilities of RMB68,681.0073 million and net assets of RMB106,878.4146 million. For the nine months ended 30 September 2020, it realized a total operating income of RMB1,313.9714 million and incurred net loss of RMB1,774.8685 million.

III. Impact Analysis

The above matters will enhance the profitability and profit level of SDHS and are not expected to have a material adverse effect on SDHS's business operations, financial condition and ability to serve its debts.

The Issuer will make promptly and timely disclosure, if required, in connection with the progress of the above matters and in accordance with relevant regulations.

By Order of the Board
Coastal Emerald Limited
Liu Zhijie
Director

4 January 2021

As at the date of this announcement, the Issuer's directors are Mr. Liu Zhijie and Mr. Liu Yao.

* *The English translation of terms or names in Chinese which are marked with “*” is for identification purpose only.*

The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.