
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shandong Hi-Speed New Energy Group Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers contained herein.



**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING
TO MANDATORY UNCONDITIONAL CASH OFFER BY
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED
FOR AND ON BEHALF OF SHANDONG HI-SPEED HOLDINGS GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF SHANDONG HI-SPEED NEW
ENERGY GROUP LIMITED AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF SHANDONG
HI-SPEED NEW ENERGY GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



SHNE Independent Financial Adviser to the SHNE Independent Board Committee



Capitalised terms used in this cover page shall have the same meanings as those defined in this Composite Document.

A letter from Huatai Financial containing, among other things, principal terms of the Offers is set out on pages 12 to 24 of this Composite Document. A letter from the SHNE Board is set out on pages 25 to 31 of this Composite Document.

A letter from the SHNE Independent Board Committee containing its recommendation in respect of the Offers to the SHNE Independent Shareholders and SHNE Offer Optionholders is set out on pages 32 to 33 of this Composite Document. A letter from Gram Capital containing its advice to the SHNE Independent Board Committee in respect of the Offers is set out on pages 34 to 58 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offers are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. The Forms of Acceptance should be received by the Registrar, namely Tricolor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on Tuesday, 18 February 2025 (or such later time and/or date as the Offeror may determine and the Offeror and SHNE may jointly announce, with the consent of the Executive and in accordance with the Takeovers Code).

This Composite Document is issued jointly by the Offeror and SHNE. This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk>, the Offeror at <http://www.sdhg.com.hk> and SHNE at <https://www.shne.com.hk/>, for as long as the Offers remains open.

28 January 2025

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and SHNE.

Despatch date of this Composite Document
and the accompanying Forms of Acceptance
and commencement date of the Offers (*Note 1*) Tuesday, 28 January 2025

Latest time and date for acceptance of
the Offers (*Notes 2 and 4*) by 4:00 p.m. on Tuesday, 18 February 2025

Closing Date (*Notes 2 and 4*) Tuesday, 18 February 2025

Announcement of the results of
the Offers, to be posted on the website of
the Stock Exchange (*Note 2*) by 7:00 p.m. on Tuesday, 18 February 2025

Latest date for posting of remittances in
respect of valid acceptances received under
the Offers (*Notes 3 and 4*) Thursday, 27 February 2025

Notes:

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Beneficial owners of SHNE Shares who hold their SHNE Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
2. In accordance with the Takeovers Code, the Offers must remain opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offers will be 4:00 p.m. on Tuesday, 18 February 2025 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror and SHNE will jointly issue an announcement through the website of the Stock Exchange by no later than 7:00 p.m. on Tuesday, 18 February 2025 stating whether the Offers have been revised, extended or expired. In the event that the Offeror decides to revise or extend the Offers, at least 14 days' notice by way of an announcement will be given before the Offers are closed to those SHNE Independent Shareholders and SHNE Offer Optionholders who have not accepted the Offers.
3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares and/or Offer Options tendered under the Offers will be despatched to the SHNE Independent Shareholders and/or SHNE Offer Optionholders accepting the Offers by ordinary post at their own risk as soon as possible, but in any event no later than 7 business days (as defined in the Takeovers Code) after the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptance of the Offers shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code. Please refer to paragraph headed "8. RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

EXPECTED TIMETABLE

4. If there is a tropical cyclone warning signal number 8 or above or “extreme conditions” or a “black rainstorm warning signal” as issued by the Hong Kong Observatory and/or the Government of Hong Kong (collectively, “**severe weather conditions**”) on any of the following deadlines (“**Key Deadlines**”):
- (a) the Closing Date and the latest time for acceptance of the Offers and the submission and publication deadline for a closing announcement under Rule 19.1 of the Takeovers Code; and (b) the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances,
- (a) in case any severe weather condition is in force in Hong Kong at any local time before 12:00 noon but no longer in force at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will remain on the same Business Day; or
 - (b) in case any severe weather condition is in force in Hong Kong at any local time at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will be rescheduled to the following Business Day which does not have any of those warnings or conditions in force in Hong Kong at any time at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.

Save as mentioned above, if the latest time for acceptance of the Offers does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and SHNE will notify the SHNE Independent Shareholders and SHNE Offer Optionholders by way of joint announcement(s) on any change to the expected timetable as soon as practicable.

All references to dates and times contained in this Composite Document and the accompanying Forms of Acceptance refer to Hong Kong dates and times.

IMPORTANT NOTICE

NOTICE TO THE SHNE OVERSEAS INDEPENDENT SHAREHOLDERS AND SHNE OVERSEAS OFFER OPTIONHOLDERS

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions.

The SHNE Overseas Independent Shareholders and the SHNE Overseas Offer Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, seek independent legal advice in respect of the Offers.

It is the responsibility of the SHNE Overseas Independent Shareholders and the SHNE Overseas Offer Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, legal and/or regulatory requirements and the payment of any issue, transfer, cancellation or other taxes and duties due by such SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders in respect of the acceptance of the Offers in such jurisdictions.

The Offeror and the parties acting in concert with it, SHNE, Huatai Financial, Gram Capital, the Registrar, the company secretary of SHNE or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the SHNE Overseas Independent Shareholders and the SHNE Overseas Offer Optionholders for any taxes or duties as such persons may be required to pay. Please see the paragraphs headed "Availability of the Offers" in the "Letter from Huatai Financial" and "9. the SHNE Overseas Independent Shareholders and the SHNE Overseas Offer Optionholders" in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as "believe", "expect", "anticipate", "intend", "plan", "seek", "estimate", "will", "would" or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and SHNE assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by SDHG from the Vendors pursuant to the terms of the Sale and Purchase Agreement
“acting in concert”	the meaning ascribed to it under the Takeovers Code and “concert parties” shall be construed accordingly
“associate”	has the meanings ascribed to it under the Listing Rules
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Internet System”	the online service provided by CCASS through which participants can, amongst other things, operate their accounts, give instructions and make enquiries over the internet
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
“CCASS Phone System”	the telephone service provided by CCASS through which participants can, amongst other things, give instructions and make enquiries by using a touch-tone phone
“Charged Shares”	the Existing Shares and the Offer Shares to be acquired by the Offeror pursuant to the Offers charged to the lender in the Facility Agreement

DEFINITIONS

“Closing Date”	18 February 2025, being the closing date of the Offers (i.e. 21 days after the despatch of this Composite Document) or if the Offers are extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and SHNE, with the consent of the Executive in accordance with the Takeovers Code
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document jointly issued by the Offeror and SHNE to the SHNE Independent Shareholders and SHNE Offer Optionholders in connection with the Offers in compliance with the Takeovers Code containing, among other things, details of the Offers (accompanied by the Forms of Acceptance) and the respective letters of advice from the SHNE Independent Board Committee and the SHNE Independent Financial Adviser
“Conditions”	the conditions precedent to the Completion under the Sale and Purchase Agreement
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	HK\$540,759,493.04, being the aggregate consideration to be paid by the Offeror to the Vendors for the Acquisition
“controlling shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Encumbrances”	any charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of preemption, right of first refusal or other third-party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates

DEFINITIONS

“Existing Shares”	1,279,878,252 SHNE Shares, representing approximately 56.97% of the total issued share capital of SHNE, owned by the Offeror as at the Latest Practicable Date
“Facility”	a term loan facility in an aggregate amount of up to HK\$1,600,000,000 granted by a bank to the Offeror under the Facility Agreement for financing (i) the Consideration; and (ii) the consideration payable by the Offeror under the Offers
“Facility Agreement”	the facility agreement dated 11 December 2024 entered into between the Offeror as the borrower and a bank as the lender
“Fast Top”	Fast Top Investment Limited, a company established under the laws of the BVI with limited liability which is a direct wholly-owned subsidiary of Beijing Enterprises Water Group Limited (the shares of which are listed on the Stock Exchange (Stock Code: 371) and owns 405,063,291 SHNE Shares (equivalent to 18.03% of the total issued SHNE Shares) as at Latest Practicable Date
“Fast Top Irrevocable Undertaking”	the irrevocable undertaking given by Fast Top in favor of the Offeror, pursuant to which Fast Top has undertaken that, subject to the Offeror acquiring the Sale Shares from the Vendors at a price of not higher than HK\$1.8 per Sale Shares, during the period commencing on the date of the Fast Top Irrevocable Undertaking and ending on the date on the close of the Share Offer, (i) it shall not (and will procure the parties acting in concert with it not to) accept the Share Offer in respect of the SHNE Shares owned by it; or sell any of the SHNE Shares owned by it to the Offeror or parties acting in concert with it; (ii) it shall not acquire or subscribe any SHNE Shares, securities or other interest in SHNE; (iii) it will not (and will procure the parties acting in concert with it not to) take any other action to make the SHNE Shares owned by it available for acceptance of the Share Offer; and (iv) it shall not (and will procure the parties acting in concert with it not to) sell, transfer or otherwise dispose of, or charge, pledge or otherwise encumber, or grant any option or other right over such SHNE Shares

DEFINITIONS

“Forms of Acceptance”	The WHITE Form of Share Offer Acceptance and the PINK Form of Option Offer Acceptance, and the “Form of Acceptance” means either of them
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees Limited”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huatai Financial”	Huatai Financial Holdings (Hong Kong) Limited, the financial adviser to SDHG in respect of the Offers and a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
“Last Trading Day”	11 November 2024, being the last trading day of the SHNE Shares before the date of the release of the Rule 3.5 Announcement (i.e. the last full trading date prior to the halt of trading of the SHNE Shares pending publication of the Rule 3.5 Announcement)
“Latest Practicable Date”	24 January 2025, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	12 February 2025, being the date falling the third month after the date of the Sale and Purchase Agreement, or another date as agreed by the parties to the Sale and Purchase Agreement in writing

DEFINITIONS

“Non-Accepting SHNE Shareholder”	Fast Top
“Non-Accepting SHNE Shares”	the 405,063,291 SHNE Shares which Fast Top beneficially owned and has undertaken not to accept the Share Offer pursuant to the Fast Top Irrevocable Undertaking
“Offer Option”	any SHNE Option subject to the SHNE Option Offer
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 27 November 2024 (i.e. the date of the Rule 3.5 Announcement), and ending on the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offers in accordance with the Takeovers Code
“Offer Shares”	all the issued SHNE Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it)
“Offers”	collectively, the Share Offer and the SHNE Option Offer
“Parties”	the parties to the Sale and Purchase Agreement and “Party” means any of them
“PINK Form of Option Offer Acceptance”	the PINK form of acceptance and cancellation of all outstanding Offer Options in respect of the SHNE Option Offer
“PRC”	the People’s Republic of China
“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar of SHNE and the receiving agent for receiving and processing the acceptance of the Offers, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period commencing from 27 May 2024, being the date falling six months before the Offer Period, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Rule 3.5 Announcement”	a joint announcement dated 27 November 2024 issued by the Offeror and SHNE in respect of, among other things, the Acquisition and the Offers
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 November 2024 entered into by and among the Vendors and the Offeror in relation to the sale and purchase of the Sale Shares
“Sale Shares”	collectively, Sale Shares-A and Sale Shares-B, equivalent to an aggregate of 303,797,468 SHNE Shares
“Sale Shares-A”	151,898,734 SHNE Shares sold by Vendor-A, representing approximately 6.76% of the entire issued share capital of SHNE as at the date of the Rule 3.5 Announcement
“Sale Shares-B”	151,898,734 SHNE Shares sold by Vendor-B, representing approximately 6.76% of the entire issued share capital of SHNE as at the date of the Rule 3.5 Announcement
“SDHG” or “Offeror”	Shandong Hi-Speed Holdings Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 412)
“SDHG Board”	the board of directors of SDHG
“SDHG Directors”	the directors of SDHG
“SDHG Group”	SDHG and its subsidiaries
“SDHG Share(s)”	ordinary share(s) of SDHG
“SDHG Shareholder(s)”	holder(s) of the SDHG Shares
“SDHS Group”	Shandong Hi-Speed Group Co. Ltd., a company established in the PRC with limited liability and the controlling shareholder of each of SDHG and SHNE
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share Offer”	the mandatory unconditional cash offer being made by Huatai Financial for and on behalf of the Offeror to acquire all the issued SHNE Shares not already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it on the terms and conditions set out in this Composite Document and in accordance with the Takeovers Code
“Share Offer Price”	the cash amount of HK\$1.78 payable by the Offeror for each Offer Share
“Share Option Scheme”	share option scheme adopted by SHNE on 11 June 2013, as amended from time to time
“SHNE”	Shandong Hi-Speed New Energy Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1250)
“SHNE Board”	the board of directors of SHNE
“SHNE Directors”	the directors of SHNE
“SHNE Group”	SHNE and its subsidiaries
“SHNE Independent Board Committee”	the independent committee of the SHNE Board, comprising Professor Qin Si Zhao, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik, being all the independent non-executive SHNE Directors, which has been established for the purpose of advising the SHNE Independent Shareholders and SHNE Offer Optionholders in respect of the Offers
“SHNE Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser appointed by the SHNE Independent Board Committee for the purpose of advising the SHNE Independent Board Committee in connection with the Offers and in particular as to whether the Offers are fair and reasonable and as to the acceptance of the Offers
“SHNE Independent Shareholder(s)”	holder(s) of SHNE Share(s), other than the Offeror and parties acting in concert with it

DEFINITIONS

“SHNE Offer Optionholder(s)”	holder(s) of any Offer Option(s)
“SHNE Option(s)”	outstanding share options granted by SHNE pursuant to the Share Option Scheme
“SHNE Option Offer”	the mandatory unconditional cash offer to be made by Huatai Financial for and on behalf of the Offeror to cancel all the Offer Options in accordance with the Takeovers Code after the Completion takes place, the terms of which are be set out in this Composite Document
“SHNE Option Offer Price”	price at which the SHNE Option Offer is made, being HK\$0.0001 per Offer Option
“SHNE Optionholder”	holder(s) of the SHNE Option(s)
“SHNE Overseas Independent Shareholder(s)”	SHNE Independent Shareholder(s) whose address(es), as shown on the register of members of SHNE is/are outside Hong Kong
“SHNE Overseas Offer Optionholder(s)”	SHNE Offer Optionholder(s) whose address(es), as shown on the register of SHNE Optionholders of SHNE, is/are outside Hong Kong
“SHNE Share(s)”	ordinary share(s) of SHNE
“SHNE Shareholder(s)”	holder(s) of the SHNE Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC
“Vendor-A”	CTSL Green Power Investment Limited, a limited company incorporated under the laws of the BVI
“Vendor-B”	CTSL New Energy Investment Ltd, a limited company incorporated under the laws of the BVI
“Vendors”	collectively, Vendor-A and Vendor-B
“WHITE Form of Share Offer Acceptance”	The WHITE form of acceptance and transfer of the Offer Shares in respect of the Share Offer
“%”	per cent

* For identification purpose only

LETTER FROM HUATAI FINANCIAL

Huatai Financial Holdings (Hong Kong) Limited
62/F., The Center,
99 Queen's Road,
Central, Hong Kong

28 January 2025

To the SHNE Independent Shareholders and the SHNE Offer Optionholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED
FOR AND ON BEHALF OF SHANDONG HI-SPEED HOLDINGS GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF SHANDONG HI-SPEED NEW
ENERGY GROUP LIMITED AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF SHANDONG
HI-SPEED NEW ENERGY GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to (i) the Rule 3.5 Announcement in relation to, among other things, the Acquisition and the Offers; (ii) the circular of the Offeror dated 9 December 2024; (iii) the joint announcement dated 18 December 2024 jointly issued by the Offeror and SHNE in relation to the delay in despatch of the Composite Document; (iv) the poll result announcement issued by the Offeror dated 24 December 2024; and (v) the joint announcement dated 27 December 2024 jointly issued by the Offeror and SHNE in relation to, among others, the Completion.

As disclosed in the Rule 3.5 Announcement, the Offeror (as purchaser) and the Vendors (as vendors) entered into the Sale and Purchase Agreement dated 13 November 2024, pursuant to which the Offeror conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to sell to the Offeror the Sale Shares (representing approximately 13.52% of the total issued share capital of SHNE as at the Latest Practicable Date) at the Consideration (equivalent to HK\$1.78 per Sale Share).

Immediately prior to Completion, the Offeror and parties acting in concert with it own 976,080,784 SHNE Shares, representing approximately 43.45% of the total issued share capital of SHNE.

Immediately following the Completion (which took place on 27 December 2024) and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own and control a total of 1,279,878,252 SHNE Shares, representing approximately 56.97% of the total issued share capital of SHNE.

LETTER FROM HUATAI FINANCIAL

Accordingly, immediately after the Completion, the Offeror is required to make (i) a mandatory unconditional cash offer for all the issued SHNE Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code; and (ii) an appropriate cash offer to the SHNE Offer Optionholders to cancel all the Offer Options under Rule 13 of the Takeovers Code. Huatai Financial is making the Offers for and on behalf of the Offeror and in compliance with the Takeovers Code.

This letter which forms part of this Composite Document sets out, among other things, the principal terms of the Offers, the information of the Offeror and the Offeror's intentions on SHNE. Further details of the Offers and procedures for acceptance and settlement are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

The SHNE Independent Shareholders are strongly advised to consider carefully the information contained in "Letter From the SHNE Board", "Letter From the SHNE Independent Board Committee" and "Letter From Gram Capital" as set out in this Composite Document, the appendices as set out in this Composite Document and the Forms of Acceptance and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

THE OFFERS

Huatai Financial, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on the following basis:

The Share Offer

For each Offer Share HK\$1.78 in cash

The Share Offer Price of HK\$1.78 per Offer Share under the Share Offer is equal to the price per Sale Share paid by the Offeror for the Sale Shares under the Sale and Purchase Agreement. Neither the Offeror nor any parties acting in concert with it had dealt for value in SHNE Shares during the Relevant Period.

The Share Offer is unconditional in all respects and extended to all SHNE Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from any Encumbrances together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

The SHNE Option Offer

For the cancellation of each of Offer Options HK\$0.0001 in cash

The Offeror is making an appropriate offer to the SHNE Optionholders to cancel every SHNE Option they hold in accordance with Rule 13 of the Takeovers Code.

LETTER FROM HUATAI FINANCIAL

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the SHNE Option Offer Price would normally be the “see-through” price which represents the excess of the Share Offer Price per Offer Share over the exercise price of each of the outstanding SHNE Options. Since the exercise price of the outstanding SHNE Options of HK\$4.00 each is above the Share Offer Price of HK\$1.78 per Offer Share, the outstanding SHNE Options are out-of-money and the SHNE Option Offer Price for the cancellation of each Offer Option will be a nominal value of HK\$0.0001.

The SHNE Option Offer is unconditional in all respects and extended to all SHNE Optionholders in accordance with the Takeovers Code.

As at the Latest Practicable Date, there are 2,246,588,726 SHNE Shares in issue and 19,010,000 outstanding SHNE Options granted under the Share Option Scheme, entitling the SHNE Optionholders to subscribe for an aggregate of 19,010,000 SHNE Shares at an exercise price of HK\$4.00. Particularly, 7,604,000 of the outstanding SHNE Options have been vested. Pursuant to the terms of the Share Option Scheme, in the event a general offer is made to the SHNE Shareholders (and such offer becomes or is declared unconditional), all the SHNE Optionholders (holding vested or unvested SHNE Options) shall be entitled to exercise the SHNE Options in full. Save as disclosed above, as at the Latest Practicable Date, there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of SHNE in issue.

SHNE confirms that as at the Latest Practicable Date, (i) it does not have any dividend or distribution recommended, declared or made but unpaid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offers.

Comparison of value

The Share Offer Price of the Share Offer of HK\$1.78 per Offer Share represents:

- (a) a premium of approximately 1.14% over the closing price of HK\$1.7600 per SHNE Share as quoted on the Stock Exchange on 24 January 2025, being the Latest Practicable Date;
- (b) a premium of approximately 7.23% over the closing price of HK\$1.6600 per SHNE Share as quoted on the Stock Exchange on 11 November 2024, being the Last Trading Day;
- (c) a premium of approximately 7.49% over the average closing price of approximately HK\$1.6560 per SHNE Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 11.32% over the average closing price of approximately HK\$1.5990 per SHNE Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM HUATAI FINANCIAL

- (e) a premium of approximately 11.23% over the average closing price of approximately HK\$1.6003 per SHNE Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 0.59% over the average closing price of approximately HK\$1.7696 per SHNE Share as quoted on the Stock Exchange during the trading days for the year 2024 up to and including the Last Trading Day;
- (g) a discount of approximately 18.57% to the average closing price of approximately HK\$2.186 per SHNE Share as quoted on the Stock Exchange during the 360 consecutive trading days immediately prior to and including the Last Trading Day;
- (h) a discount of approximately 26.48% to the average daily closing price of approximately HK\$2.421 per SHNE Share as quoted on the Stock Exchange during the period from 11 November 2022 (being the date two years prior to the Last Trading Day) and up to and including the Last Trading Day;
- (i) a discount of approximately HK\$4.6270 (being approximately 72.22%) to the audited consolidated net asset value of the SHNE Group of approximately HK\$6.4070 per SHNE Share as at 31 December 2023 calculated based on the audited net asset of the SHNE Group attributable to the equity holders of SHNE as at 31 December 2023 of approximately HK\$14,394,006,000 and 2,246,588,726 SHNE Shares in issue as at the Latest Practicable Date; and
- (j) a discount of approximately HK\$4.5495 (being approximately 71.88%) to the unaudited consolidated net asset value of the SHNE Group of approximately HK\$6.3295 per SHNE Share as at 30 June 2024 calculated based on the unaudited net asset of the SHNE Group attributable to the equity holders of SHNE as at 30 June 2024 of approximately HK\$14,219,700,000 and 2,246,588,726 SHNE Shares in issue as at the Latest Practicable Date.

Highest and lowest Share price

During the Relevant Period, the highest closing price of the SHNE Shares quoted on the Stock Exchange was HK\$1.91 per SHNE Share on 18 July 2024 and the lowest closing price of the SHNE Shares quoted on the Stock Exchange was HK\$1.46 per SHNE Share on 5 August, 19, 20 and 23 September 2024.

LETTER FROM HUATAI FINANCIAL

Fast Top Irrevocable Undertaking

As at the Latest Practicable Date, Fast Top beneficially owns 405,063,291 SHNE Shares, representing approximately 18.03% of the issued share capital of SHNE. Fast Top has given the Fast Top Irrevocable Undertaking in favour of the Offeror and SHNE, pursuant to which Fast Top has undertaken that, subject to the Offeror acquiring the Sale Shares from the Vendors at a price of not higher than HK\$1.8 per Sale Shares, during the period commencing on the date of the Fast Top Irrevocable Undertaking and ending on the date on the close of the Share Offer, (i) it shall not (and will procure the parties acting in concert with it not to) accept the Share Offer in respect of the SHNE Shares owned by it; or sell any of the SHNE Shares owned by it to the Offeror or parties acting in concert with it; (ii) it shall not acquire or subscribe any SHNE Shares, securities or other interest in SHNE; (iii) it will not (and will procure the parties acting in concert with it not to) take any other action to make the SHNE Shares owned by it available for acceptance of the Share Offer; and (iv) it shall not (and will procure the parties acting in concert with it not to) sell, transfer or otherwise dispose of, or charge, pledge or otherwise encumber, or grant any option or other right over such SHNE Shares. The Fast Top Irrevocable Undertaking will remain effective until the close of the Share Offer. Save for disclosed above, there are no other circumstances under which the Fast Top Irrevocable Undertaking may cease to be binding.

Total value of the Offers

Assuming that there is no change in the issued share capital of SHNE and none of the outstanding SHNE Options is exercised prior to the Closing Date, and on the basis of the Share Offer Price of HK\$1.78 per SHNE Share, the entire issued ordinary share capital of SHNE would be valued at HK\$3,998,927,932.28.

Assuming the Offers are accepted in full on the basis that (i) none of the SHNE Options is exercised prior to the Closing Date and there will be 19,010,000 outstanding SHNE Options remaining for acceptance of the SHNE Option Offer; and (ii) there is no change in the issued share capital of the SHNE prior to the Closing Date and accordingly a total of 561,647,183 issued SHNE Shares (representing the total number of issued SHNE Shares excluding (a) 1,279,878,252 SHNE Shares already held by the Offeror and the parties acting in concert with it; and (b) 405,063,291 Non-Accepting SHNE Shares) will be subject to the Share Offer, the total consideration payable by the Offeror under the Offers would be HK\$999,733,886.74 (inclusive of HK\$999,731,985.74 for the Share Offer and HK\$1,901 for the SHNE Option Offer).

Assuming the Offers are accepted in full on the basis that (i) all of the 19,010,000 outstanding SHNE Options are exercised in full prior to the Closing Date and there will be no outstanding SHNE Options remaining for acceptance of the SHNE Option Offer; and (ii) there is no other change in the issued share capital of SHNE prior to the Closing Date and accordingly a total of 580,657,183 issued SHNE Shares (representing the total number of issued SHNE Shares excluding (a) 1,279,878,252 SHNE Shares already held by the Offeror and the parties acting in concert with it; and (b) 405,063,291 Non-Accepting SHNE Shares) will be subject to the Share Offer, the total consideration payable by the Offeror under the Share Offer would amount to HK\$1,033,569,785.74.

LETTER FROM HUATAI FINANCIAL

Confirmation of financial resources

The Offeror intends to finance and satisfy the maximum consideration payable under the Offers by the Facility. The Facility is secured by, among others, the share charge of the Charged Shares.

The Offeror confirms that the payment of interest on, repayment of, or security for, any liability (contingent or otherwise) relating to the Facility will not depend to any significant extent on the business of SHNE.

Huatai Financial, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain to be, available to the Offeror to satisfy the maximum consideration payable upon full acceptance of the Offers.

Effect of accepting the Offer

Acceptance of the Share Offer by any SHNE Independent Shareholders will constitute a warranty by such person that all Offer Shares to be sold by such person under the Share Offer are fully paid and free and clear of all lien whatsoever together with all rights and interests attaching thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.

By validly accepting the SHNE Option Offer, the Offer Options tendered by the SHNE Offer Optionholders will be cancelled and cease to be exercisable.

The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Offer Shares and in respect of a minimum number of Offer Options to be cancelled. Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, except as otherwise permitted under the Takeovers Code, details of which are set out in the paragraph headed "8. RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document.

Payment

Payment in cash in respect of acceptances of the Share Offer and the SHNE Option Offer will be made as soon as possible but in any event within seven (7) Business Days of the date of receipt of a duly completed acceptance of the Share Offer and/or the SHNE Option Offer (as the case may be). Relevant documents evidencing title must be received by or on behalf of the Offeror (or its agent) to render such acceptance of the Share Offer and/or the SHNE Option Offer (as the case may be) complete and valid in accordance with the Takeovers Code.

No fractions of a Hong Kong cent will be payable and the amount of the consideration payable to an SHNE Independent Shareholder who accepts the Share Offer and the SHNE Offer Optionholder who accepts the SHNE Option Offer will be rounded up to the nearest Hong Kong cent.

LETTER FROM HUATAI FINANCIAL

Hong Kong stamp duty

The seller's ad valorem stamp duty at a rate of 0.1% of the market value of the SHNE Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the cash amount payable to the relevant SHNE Independent Shareholder on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting SHNE Independent Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptance of the SHNE Option Offer.

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Availability of the Offers

The Offeror intends to make the Share Offer and the SHNE Option Offer available to all the SHNE Independent Shareholders and the SHNE Offer Optionholders, including the SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders.

The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. SHNE Overseas Independent Shareholders and/or SHNE Overseas Offer Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of SHNE Overseas Independent Shareholders and the SHNE Overseas Offer Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders in respect of such jurisdictions).

Based on the register of members of SHNE, as at the Latest Practicable Date, (i) there were 2 SHNE Overseas Independent Shareholders with registered addresses located in the BVI; and (ii) there were 15 SHNE Overseas Offer Optionholders with registered addresses located in the PRC. Having made reasonable enquiries, the SDHG Directors and the SHNE Directors are satisfied that there is no restriction under the laws or regulations of the BVI and the PRC against despatching this Composite Document and the accompanying Forms of Acceptance to such SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders, and will do so accordingly. This Composite Document will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and SHNE (<https://www.shneg.com.hk/>).

LETTER FROM HUATAI FINANCIAL

Any acceptance by SHNE Independent Shareholders and/or SHNE Offer Optionholders and beneficial owners of the Offer Shares and Offer Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. SHNE Independent Shareholders and/or SHNE Offer Optionholders who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Taxation advice

SHNE Independent Shareholders and SHNE Offer Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with the Offeror, SHNE, Huatai Financial and their respective ultimate beneficial owners, directors, advisers, agents or associates, or any other person involved in the Offers accepts responsibility for any taxation or other effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

INFORMATION ON THE SHNE GROUP

Details of the information on the SHNE Group are set out in the paragraph headed “INFORMATION ON THE SHNE GROUP” in the “Letter from the SHNE Board” in this Composite Document.

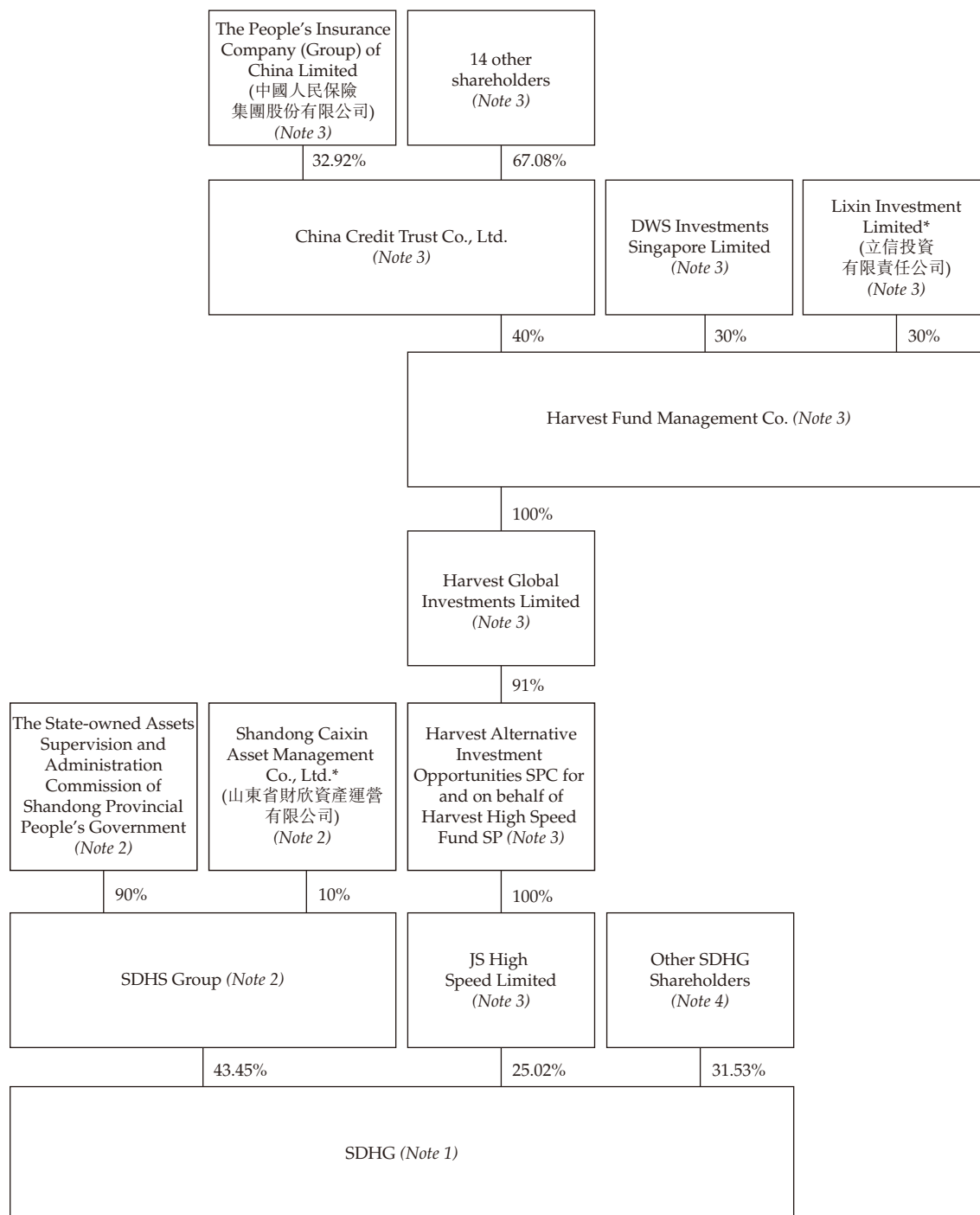
INFORMATION ON THE OFFEROR

SDHG, as the Offeror, is an investment holding company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (Stock Code: 412). The principal activity of SDHG is investment holding. The SDHG Group is principally engaged in industrial investment, standard investment business, non-standard investment business and licensed financial services in the PRC and Hong Kong.

As at the Latest Practicable Date, the SDHG Board comprises Mr. Li Tianzhang, Mr. Zhu Jianbiao, Ms. Liao Jianrong, Mr. Liu Zhijie and Mr. Liu Yao as executive SDHG Directors; Mr. Liang Zhanhai, Mr. Chen Di and Mr. Wang Wenbo as non-executive SDHG Directors; and Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Jonathan Jun Yan and Mr. Fang Ying as independent non-executive SDHG Directors.

LETTER FROM HUATAI FINANCIAL

The following chart illustrates the shareholding structure of SDHG as at the Latest Practicable Date:



LETTER FROM HUATAI FINANCIAL

Notes:

1. SDHG is directly and indirectly owned as to approximately 43.45% by SDHS Group and directly owned as to approximately 25.02% by JS High Speed Limited. SDHG's controlling shareholder is SDHS Group.
2. SDHS Group is (i) directly and indirectly held as to 90% by The State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government; and (ii) directly held as to 10% by Shandong Caixin Asset Management Co., Ltd.* (山東省財欣資產運營有限公司), a governmental institution set up by the Shandong Provincial People's Government* (山東省人民政府) and is an investment holding company in the infrastructure sector in Shandong Province with total assets of more than RMB1.5 trillion.
3. JS High Speed Limited is directly wholly-owned by Harvest Alternative Investment Opportunities SPC for and on behalf of Harvest High Speed Fund SP. Harvest High Speed Fund SP is owned as to 91% by Harvest Global Investments Limited, which was in turn wholly owned by Harvest Fund Management Co., Ltd., which is owned as to 40% by China Credit Trust Co., Ltd., 30% by DWS Investments Singapore Limited, and 30% by Lixin Investment Limited* (立信投資有限公司). China Credit Trust Co., Ltd. is owned as to approximately 32.92% by its largest shareholder The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司), the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1339) and A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601319), and the remaining interests in China Credit Trust Co., Ltd are owned by 14 other shareholders, whose shareholdings range from approximately 1.63% to 20.35%.
4. As at the Latest Practicable Date, (i) except for SDHS Group and JS High Speed Limited, there are approximately 187 registered SDHG Shareholders; and (ii), based on the disclosure of interest forms disclosed on the website of the Stock Exchange, none of the remaining SDHG Shareholders holds more than 5% of the issued share capital of SDHG.

LETTER FROM HUATAI FINANCIAL

INTENTIONS OF THE OFFEROR REGARDING THE SHNE GROUP

The Offeror considers and confirms that (i) it is intended that the SHNE Group will continue with the existing business of the SHNE Group; and (ii) it has no intention to (a) introduce any major changes to the existing business of the SHNE Group or (b) discontinue the employment of any of the SHNE Group's employees or (c) redeploy the fixed assets of the SHNE Group other than in its ordinary course of business. Furthermore, the Offeror has no plans to downsize SHNE's existing business. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the SHNE Group's business and operations to optimise the value of the SHNE Group.

As at the Latest Practicable Date, no material investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the SHNE Group.

Proposed Change of Composition of the SHNE Board

The SHNE Board is currently made up of twelve SHNE Directors, comprising eight executive SHNE Directors, namely Mr. Li Tianzhang, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Mr. Sun Qingwei, Ms. Liao Jianrong, Mr. Li Li, Mr. He Yongbing and Mr. Wang Meng, and four independent non-executive SHNE Directors, namely, Professor Qin Si Zhao, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik.

It is intended that Mr. He Yongbing will resign from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the publication of the closing announcement on the first closing date of the Offers).

The Offeror intends to nominate new SHNE Director(s) to the SHNE Board with effect from the completion of the Offers. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new SHNE Director(s). Any changes to the members of the SHNE Board will be made in compliance with the Takeovers Codes and the Listing Rules and further announcement(s) will be made as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF SHNE

The Offeror has no intention to privatize SHNE and intends to maintain the listing of the SHNE Shares on the Stock Exchange following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to SHNE, being 25% of the issued SHNE Shares (excluding treasury shares), are held by the public at all times or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the SHNE Shares; or (ii) there are insufficient SHNE Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the SHNE Shares until the prescribed level of public float is restored.

LETTER FROM HUATAI FINANCIAL

Therefore, it should be noted that upon close of the Offers, there may be insufficient public float of the SHNE Shares and the trading in the SHNE Shares may be suspended until sufficient public float exists for the SHNE Shares. The SDHG Directors, SHNE, the SHNE Directors and any new SHNE Director(s) to be proposed by the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps after the close of the Offers to ensure that sufficient public float exists in the SHNE Shares, which may include (i) placing down or selling sufficient number of accepted SHNE Shares it acquired from the Offers to selected independent third parties or in the market; and/or (ii) issue of additional SHNE Shares by SHNE for this purpose. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any SHNE Shares and SHNE Options outstanding after the close of the Offers.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding further terms and conditions of the Offers, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all SHNE Independent Shareholders and SHNE Offer Optionholders, those SHNE Independent Shareholders and/or SHNE Offer Optionholders who hold SHNE Shares and/or SHNE Options as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the SHNE Shares and/or SHNE Options whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

The attention of the SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders is drawn to “9. SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders” in Appendix I to this Composite Document.

LETTER FROM HUATAI FINANCIAL

All documents and remittances to be sent to the SHNE Independent Shareholders and SHNE Offer Optionholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the SHNE Independent Shareholders and SHNE Offer Optionholders at their respective addresses as they appear in the register of members and register of SHNE Optionholders of SHNE, respectively, or in the case of joint SHNE Shareholders and joint SHNE Optionholders, to such SHNE Shareholder or SHNE Optionholders whose name appears first in the register of members of SHNE or register of SHNE Optionholders of SHNE, respectively. None of the Offeror and parties acting in concert with it, SHNE, Huatai Financial, Gram Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

WARNING

SHNE Independent Shareholders, SHNE Offer Optionholders and potential investors of SHNE are advised to exercise caution when dealing in the shares of SHNE. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the SHNE Board”, the “Letter from the SHNE Independent Board Committee” and the “Letter from Gram Capital” as set out in this Composite Document, the accompanying Forms of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document and to consult your professional advisers, before deciding whether or not to accept the Offers.

Yours faithfully
For and on behalf of
Huatai Financial Holdings (Hong Kong) Limited
LIU Taojiang
Executive Director
Head of M&A Division

YIM Chi Hang
Vice President

LETTER FROM THE SHNE BOARD



Executive SHNE Directors:

Mr. Li Tianzhang (*Chairman*)

Mr. Zhu Jianbiao

Mr. Wang Wenbo

Mr. Sun Qingwei

Ms. Liao Jianrong

Mr. Li Li

Mr. He Yongbing

Mr. Wang Meng

Independent Non-executive SHNE Directors:

Professor Qin Si Zhao

Mr. Victor Huang

Mr. Yang Xiangliang

Mr. Chiu Kung Chik

Registered Office in

the Cayman Islands:

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Principal Place of Business

in Hong Kong:

38th Floor, The Center

99 Queen's Road Central

Central

Hong Kong

28 January 2025

To the SHNE Independent Shareholders and the SHNE Offer Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED
FOR AND ON BEHALF OF SHANDONG HI-SPEED HOLDINGS GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF SHANDONG HI-SPEED NEW
ENERGY GROUP LIMITED AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF SHANDONG
HI-SPEED NEW ENERGY GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to (i) the Rule 3.5 Announcement in relation to, among other things, the Acquisition and the Offers; (ii) the circular issued by the Offeror dated 9 December 2024; (iii) the joint announcement dated 18 December 2024 jointly issued by the Offeror and SHNE in relation to the delay in despatch of the Composite Document; (iv) the poll result announcement issued by the Offeror dated 24 December 2024; and (v) the joint announcement dated 27 December 2024 jointly issued by the Offeror and SHNE in relation to, among others, the Completion.

LETTER FROM THE SHNE BOARD

As disclosed in the Rule 3.5 Announcement, the Offeror (as purchaser) and the Vendors (as vendors) entered into the Sale and Purchase Agreement dated 13 November 2024, pursuant to which the Offeror conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to sell to the Offeror the Sale Shares (representing approximately 13.52% of the total issued share capital of SHNE as at the Latest Practicable Date) at the Consideration (equivalent to HK\$1.78 per Sale Share).

Immediately prior to Completion, the Offeror and parties acting in concert with it own 976,080,784 SHNE Shares, representing approximately 43.45% of the total issued share capital of SHNE.

Immediately following the Completion (which took place on 27 December 2024) and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own and control a total of 1,279,878,252 SHNE Shares, representing approximately 56.97% of the total issued share capital of SHNE.

Accordingly, immediately after the Completion, the Offeror is required to make (i) a mandatory unconditional cash offer for all the issued SHNE Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code; and (ii) an appropriate cash offer to the SHNE Offer Optionholders to cancel all the Offer Options under Rule 13 of the Takeovers Code. Huatai Financial is making the Offers for and on behalf of the Offeror and in compliance with the Takeovers Code.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) information relating to the SHNE Group and the Offeror; (ii) further details of the Offers; (iii) a letter from the SHNE Independent Board Committee containing the SHNE Independent Board Committee's recommendation to the SHNE Independent Shareholders and the SHNE Offer Optionholders in respect of the Offers and as to acceptance; (iv) the letter from Gram Capital containing its advice to the SHNE Independent Board Committee, the SHNE Independent Shareholders and the SHNE Offer Optionholders in relation to the Offers; and (v) procedures for acceptance of the Offers.

SHNE INDEPENDENT BOARD COMMITTEE AND GRAM CAPITAL

An SHNE Independent Board Committee comprising all the independent non-executive SHNE Directors, namely Professor Qin Si Zhao, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik, has been established in accordance with Rule 2.1 of the Takeovers Code to make a recommendation to the SHNE Independent Shareholders and SHNE Offer Optionholders in respect of the Offers as to whether the Offers are fair and reasonable and as to acceptance of the Offers.

LETTER FROM THE SHNE BOARD

Gram Capital has been appointed by SHNE as the SHNE Independent Financial Adviser to advise the SHNE Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers. The appointment of Gram Capital has been approved by the SHNE Independent Board Committee.

The full text of the letter from the SHNE Independent Board Committee and the letter from Gram Capital are set out in this Composite Document. You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

THE OFFERS

Huatai Financial, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on the following basis:

The Share Offer

For each Offer Share HK\$1.78 in cash

The Share Offer Price of HK\$1.78 per Offer Share under the Share Offer is equal to the price per Sale Share paid by the Offeror for the Sale Shares under the Sale and Purchase Agreement.

The Share Offer is unconditional in all respects and extended to all SHNE Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from any Encumbrances together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

The SHNE Option Offer

For the cancellation of each of Offer Options HK\$0.0001 in cash

The Offeror is making an appropriate offer to the SHNE Optionholders to cancel every SHNE Option they hold in accordance with Rule 13 of the Takeovers Code.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the SHNE Option Offer Price would normally be the “see-through” price which represents the excess of the Share Offer Price per Offer Share over the exercise price of each of the outstanding SHNE Options. Since the exercise price of the outstanding SHNE Options of HK\$4.00 each is above the Share Offer Price of HK\$1.78 per Offer Share, the outstanding SHNE Options are out-of-money and the SHNE Option Offer Price for the cancellation of each Offer Option will be a nominal value of HK\$0.0001.

LETTER FROM THE SHNE BOARD

The SHNE Option Offer is unconditional in all respects and extended to all SHNE Optionholders in accordance with the Takeovers Code.

As at the Latest Practicable Date, there are 2,246,588,726 SHNE Shares in issue and 19,010,000 outstanding SHNE Options granted under the Share Option Scheme, entitling the SHNE Optionholders to subscribe for an aggregate of 19,010,000 SHNE Shares at an exercise price of HK\$4.00. Particularly, 7,604,000 of the outstanding SHNE Options have been vested. Pursuant to the terms of the Share Option Scheme, in the event a general offer is made to the SHNE Shareholders (and such offer becomes or is declared unconditional), all the SHNE Optionholders (holding vested or unvested SHNE Options) shall be entitled to exercise the SHNE Options in full. Save as disclosed above, as at the Latest Practicable Date, there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of SHNE in issue.

SHNE confirms that as at the Latest Practicable Date, (i) it does not have any dividend or distribution recommended, declared or made but unpaid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offers.

Further details of the Offers

Further details of the terms of the Offers and the procedures for acceptances are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

INFORMATION ON THE SHNE GROUP

SHNE is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange (Stock Code: 1250). The principal activity of SHNE is investment holding. The SHNE Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC.

Further details of financial and general information of the SHNE Group are set out in Appendix IIA "Financial Information of the SHNE Group" and Appendix IV "General Information relating to SHNE" to this Composite Document.

LETTER FROM THE SHNE BOARD

Shareholding Structure of SHNE

The shareholding structure of SHNE immediately before Completion and after the Completion and as at the Latest Practicable Date is:

	Immediately before		Immediately after	
	Completion		Completion and as at the	
	<i>Number of SHNE Shares</i>	<i>Approximate %</i>	<i>Number of SHNE Shares</i>	<i>Approximate %</i>
Offeror and its concert parties	976,080,784	43.45	1,279,878,252	56.97
Vendors and its concert parties				
- Vendor-A (Note 1)	151,898,734	6.76	-	-
- Vendor-B (Note 1)	151,898,734	6.76	-	-
Subtotal	303,797,468	13.52	-	-
SHNE Independent Shareholders (Note 3)	966,710,474	43.04	966,710,474	43.04
Total	<u>2,246,588,726</u>	<u>100.00</u>	<u>2,246,588,726</u>	<u>100.00</u>

Notes:

1. The Vendors are parties acting in concert with each other with respect to their shareholdings in SHNE.
2. As at the Latest Practicable Date, save for the 200,000 SHNE Options held by Mr. Chiu Kung Chik, an independent non-executive SHNE Director, none of the SHNE Directors holds any SHNE Shares and any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of SHNE.
3. 561,647,183 SHNE Shares out of 966,710,474 SHNE Shares are held by the public, representing 25.00% of the issued share capital of SHNE immediately before Completion and after the Completion and as at the Latest Practicable Date, and the remaining 405,063,291 SHNE Shares are held by Fast Top which provided the Fast Top Irrevocable Undertaking and is also considered an SHNE Independent Shareholder.

INFORMATION ON THE OFFEROR

Details of the information on the Offeror are set out in the paragraph headed "INFORMATION ON THE OFFEROR" in the "Letter from Huatai Financial" and Appendix III "General Information of the Offeror" in this Composite Document.

LETTER FROM THE SHNE BOARD

INTENTIONS OF THE OFFEROR IN RELATION TO THE SHNE GROUP

Your attention is drawn to the section headed “INTENTIONS OF THE OFFEROR REGARDING THE SHNE GROUP” in the “Letter from Huatai Financial” in this Composite Document.

The SHNE Board is aware of the Offeror’s intention in relation to the SHNE Group and is willing to render reasonable co-operation with the Offeror and continue to act in the best interests of SHNE and the SHNE Shareholders as a whole.

Proposed change of SHNE Board composition of SHNE

The SHNE Board is aware that as at the Latest Practicable Date, the Offeror intended to nominate new SHNE Director(s) to the SHNE Board with effect from after the completion of the Offers. It is intended that Mr. He Yongbing will resign from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the publication of the closing announcement on the first closing date of the Offers). Any changes to the members of the SHNE Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF SHNE

As mentioned in the paragraph headed “PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF SHNE” in the “Letter from Huatai Financial” of this Composite Document, the Offeror has no intention to privatize SHNE and intends to maintain the listing of the SHNE Shares on the Stock Exchange following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to SHNE, being 25% of the issued SHNE Shares (excluding treasury shares), are held by the public at all times or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the SHNE Shares; or (ii) there are insufficient SHNE Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the SHNE Shares until the prescribed level of public float is restored.

Therefore, it should be noted that upon close of the Offers, there may be insufficient public float of the SHNE Shares and the trading in the SHNE Shares may be suspended until sufficient public float exists for the SHNE Shares. The SDHG Directors, SHNE, the SHNE Directors and any new SHNE Director(s) to be proposed by the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps after the close of the Offers to ensure that sufficient public float exists in the SHNE Shares, which may include (i) placing down or selling sufficient number of accepted SHNE Shares it acquired from the Offers to selected independent third parties or in the market; and/or (ii) issue of additional SHNE Shares by SHNE for this purpose. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

LETTER FROM THE SHNE BOARD

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the SHNE Independent Board Committee” and (ii) the “Letter from Gram Capital” in this Composite Document, which contains, among other things, their advice in relation to the Offers and the principal factors considered by them in arriving at their recommendation.

You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. Further details on the terms and the procedures for acceptance of the Offers are set out in Appendix I “Further Terms and Procedures for Acceptance of the Offers” to this Composite Document and the accompanying Forms of Acceptance.

In considering what action to take in connection with the Offers, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

By order of the SHNE Board of
Shandong Hi-Speed New Energy Group Limited
Li Tianzhang
Chairman



28 January 2025

To the SHNE Independent Shareholders and the SHNE Offer Optionholders

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED
FOR AND ON BEHALF OF SHANDONG HI-SPEED HOLDINGS GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF SHANDONG HI-SPEED NEW
ENERGY GROUP LIMITED AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF SHANDONG
HI-SPEED NEW ENERGY GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to this Composite Document dated 28 January 2025 jointly issued by the Offeror and SHNE of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in this Composite Document.

We have been appointed by the SHNE Board to form the SHNE Independent Board Committee to consider the Offers and to advise you (i.e. the SHNE Independent Shareholders and SHNE Offer Optionholders) as to whether, in our opinion, the Offers are fair and reasonable and to make recommendation in respect of acceptance thereof.

Gram Capital Limited has been appointed as the SHNE Independent Financial Adviser to advise us in respect of the Offers and, in particular, as to whether the Offers are or are not fair and reasonable and to make recommendation in respect of the acceptance of the Offers pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital has been approved by the SHNE Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from Gram Capital” as contained in this Composite Document.

We also wish to draw your attention to the “Letter from Huatai Financial”, the “Letter from the SHNE Board” and the additional information set out in the appendices to this Composite Document.

LETTER FROM THE SHNE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Taking into account the terms of the Offers, the independent advice and recommendations from Gram Capital and the principal factors and reasons taken into account in arriving at its recommendation, we consider that (i) the Share Offer is fair and reasonable so far as the SHNE Independent Shareholders are concerned, and (ii) the SHNE Option Offer is fair and reasonable so far as the SHNE Offer Optionholders are concerned. Accordingly, we recommend that (i) the SHNE Independent Shareholders to accept the Share Offer and (ii) the SHNE Offer Optionholders to accept the SHNE Option Offer.

However, the SHNE Independent Shareholders and SHNE Offer Optionholders who wish to realise their investments in SHNE are reminded to monitor the trading price and liquidity of the SHNE Shares during the Offer Period and should, having regard to their own circumstances, consider selling their SHNE Shares in the open market or exercising the SHNE Options instead of accepting the Share Offer or the SHNE Option Offer, respectively, if the net proceeds obtained from such disposal of the SHNE Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Share Offer and the SHNE Option Offer.

Notwithstanding our recommendation, the SHNE Independent Shareholders and SHNE Offer Optionholders are strongly advised that the decision to realise or to hold their investments is subject to individual circumstances and investment objectives. If in doubt, the SHNE Independent Shareholders and SHNE Offer Optionholders should consult their own professional advisers for advice. Furthermore, the SHNE Independent Shareholders and SHNE Offer Optionholders who wish to accept the Share Offer and the SHNE Option Offer, respectively, are recommended to read carefully the procedures for accepting the Share Offer and the SHNE Option Offer as detailed in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

Yours faithfully,

For and on behalf of the SHNE Independent Board Committee of

Shandong Hi-Speed New Energy Group Limited

Professor Qin Si Zhao

*Independent non-
executive SHNE
Director*

Mr. Victor Huang

*Independent non-
executive
SHNE Director*

Mr. Yang Xiangliang

*Independent non-
executive
SHNE Director*

Mr. Chiu Kung Chik

*Independent non-
executive
SHNE Director*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the SHNE Independent Financial Adviser to the SHNE Independent Board Committee in respect of the Offers for the purpose of inclusion in this Composite Document.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

28 January 2025

To: The independent board committee of Shandong Hi-Speed New Energy Group Limited

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED
FOR AND ON BEHALF OF SHANDONG HI-SPEED HOLDINGS GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF SHANDONG HI-SPEED NEW
ENERGY GROUP LIMITED AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF SHANDONG
HI-SPEED NEW ENERGY GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the SHNE Independent Financial Adviser to advise the SHNE Independent Board Committee in respect of the Offers, details of which are set out in the Composite Document dated 28 January 2025 jointly issued by SHNE and the Offeror to the SHNE Independent Shareholders and the SHNE Offer Optionholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

With reference to the letter from the SHNE Board (the “**Board Letter**”) contained in the Composite Document, the Offeror (as purchaser) and the Vendors (as vendors) entered into the Sale and Purchase Agreement dated 13 November 2024, pursuant to which the Offeror conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to sell to the Offeror the Sale Shares (representing approximately 13.52% of the total issued share capital of SHNE as at the Latest Practicable Date) at the Consideration (equivalent to HK\$1.78 per Sale Share).

With reference to the Board Letter, immediately after the Completion (which took place on 27 December 2024), the Offeror is required to make (i) a mandatory unconditional cash offer for all the issued SHNE Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) under Rule 26.1 of the

LETTER FROM GRAM CAPITAL

Takeovers Code; and (ii) an appropriate cash offer to the SHNE Offer Optionholders to cancel all the Offer Options under Rule 13 of the Takeovers Code. Huatai Financial is making the Offers for and on behalf of the Offeror and in compliance with the Takeovers Code.

The SHNE Independent Board Committee comprising all the independent non-executive SHNE Directors, namely Professor Qin Si Zhao, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik has been established to make a recommendation to the SHNE Independent Shareholders and the SHNE Offer Optionholders in respect of the Offers as to whether the Offers are fair and reasonable and as to acceptance of the Offers. We, Gram Capital Limited, have been appointed as the SHNE Independent Financial Adviser to advise the SHNE Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the SHNE Independent Board Committee in connection with its consideration of the Offers pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital Limited as the SHNE Independent Financial Adviser has been approved by the SHNE Independent Board Committee.

INDEPENDENCE

There was no relationship or interests between Gram Capital and SHNE, SDHG, and their respective controlling shareholders; and Gram Capital was not in the same group as the financial or other professional advisers (including a stockbroker) to SHNE or SDHG, during the past two years immediately preceding 27 November 2024 up to and including the Latest Practicable Date, of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of Gram Capital's advice and to act as the SHNE Independent Financial Adviser to the SHNE Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion to the SHNE Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the SHNE Directors and the Offeror (where applicable). We have assumed that all information and representations that have been provided by the SHNE Directors and the Offeror (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the SHNE Directors and the Offeror (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by SHNE, its advisers, the SHNE Directors and/or the Offeror (where applicable), which have been provided to us. Our opinion is based on the SHNE Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Offers.

LETTER FROM GRAM CAPITAL

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the sections headed "1. RESPONSIBILITY STATEMENTS" of Appendix III and "1. RESPONSIBILITY STATEMENT" of Appendix IV to the Composite Document. We, as the SHNE Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of SHNE, the Offeror or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the SHNE Group or the SHNE Shareholders as a result of the Offers. SHNE has been separately advised by its own professional advisers with respect to the Offers and the preparation of the Composite Document (other than this letter).

We have assumed that the Offers will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offers, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offers. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offers, we have taken into consideration the following principal factors and reasons:

(1) Background and terms of the Offers

According to the Composite Document, Huatai Financial, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on the following basis:

For each Offer Share HK\$1.78 in cash

LETTER FROM GRAM CAPITAL

The Share Offer Price of HK\$1.78 per Offer Share under the Share Offer equals to the price per Sale Share paid by the Offeror for the Sale Shares under the Sale and Purchase Agreement.

For the cancellation of each Offer Option HK\$0.0001 in cash

Since the exercise price of the outstanding SHNE Options of HK\$4.00 each is above the Share Offer Price of HK\$1.78 per Offer Share, the outstanding SHNE Options are out-of-money and the SHNE Option Offer Price for the cancellation of each Offer Option will be a nominal value of HK\$0.0001.

With reference to the “Letter from Huatai Financial” contained in the Composite Document (the “**Letter from Huatai Financial**”), as at the Latest Practicable Date, there were 2,246,588,726 SHNE Shares in issue and 19,010,000 outstanding SHNE Options granted under the Share Option Scheme, entitling the SHNE Offer Optionholders to subscribe for an aggregate of 19,010,000 SHNE Shares at an exercise price of HK\$4.00. Particularly, 7,604,000 of the outstanding SHNE Options have been vested. Pursuant to the terms of the Share Option Scheme, in the event a general offer is made to the SHNE Shareholders (and such offer becomes or is declared unconditional), all the SHNE Offer Optionholders (holding vested or unvested SHNE Options) shall be entitled to exercise the SHNE Options in full. Save as disclosed above, as at the Latest Practicable Date, there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of SHNE in issue.

Further details of the Offers are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

(2) Information on the SHNE Group

With reference to the Board Letter, SHNE is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange (Stock Code: 1250). The principal activity of SHNE is investment holding. The SHNE Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC.

LETTER FROM GRAM CAPITAL

Financial performance

Set out below is a summary of the SHNE Group's audited consolidated financial information for each of the two years ended 31 December 2023 as extracted from SHNE's annual report for the year ended 31 December 2023 (the "2023 Annual Report"):

	For the year ended 31 December 2023 ("FY2023") HK\$'000	For the year ended 31 December 2022 ("FY2022") HK\$'000	Year on year change %
Revenue	4,963,431	5,296,197	(6.28)
– Sale of electricity-photovoltaic power business (the "Photovoltaic Power Business")	3,005,082	2,998,391	0.22
– Sale of electricity-wind power business (the "Wind Power Business")	1,057,193	750,676	40.83
– Entrusted operation services	119,903	220,430	(45.60)
– Construction and related services	137,550	403,139	(65.88)
– Provision of clean heat supply services	643,703	923,561	(30.30)
Gross profit	2,411,210	2,560,495	(5.83)
Profit attributable to equity holders of SHNE	378,198	258,236	46.45
<i>The following items are included in the profit attributable to equity holders of SHNE:</i>			
Other income and net gains	585,288	218,946	167.32
Administrative expenses	(482,710)	(512,818)	(5.87)
Other net operating expenses	(247,723)	(207,631)	19.31
Finance costs	(1,517,497)	(1,803,324)	(15.85)
Share of profits/(losses) of joint ventures and associates	(114,499)	30,303	N/A
Income tax expenses	(242,832)	(57,655)	321.18

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	As at 31 December 2023 HK\$'000	As at 31 December 2022 HK\$'000	Year on year change %
Equity attributable to equity holders of SHNE	14,394,006	14,556,221	(1.11)

As depicted from the above table, the SHNE Group's revenue for FY2023 decreased by approximately 6.28% as compared to that for FY2022. With reference to the 2023 Annual Report and as advised by the SHNE Directors, such decrease was mainly attributable to (i) decrease in revenue from entrusted operation services as a result of acquisition of projects under entrusted operation services (such acquired projects became the SHNE Group's self-owned projects and thus their revenue were subsequently recorded under the Wind Power Business); (ii) decrease in revenue from construction and related services resulted from optimization of the SHNE Group's business structure to prioritize construction of the SHNE Group's self-owned photovoltaic and wind power projects; (iii) decrease in revenue from provision of clean heat supply services due to net effect of exit operations of certain projects held and/or managed by the SHNE Group, resulting in the decrease in both aggregate actual clean heat supply area (in terms of floor area) and number of clean heat supply services users (in terms of households); and (iv) report conversion difference arising from exchange rate fluctuation due to RMB depreciation against HK\$ (SHNE adopted the exchange rate of approximately RMB1:HK\$1.1655 for its FY2022 consolidated statement of profit or loss and approximately RMB1:HK\$1.1062 for its FY2023 consolidated statement of profit or loss, representing a decrease of approximately 5.09%), partially offset by increase in revenue from the Wind Power Business as the SHNE Group made considerable progress in wind power plant projects, adding six new wind power plants as compared to FY2022. Alongside the aforementioned decrease in the SHNE Group's revenue, the SHNE Group's gross profit also decreased by approximately 5.83% from FY2022 to FY2023.

Despite the decreases in the SHNE Group's revenue and gross profit, the profit attributable to equity holders of SHNE for FY2023 increased by approximately 46.45% as compared to that for FY2022. With reference to 2023 Annual Report, such increase was mainly attributable to (i) increase in revenue from the Wind Power Business resulted from business expansion (including the acquisition of projects that were under entrusted operation); (ii) the one-off gain on bargain purchase recorded under other income and gains resulted from the SHNE Group's acquisition of a number of companies engaged in the Wind Power Business with considerations lower than the targets' fair value recognised in their financial statements as at acquisition dates; (iii) decrease in administrative expenses due to the cost control and efficiency enhancement of the SHNE Group; and (iv) decrease in finance costs as a result of replacement of high-cost financing with low-cost financing by

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the SHNE Group, partially offset by the turnaround from share of profits of joint ventures and associates for FY2022 to share of losses of joint ventures and associates for FY2023 and increase in the income tax expense.

Set out below is a summary of the SHNE Group's unaudited consolidated financial information for the six months ended 30 June 2024 (with comparative figures in 2023) as extracted from SHNE's interim report for the six months ended 30 June 2024 (the "2024 Interim Report"):

	For the six months ended 30 June 2024 ("1H2024") HK\$'000	For the six months ended 30 June 2023 ("1H2023") HK\$'000	Year on year change %
Revenue	2,606,014	2,769,414	(5.90)
– Photovoltaic Power Business	1,453,638	1,598,036	(9.04)
– Wind Power Business	728,969	654,934	11.30
– Entrusted operation services	22,916	73,397	(68.78)
– Construction and related services	26,895	60,647	(55.65)
– Provision of clean heat supply services	373,596	382,400	(2.30)
Gross profit	1,326,736	1,489,031	(10.90)
Profit attributable to equity holders of SHNE	298,981	359,530	(16.84)
<i>The following items are included in the profit attributable to equity holders of SHNE:</i>			
Other income and net gains	181,853	114,589	58.70
Administrative expenses	(256,259)	(228,714)	12.04
Other net operating expenses	(15,774)	(79,438)	(80.14)
Finance costs	(719,307)	(781,168)	(7.92)
Share of losses of joint ventures and associates	(7,920)	(77,246)	(89.75)
Income tax expenses	(107,470)	(79,401)	35.35
	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000	Year on year change %
Equity attributable to equity holders of SHNE	14,219,700	14,394,006	(1.21)

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As depicted from the above table, the SHNE Group's revenue for 1H2024 decreased by approximately 5.90% as compared to that for 1H2023. With reference to 2024 Interim Report and as advised by the SHNE Directors, such decrease was mainly attributable to (i) decrease in revenue from the Photovoltaic Power Business as a result of greater grid curtailment by electricity grid companies in the PRC (which limited the electricity generated by power plants that could be fed into the grid, thus hindered the Group's sale of electricity) and decrease in consolidated tariffs (including tariff subsidies from the PRC government authority) of certain projects; (ii) decrease in revenue from entrusted operation services as a result of acquisition of projects under entrusted operation services (such acquired projects became the SHNE Group's self-owned projects and thus their revenue were subsequently recorded under the Wind Power Business); (iii) decrease in revenue from construction and related services resulted from optimization of the SHNE Group's business structure to prioritize the construction of the SHNE Group's self-owned photovoltaic and wind power projects; and (iv) report conversion difference arising from exchange rate fluctuation due to RMB depreciation against HK\$ (SHNE adopted the exchange rate of approximately RMB1:HK\$1.1317 for its 1H2023 condensed consolidated statement of profit or loss and approximately RMB1:HK\$1.0837 for its 1H2024 condensed consolidated statement of profit or loss, representing a decrease of approximately 4.25%), partially offset by increase in revenue from the Wind Power Business resulting from business expansion.

Alongside the aforementioned decrease in the SHNE Group's revenue and decrease in the gross profit margin of the SHNE Group's Photovoltaic Power Business (gross profit margin decreased from approximately 63.0% for 1H2023 to approximately 58.6% for 1H2024), Wind Power Business (gross profit margin decreased from approximately 58.3% for 1H2023 to approximately 55.8% for 1H2024) and entrusted operation services (gross profit margin decreased from approximately 51.7% for 1H2023 to approximately 33.1% for 1H2024) due to (i) greater grid curtailment by electricity grid companies in the PRC (which limited the electricity generated by power plants that could be fed into the grid, thus hindered the Group's sale of electricity) and decrease in consolidated tariffs (including tariff subsidies from the PRC government authority) of certain projects; and (ii) the low gross profit margin of certain newly acquired/self-built and commissioned power plants of the Photovoltaic Power Business and the Wind Power Business that are not entitled to tariff subsidies from the PRC government authority, the SHNE Group's gross profit also decreased by approximately 10.90% from 1H2023 to 1H2024.

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The profit attributable to equity holders of SHNE for 1H2024 also decreased by approximately 16.84% as compared to that for 1H2023. With reference to 2024 Interim Report and as advised by SHNE Directors, such decrease was attributable to decrease in gross profit as discussed in the previous paragraph and increase in income tax expense, partially offset by (i) decrease in finance costs resulting from the replacement of high-cost financing with low-cost financing and advance repayment of high-cost overseas borrowings by the SHNE Group; (ii) increase in net foreign exchange gains and the reversal of impairment of financial assets recorded under other income and net gains; (iii) decrease in other net operating expenses resulting from the absence of fair value losses on financial assets at fair value through profit or loss; and (iv) decrease in share of losses of joint ventures and associates.

With reference to 2024 Interim Report, since entering the ecosystem of SDHS Group in May 2022, the SHNE Group has achieved remarkable results (in terms of on-grid capacity and aggregate power generation) in high-quality development and standardized management, and fully integrated into the development trend of the new energy industry. With the continuous and comprehensive empowerment of the SHNE Group by its controlling shareholder SDHG, the SHNE Group has continued to optimise its industrial layout and deepen reform and innovation, and its production and operations have continued to improve as illustrated through the continuous increase in on-grid capacity and aggregate power generation.

Set out below is a summary of photovoltaic and wind power plants held by the SHNE Group (over 98% of which are located in the PRC) according to SHNE's interim report for 1H2023, the 2023 Annual Report and the 2024 Interim Report:

	Approximate total on-grid capacity as at 30 June 2024 MW	Approximate total on-grid capacity as at 30 June 2023 MW	Approximate total on-grid capacity as at 30 June 2022 MW	Change from 30 June 2022 to 30 June 2024 %
Photovoltaic power	3,422	3,162	3,006	13.8
Wind power	1,176	790	588	100.0
Total	4,598	3,952	3,594	27.9

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	Approximate aggregate power generation for FY2023 MWh	Approximate aggregate power generation for FY2022 MWh	Change %
Photovoltaic Power	2,930,309	2,921,286	0.3
Wind Power	2,070,106	1,437,519	44.0
Total	5,000,415	4,358,805	14.7

	Approximate aggregate power generation for 1H2024 MWh	Approximate aggregate power generation for 1H2023 MWh	Change %
Photovoltaic Power	1,496,021	1,493,448	0.2
Wind Power	1,530,719	1,151,334	33.0
Total	3,026,740	2,644,782	14.4

Outlook and industry overview

As illustrated in the section headed “(2) Information on the SHNE Group” above, over 80% of the SHNE Group’s revenue for FY2023 and 1H2024 was derived from the Photovoltaic Power Business and the Wind Power Business through operation of its photovoltaic and wind power plants which are mostly located in the PRC.

Set out below are the electricity consumption and generation in the PRC during the five years ended 31 December 2023, being the latest five full-year statistics published by the National Energy Administration and the National Bureau of Statistics of the PRC respectively:

	2019	2020	2021	2022	2023
Electricity consumption in the PRC					
<i>(million megawatt-hour (“MWh”))</i>	7,225.5	7,511.0	8,312.8	8,637.2	9,224.1
Year-on-year growth		4.0%	10.7%	3.9%	6.8%
Electricity generation in the PRC					
<i>(million MWh)</i>	7,503.4	7,779.1	8,534.3	8,848.7	9,456.4
Year-on-year growth		3.7%	9.7%	3.7%	6.9%

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As shown in the table above:

- Electricity consumption in the PRC grew steadily from approximately 7,255.5 million MWh in 2019 to approximately 9,224.1 million MWh in 2023, representing a compound annual growth rate (“CAGR”) of approximately 6.3%.
- Electricity generation in the PRC grew steadily from approximately 7,503.4 million MWh in 2019 to approximately 9,456.4 million MWh in 2023, representing a CAGR of approximately 6.0%.

Based on the above statistics and the information as disclosed in the 2023 Annual Report, the SHNE Group generated approximately 4,974,755 MWh electricity from its centralised photovoltaic power plants and wind power plants located in the PRC, accounted for approximately 0.05% of the national electricity generation for 2023.

Based on the Statistical Communiqués of the PRC on National Economic and Social Development published by the National Bureau of Statistics of the PRC in 2023, the electricity generated from (i) photovoltaic power in the PRC for 2022 and 2023 were approximately 427.3 million MWh and approximately 584.2 million MWh respectively, represented approximately 4.8% and approximately 6.2% of the electricity generation in the PRC; and (ii) wind power in the PRC for 2022 and 2023 were approximately 762.7 million MWh and approximately 885.9 million MWh respectively, represented approximately 8.6% and approximately 9.4% of the electricity generation in the PRC.

According to the 14th Five-Year Plan of the PRC, which sets out the economic development goals for the period from 2021 to 2025, it is the national goal to achieve carbon peaking by 2030 and carbon neutrality in 2060. In 2024, the PRC government issued various policies and guiding opinions to promote green and low-carbon transformation and high-quality development of the energy industry.

In March 2024, the National Energy Administration of the PRC issued the “Guiding Opinions on Energy Work in 2024*” (《2024年能源工作指導意見》), which outlined the main objectives of 2024, including (i) consolidate and expand the favourable development trend of wind power and photovoltaic power, steadily advancing the construction of large-scale wind power and photovoltaic power plants and orderly promote the completion and commissioning of wind power and photovoltaic power projects; (ii) accelerate the development of distributed wind power and distributed photovoltaic power generation; and (iii) adapt to the trend of clean and low-carbon economic and social development, coordinate the promotion of energy conservation, pollution reduction and carbon reduction among the energy industry, and promote the formation of a green and low-carbon production and lifestyle.

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In May 2024, the State Council issued the “Action Plan for Energy Conservation and Carbon Reduction in 2024-2025*” (《2024-2025年節能降碳行動方案》), stating that, it is planned that energy consumption and carbon dioxide emissions per unit of gross domestic product will be reduced by approximately 2.5% and 3.9% respectively; the added-value energy consumption of industrial units above designated size will be decreased by approximately 3.5%, and the proportion of non-fossil energy consumption will reach approximately 18.9%; and energy conservation and carbon reduction transformation in key areas and industries will result in energy savings of approximately 50 million tons of standard coal and reduction of carbon dioxide emissions of approximately 130 million tons in 2024. By 2025, non-fossil energy consumption is expected to account for about 20%, and energy conservation and carbon reduction transformations in key areas and industries will also save approximately 50 million tons of standard coal and reduce carbon dioxide emissions by approximately 130 million tons.

On 8 November 2024, the National Energy Law was passed during the 12th Session of the Standing Committee of the 14th National People’s Congress, emphasising the new dual control mechanism to achieve the “dual carbon” goals (i.e. carbon peaking and carbon neutrality); providing strong legal protection for the vigorous development of renewable energy; and providing legal support for improving new energy system, with an aim to consolidate the social foundation for achieving the “dual carbon” goal.

Despite the aforesaid favourable policies to promote the transformation of energy industry, on 7 June 2021, the National Development and Reform Commission issued the “Notice on Matters Concerning the New Energy On-grid Tariff Policy in 2021*” (《關於2021年新能源上網電價政策有關事項的通知》) (the “**2021 On-grid Tariff Policy**”), which stipulates that (i) starting from 1 August 2021, the central government would no longer subsidise newly registered centralised photovoltaic power stations, industrial and commercial distributed photovoltaic projects and newly approved onshore wind power projects (collectively, the “**Relevant New Projects**”); and (ii) grid parity shall be adopted and the on-grid tariff for the Relevant New Projects from 2021 onward would be based on the local coal-fired electricity price, while the Relevant New Projects may voluntarily participate in market-based trading to determine on-grid tariffs to better reflect the value of photovoltaic and onshore wind power projects. The aforesaid policy has been reducing the consolidated tariffs of the Relevant New Projects (i.e. absence of tariff subsidies and reduced on-grid tariff), notwithstanding the passing of the National Energy Law stated in the above paragraph.

In light of the above growth in electricity consumption, electricity generation and proportions of electricity generated from photovoltaic power (from approximately 4.8% (2022) to approximately 6.2% (2023) of the electricity generation in the PRC) and wind power (from approximately 8.6% (2022) to approximately 9.4% (2023) of the electricity generation in the PRC), and the policies issued and law promulgated to stimulate the “dual carbon”

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goal through promoting the use and development of renewable energy such as wind power and photovoltaic power, we consider the prospects of the Photovoltaic Power Business and Wind Power Business are generally positive. Nevertheless, there is uncertainty brought by the 2021 On-grid Tariff Policy as it has been reducing the consolidated tariffs of the Relevant New Projects. As advised by the Directors, among 73 power plants owned by SHNE Group as at 30 June 2024, 4 power plants are categorised as Relevant New Projects, representing approximately 5% of power plants owned by SHNE Group. Although the proportion of SHNE Group's power plants as at 30 June 2024 that are categorised as Relevant New Projects is not substantial, any of SHNE Group's newly registered centralised photovoltaic power stations, industrial and commercial distributed photovoltaic projects and newly approved onshore wind power projects in future will also be categorised as Relevant New Projects (should there be no change in the 2021 On-grid Tariff Policy). As consolidated tariffs are the major source of revenue of the Photovoltaic Power Business and the Wind Power Business (over 80% of the SHNE Group's revenue for FY2023 and 1H2024 was derived from the Photovoltaic Power Business and the Wind Power Business), any change in the PRC government policy may impact SHNE Group's position.

(3) Information on the Offeror

With reference to the Letter from Huatai Financial, SDHG, as the Offeror, is an investment holding company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 412). The principal activity of SDHG is investment holding. The SDHS Group is principally engaged in industrial investment, standard investment business, non-standard investment business and licensed financial services in the PRC and Hong Kong.

(4) Intentions of the Offeror in relation to the SHNE Group

With reference to the Letter from Huatai Financial:

- The Offeror considers and confirms that (i) it is intended that the SHNE Group will continue with the existing business of the SHNE Group; and (ii) it has no intention to (a) introduce any major changes to the existing business of the SHNE Group or (b) discontinue the employment of any of the SHNE Group's employees or (c) redeploy the fixed assets of the SHNE Group other than in its ordinary course of business. Furthermore, the Offeror has no plans to downsize SHNE's existing business. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the SHNE Group's business and operations to optimise the value of the SHNE Group.
- As at the Latest Practicable Date, no material investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the SHNE Group.

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With reference to the 2024 Interim Report and as advised by the Directors, since entering into the SDHS Group's ecosystem in May 2022, the SHNE Group had taken full advantage of SDHS Group's credit enhancement system and high ratings and successfully obtained a long-term credit rating of "AAA" from a leading domestic rating agency, marking SHNE as the first enterprise within the emerging industry sector of SDHS Group to obtain such credit rating. This lays a solid foundation to reduce SHNE Group's financing costs and establish a diversified financing system in the future. As the SHNE Group operates the Photovoltaic Power Business and Wind Power Business through construction/acquisition and operation of its self-owned power plants, which are capital-intensive in nature, we consider the advantages brought by entering into SDHS Group's ecosystem had been and will continue to be beneficial to optimize SHNE Group's business development.

(5) Share Offer Price

Share Offer Price comparison

The Share Offer Price of HK\$1.78 per Offer Share represents:

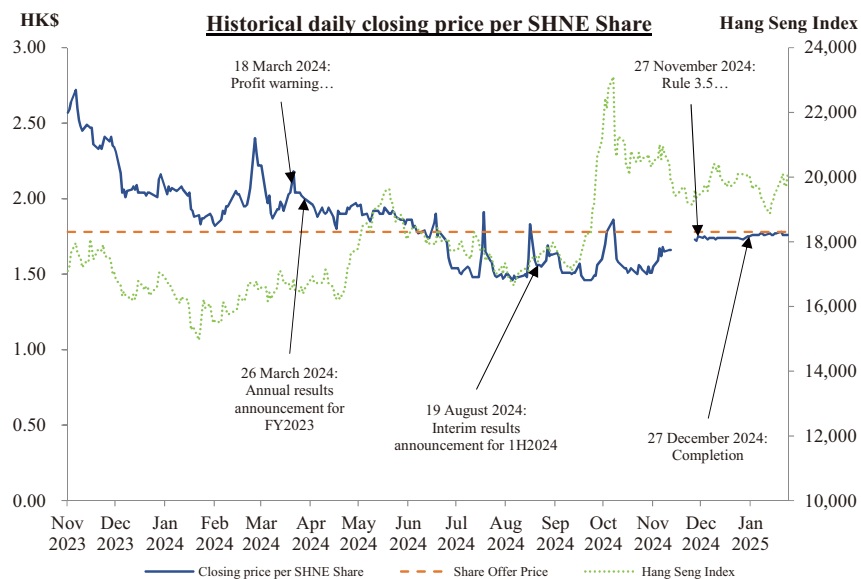
- (i) a premium of approximately 1.14% over the closing price of HK\$1.76 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a premium of approximately 7.23% over the closing price of HK\$1.6600 per SHNE Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 7.49% over the average closing price of HK\$1.6560 per SHNE Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 11.32% over the average closing price of approximately HK\$1.5990 per SHNE Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 12.23% over the average closing price of approximately HK\$1.6003 per SHNE Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 72.22% to the audited equity attributable to equity holders of SHNE of approximately HK\$6.4070 per SHNE Share as at 31 December 2023, calculated based on the audited equity attributable to equity holders of SHNE of approximately HK\$14.39 billion as at 31 December 2023 and 2,246,588,726 SHNE Shares in issue as at the Latest Practicable Date; and

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- (vii) a discount of approximately 71.88% to the unaudited equity attributable to equity holders of SHNE (the “NAV Discount”) of approximately HK\$6.3295 per SHNE Share as at 30 June 2024, calculated based on the unaudited equity attributable to equity holders of SHNE of approximately HK\$14.22 billion as at 30 June 2024 and 2,246,588,726 SHNE Shares in issue as at the Latest Practicable Date.

Historical price performance of the SHNE Shares

Set out below is a chart showing the movement of the closing prices of the SHNE Shares, together with the movement of Hang Seng Index during the period from 1 November 2023 (being approximately one year prior to Last Trading Day) up to the Latest Practicable Date (the “Review Period”), being an adequate and representative review period and the duration of such period is sufficient for us to perform a thorough analysis on the general trend and level of movement of the closing prices of the SHNE Shares.



Source: *the Stock Exchange's website*

Note: Trading in SHNE Shares was halted from 9:16 a.m. on 12 November 2024 and resumed at 1:00 p.m. on 27 November 2024.

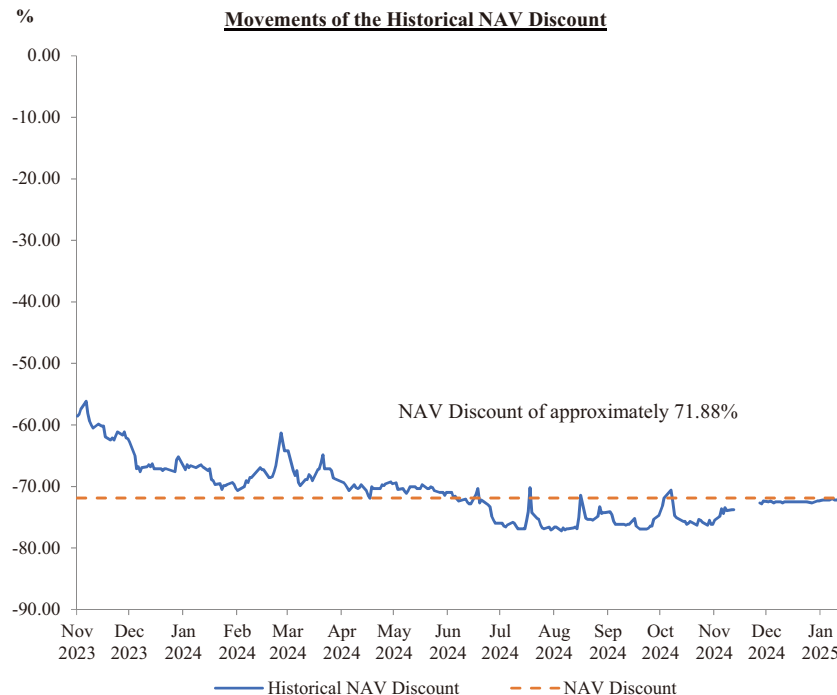
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During the Review Period, the highest and lowest closing prices of the SHNE Shares as quoted on the Stock Exchange were HK\$2.72 recorded on 6 November 2023 and HK\$1.46 recorded on 5 August 2024, 19 September 2024, 20 September 2024 and 23 September 2024 respectively. The Share Offer Price of HK\$1.78 per Offer Share falls within the closing price range of the SHNE Shares as quoted on the Stock Exchange during the Review Period and is higher than the closing prices of SHNE Shares for (i) 137 trading days out of the total of 294 trading days during the Review Period; and (ii) 126 trading days out of the total of 132 trading days during the period from 2 July 2024 (first trading day of second half of 2024) up to the Latest Practicable Date.

From the beginning of the Review Period, the closing price of the SHNE Shares formed a general decreasing trend and reached HK\$1.48 per SHNE Share on 11 July 2024. Thereafter, the closing prices of SHNE Shares fluctuated between HK\$1.46 per SHNE Share to HK\$1.91 per SHNE Share up to the Last Trading Day. From 27 November 2024 (after trading of SHNE Shares resumed upon publication of the Rule 3.5 Announcement) up to the Latest Practicable Date, the closing prices of SHNE Shares fluctuated between HK\$1.72 and HK\$1.78, which are close/equal to the Share Offer Price.

Historical NAV Discount

As abovementioned, the Share Offer Price represented a discount of approximately 71.88% (i.e. the NAV Discount) to the unaudited equity attributable to equity holders of SHNE per SHNE Share as at 30 June 2024. Accordingly, we also reviewed the discounts of the closing prices of SHNE Shares to the then latest prevailing equity attributable to equity holders of SHNE per SHNE Share (the “**Historical NAV Discounts**”) during the Review Period as set out in the chart below:



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Notes:

As the SHNE's interim results announcement for 1H 2023 was published after trading hours on 29 August 2023, the SHNE's annual results announcement for FY2023 was published after trading hours on 26 March 2024 and the SHNE's interim results announcement for 1H2024 was published after trading hours on 19 August 2024:

1. The Historical NAV Discounts from 1 November 2023 to 26 March 2024 were calculated based on the daily closing prices of SHNE Share and the equity attributable to the equity holders of SHNE of approximately HK\$13.93 billion as at 30 June 2023.
2. The Historical NAV Discounts from 27 March 2024 to 19 August 2024 were calculated based on the daily closing prices of SHNE Share and the equity attributable to the equity holders of SHNE of approximately HK\$14.39 billion as at 31 December 2023.
3. The Historical NAV Discounts from 20 August 2024 to the Latest Practicable Date were calculated based on the daily closing prices of SHNE Share and the equity attributable to the equity holders of SHNE of approximately HK\$14.22 billion as at 30 June 2024.

As illustrated above, the closing prices of the SHNE Shares were at discounts to the then latest published equity attributable to equity holders of SHNE per SHNE Share during the entire Review Period and the Historical NAV Discounts ranged from approximately 56.15% to approximately 77.21% during the Review Period. The NAV Discount of approximately 71.88% is within the range of Historical NAV Discounts during the Review Period and represented slighter discount to the Historical NAV Discounts for majority of the trading days from 3 June 2024 up to and including the Latest Practicable Date.

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Despite that SHNE Group's businesses are capital-intensive, relevance of the NAV Discount is not strong for considering the Share Offer Price from the SHNE Independent Shareholders' perspective given the following reasons:

- (i) from the SHNE Independent Shareholders' perspective, investment value of the SHNE Shares can be realised by receiving dividends and/or disposal of the SHNE Shares;
- (ii) SHNE had not declared any dividend since its financial year ended 31 December 2014;
- (iii) the Historical NAV Discounts were deep during the Review Period;
- (iv) majority of SHNE Group's owned property assets are photovoltaic and wind power plants and clean heat supply facilities; whereas the Offeror considers and confirms that, amongst others, (a) it is intended that the SHNE Group will continue with the existing business of the SHNE Group; and (b) it has no intention to redeploy the fixed assets of the SHNE Group other than in its ordinary course of business; and
- (v) even if SHNE Group disposes of any of its fixed assets, the SHNE Independent Shareholders' could not realise any investment value in the SHNE Shares unless SHNE declares dividend in relation to the proceeds from disposal,

Given the above, we also consider that absence of valuation of the SHNE Group's property including but not limited to the photovoltaic and wind power plants would not affect our opinion, advice and recommendation to the SHNE Independent Board Committee.

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Historical trading liquidity of the SHNE Shares

The number of trading days, the average daily number of the SHNE Shares traded per month, and the respective percentages of the SHNE Shares' monthly trading volume during the Review Period as compared to (i) the total number of issued SHNE Shares held by the SHNE Independent Shareholders; and (ii) the total number of issued SHNE Shares, are tabulated as below:

Month	No. of trading days	Average daily trading volume (the "Average Volume") <i>Shares</i>	% of the Average Volume to total number of issued SHNE Shares held by SHNE Independent Shareholders based on the number of issued SHNE Shares as at the end of each month/period <i>%</i>	% of the Average Volume to total number of issued SHNE Shares as at the end of the month/period <i>%</i>
2023				
November	22	408,069	0.04	0.02
December	19	331,157	0.03	0.01
2024				
January	22	260,498	0.03	0.01
February	19	419,421	0.04	0.02
March	20	140,448	0.01	0.01
April	20	129,218	0.01	0.01
May	21	252,820	0.03	0.01
June	19	205,546	0.02	0.01
July	22	209,295	0.02	0.01
August	22	233,496	0.02	0.01
September	19	334,550	0.03	0.01
October	21	585,280	0.06	0.03
November (Note 3)	11	1,274,364	0.13	0.06
December	20	593,055	0.06	0.03
2025				
January (up to and including the Latest Practicable Date)	17	374,808	0.04	0.02

Source: *the Stock Exchange's website*

Note: *Trading in SHNE Shares was halted from 9:16 a.m. on 12 November 2024 and resumed at 1:00 p.m. on 27 November 2024.*

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During the Review Period, the Average Volume was (i) below 0.2% of the total number of issued SHNE Shares held by the SHNE Independent Shareholders as at the Latest Practicable Date; and (ii) below 0.1% of the total number of issued SHNE Shares as at the Latest Practicable Date. The Average Volume was exceptionally thin during the Review Period. SHNE Independent Shareholders (especially those with relatively sizeable shareholdings) may not be able to realise their investments in the SHNE Shares at a price close to the Share Offer Price, particularly those who are going to dispose of their entire holdings as the disposal of large number of SHNE Shares in the open market may have adverse impact on the price of SHNE Shares.

Trading multiples analysis

To further assess the fairness and reasonableness of the Share Offer Price, we performed the trading multiple analysis which includes the price to earnings ratio (“**PER**”) and price to book ratio (“**PBR**”) as below. As SHNE Group generated approximately 82% of its revenue for FY2023 from the Photovoltaic Power Businesses and Wind Power Businesses in aggregate, we searched for Hong Kong listed companies (i) which are principally engaged in photovoltaic power business and/or wind power business in the PRC; (ii) which derived more than 50% of their revenue from such businesses in aggregate for their latest financial year; (iii) which had market capitalisation of below HK\$10 billion as at the Latest Practicable Date (to allow us to identify Comparable Companies (as defined below) within a reasonable market capitalisation range as compared to that of SHNE (i.e. approximately HK\$4 billion as at the Latest Practicable Date)); (iv) which had recorded profit attributable to the shareholders for its latest full financial year and/or net assets attributable to the shareholders as at the end of their respective latest financial period; and (v) whose shares are not suspended for over six months immediately prior to the publication of the Rule 3.5 Announcement. We found 6 companies listed below which met the aforesaid criteria and they are exhaustive (the “**Comparable Companies**”).

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Set out below are the PER, PBR and market capitalisation of the Comparable Companies based on their closing prices and their latest published financial information as at the Latest Practicable Date:

Company name (Stock code)	Principal business	Market capitalisation <i>Approximate HK\$ million</i>	PER (Note 1)	PBR (Note 2)
Concord New Energy Group Limited (182)	Operation of wind and solar power plants	3,791.5	3.64	0.41
Kong Sun Holdings Limited (295)	Investment in and operation of solar power plants, provision of solar power plant operation and maintenance services, provision of financial services, trading of liquefied natural gas and asset management	269.4	N/A (Note 3)	0.09
GCL New Energy Holdings Limited (451)	Sale of electricity, development, construction, operation and management of solar power plants	665.4	N/A (Note 3)	0.32
Beijing Energy International Holding Co., Ltd. (686)	Development, investment, operation and management of solar, wind and hydro power plants and other clean energy projects	2,220.9	48.91	0.38
China Renewable Energy Investment Limited (987)	Operation of wind power project and development of waste-to-energy projects	260.6	11.20	0.14
Xinyi Energy Holdings Limited (3868)	Operation of solar farms	6,533.8	6.58	0.50
	Maximum:		48.91	0.50
	Minimum:		3.64	0.09
	Average:		17.58	0.31
	Median:		8.89	0.35
SHNE		3,954.0	10.57 (Note 5)	0.28 (Note 6)

Source: the Stock Exchange's website

Notes:

- The PERs of the Comparable Companies were calculated based on their respective then latest published profit attributable to the shareholders for the latest full financial year, their respective closing prices as quoted on the Stock Exchange and the total issued shares as at the Latest Practicable Date.
- The PBRs of the Comparable Companies were calculated based on their respective then latest published net asset value attributable to the shareholders, their respective closing prices as quoted on the Stock Exchange and the total issued shares as at the Latest Practicable Date.

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3. The subject company recorded loss attributable to the owners of the company for their latest financial year according to its latest published financial information up to the Latest Practicable Date.
4. We adopted the mean and standard deviation outlier detection method to identify outliers in the sampled data and no outlier was identified as none of the sampled data was more than two standard deviations away from the mean.
5. The implied PER of SHNE was calculated based on the Share Offer Price, the number of SHNE Shares in issue as at the Latest Practicable Date and the profit attributable to the SHNE Shareholders per SHNE Share for FY2023.
6. The implied PBR of SHNE was calculated based on the Share Offer Price, the number of SHNE Shares in issue as at the Latest Practicable Date and the equity attributable to the SHNE Shareholders per SHNE Share as at 30 June 2024.

As depicted in the above table, (i) the PERs of the Comparable Companies ranged from approximately 3.64 times to approximately 48.91 times, with an average of approximately 17.58 times and a median of approximately 8.89 times; and (ii) the PBRs of the Comparable Companies ranged from approximately 0.09 times to approximately 0.50 times, with an average of approximately 0.31 times and a median of approximately 0.35 times.

The implied PER of SHNE is within the PER range of the Comparable Companies and lower than the average but higher than median PERs of Comparable Companies.

The implied PBR of SHNE is within the PBR range of the Comparable Companies and lower than the average and median PBRs of Comparable Companies.

Despite that (a) the Share Offer Price of HK\$1.78 per Offer Share represented NAV Discount of approximately 71.88%; (b) the implied PER of SHNE based on the Share Offer Price is lower than the average PER of the Comparable Companies; and (c) the implied PBR of SHNE based on the Share Offer Price is lower than the average and median PBRs of the Comparable Companies, having considered that (i) the Share Offer Price of HK\$1.78 per Offer Share falls within the closing price range of the SHNE Shares as quoted on the Stock Exchange during the Review Period; (ii) the Share Offer Price of HK\$1.78 per Offer Share is higher than the closing prices of SHNE Shares for 126 trading days out of the total of 132 trading days during the period from 2 July 2024 (first trading day of second half of 2024) up to the Latest Practicable Date; (iii) the Historical NAV Discounts ranged from approximately 56.15% to approximately 77.21% during the Review Period and the NAV Discount of 71.88% represented slighter discount to the Historical NAV Discounts for majority of the trading days from 3 June 2024 up to and including the Latest Practicable Date; and (iv) the average PER of the Comparable Companies was heavily skewed by the PER of Beijing Energy International Holding Co., Ltd. (stock code: 686) (although it is not an outlier), thus we consider the median

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PER of the Comparable Companies would be a more appropriate metric and the implied PER of SHNE is higher than the median PER of the Comparable Companies, indicating that the Share Offer Price of HK\$1.78 per Offer Share is not undervalued from PER perspective, we are of the view that the Share Offer Price is fair and reasonable so far as the SHNE Independent Shareholders are concerned.

(6) SHNE Option Offer Price

With reference to the Board Letter, pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the SHNE Option Offer Price would normally be the “see-through” price which represents the excess of the Share Offer Price per Offer Share over the exercise price of each of the outstanding SHNE Options. Since the exercise price of the outstanding SHNE Options of HK\$4.00 each is above the Share Offer Price of HK\$1.78 per Offer Share, the outstanding SHNE Options are out-of-money and the SHNE Option Offer Price for the cancellation of each Offer Option will be a nominal value of HK\$0.0001.

Given that the “see-through” value of the outstanding SHNE Options is nil, we consider the SHNE Option Offer Price of HK\$0.0001 offered to the SHNE Offer Optionholders is fair and reasonable so far as the SHNE Offer Optionholders are concerned.

With reference to Appendix I to the Composite Document, SHNE Offer Optionholders may do nothing before the Closing Date, and in such case, unexercised SHNE Options will remain exercisable during the original period, and will lapse after the end of the relevant original exercise period of the SHNE Options in accordance with the terms of the Share Option Scheme and the SHNE Offer Optionholders will not receive the SHNE Option Offer Price.

RECOMMENDATION

We noted the generally positive development of the SHNE Group’s businesses as stated below:

- (i) the SHNE Group was profit making for FY2022, FY2023 and 1H2024 as illustrated under the section headed “(2) Information on the SHNE Group” above;
- (ii) the prospects of the Photovoltaic Power Business and Wind Power Business (which generated approximately 82% in aggregate of SHNE Group’s revenue for FY2023) are generally positive as illustrated under the sub-section headed “Outlook and industry overview” above. Nevertheless, there is uncertainty brought by the 2021 On-grid Tariff Policy as it has been reducing the consolidated tariffs of the Relevant New Projects (i.e. absence of tariff subsidies and reduced on-grid tariff);

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- (iii) the Offeror considers and confirms that (i) it is intended that the SHNE Group will continue with the existing business of the SHNE Group; and (ii) it has no intention to (a) introduce any major changes to the existing business of the SHNE Group or (b) discontinue the employment of any of the SHNE Group's employees or (c) redeploy the fixed assets of the SHNE Group other than in its ordinary course of business. Furthermore, the Offeror has no plans to downsize SHNE's existing business; and
- (iv) since entering the ecosystem of SDHS Group in May 2022, the SHNE Group has achieved remarkable results (in terms of on-grid capacity and aggregate power generation) in high-quality development. The SHNE Group had also taken full advantage of SDHS Group's credit enhancement system and high ratings and successfully obtained a long-term credit rating of "AAA" from a leading domestic rating agency. The advantages brought by entering into SDHS Group's ecosystem had been and will continue to be beneficial to optimize SHNE Group's business development as concluded under the section headed "(4) Intentions of the Offeror in relation to the SHNE Group" above.

We also noted that:

- (i) the implied PER of SHNE is within the PER range of the Comparable Companies and lower than the average but higher than median PERs of Comparable Companies; and
- (ii) the implied PBR of SHNE is within the PBR range of the Comparable Companies and lower than the average and median PBRs of Comparable Companies.

Nevertheless, from the SHNE Independent Shareholders' perspective, investment value of the SHNE Shares can be realised by receiving dividends and/or disposal of the SHNE Shares. SHNE had not declared any dividend since its financial year ended 31 December 2014. Thus, having considered the factors from share price perspective as set out below:

- (i) the trading volume of the SHNE Shares was thin during the Review Period. SHNE Independent Shareholders (especially those with relatively sizeable shareholdings) may not be able to realise their investments in the SHNE Shares at a price close to the Share Offer Price, particularly those who are going to dispose of their entire holdings as the disposal of large number of SHNE Shares in the open market may have adverse impact on the price of SHNE Shares;

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- (ii) the Share Offer Price (a) falls within the closing price range of the SHNE Shares as quoted on the Stock Exchange during the Review Period; and (b) is higher than the closing prices of SHNE Shares for 126 trading days out of the total of 132 trading days during the period from 2 July 2024 (first trading day of second half of 2024) up to the Latest Practicable Date; and
- (iii) the exercise price of the outstanding SHNE Options is greater than the Share Offer Price, the “see-through” price for the outstanding SHNE Options is therefore nil and the SHNE Options are out-of-money, the SHNE Option Offer Price at a nominal value of HK\$0.0001 is considered to be fair and reasonable so far as the SHNE Offer Optionholders are concerned,

we are of the view that the Offers (including the Share Offer Price and the SHNE Share Option Offer Price) are fair and reasonable so far as the SHNE Independent Shareholders and the SHNE Offer Optionholders are concerned. Accordingly, we recommend the SHNE Independent Board Committee to (1) advise the SHNE Independent Shareholders to accept the Share Offer; and (2) advise the SHNE Offer Optionholders to accept the SHNE Option Offer.

In light of that the closing price of SHNE Shares ranged between HK\$1.72 and HK\$1.78 following the publication of the Rule 3.5 Announcement and up to the Latest Practicable Date, SHNE Independent Shareholders who wish to realise their investment in the SHNE Group are reminded that they should carefully and closely monitor the market price of the SHNE Shares during the Offer Period and consider selling their SHNE Shares in the open market during the Offer Period, rather than accepting the Share Offer, if the net proceeds from the sale of such SHNE Shares in the open market would exceed the net amount receivable under the Share Offer.

As different SHNE Independent Shareholders or SHNE Offer Optionholders would have different investment criteria, objectives and/or circumstances, we would recommend any SHNE Independent Shareholders or SHNE Offer Optionholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 30 years of experience in investment banking industry.

* *For identification purpose only*

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect hereof) in respect of your SHNE Shares is/are in your name, and you wish to accept the Share Offer in respect of your SHNE Shares (whether in full or in part), you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of SHNE Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked "Shandong Hi-Speed New Energy Group Limited – Share Offer" on the envelope, as soon as possible and in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and SHNE may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your SHNE Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your SHNE Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your SHNE Shares with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your SHNE Shares to the Registrar, marked "Shandong Hi-Speed New Energy Group Limited – Share Offer" on the envelope, by no later than 4:00 p.m. on the Closing Date; or
 - (ii) arrange for the SHNE Shares to be registered in your name by SHNE through the Registrar, and deliver the duly completed and signed

WHITE Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your SHNE Shares to the Registrar, marked “Shandong Hi-Speed New Energy Group Limited – Share Offer” on the envelope, by no later than 4:00 p.m. on the Closing Date; or

- (iii) if your SHNE Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your SHNE Shares have been lodged with your investor participant’s account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/ or any satisfactory indemnity or indemnities required in respect thereof) in respect of your SHNE Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your SHNE Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and signed and delivered to the Registrar, marked “Shandong Hi-Speed New Energy Group Limited – Share Offer” on the envelope, together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your SHNE Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar. The Offeror shall have the absolute discretion to decide whether any SHNE Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) If you have lodged transfer(s) of any of your SHNE Shares for registration in your name and have not yet received your share certificate(s), and you wish to

accept the Share Offer in respect of your SHNE Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar, marked "Shandong Hi-Speed New Energy Group Limited – Share Offer" on the envelope, together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Huatai Financial and/or their respective agent(s) to collect from SHNE or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

- (f) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and the Offeror and SHNE may jointly announce with the consent of the Executive in accordance with the Takeovers Code) and the Registrar has recorded that the **WHITE** Form of Share Offer Acceptance and any relevant documents as required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your SHNE Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such in other documents (e.g. a duly stamped transfer of the relevant SHNE Share(s) in blank or in favour of the acceptor executed by registered holder) the order to establish your right to become the registered holder of the relevant SHNE Shares; or
 - (ii) from a registered SHNE Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the SHNE Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered SHNE Shareholders, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (h) In Hong Kong, seller's ad valorem stamp duty payable by the SHNE Independent Shareholders who accept the Share Offer and calculated at a rate

of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the SHNE Share Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant SHNE Shareholders on the acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the SHNE Independent Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

- (i) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/ or any satisfactory indemnity or indemnities required in respect thereof) in respect of your SHNE Shares will be given.

2. COURSES OF ACTION AVAILABLE TO THE OFFER OPTIONHOLDERS

You may take any of the following courses of action with respect to your outstanding SHNE Options:

- (a) to the extent any of your outstanding SHNE Options are not exercised on or prior to the Closing Date, you may accept the SHNE Option Offer in accordance with its terms (as set out in this Composite Document and the **PINK** Form of Option Offer Acceptance) and receive the price of HK\$0.0001 for cancellation of each outstanding Offer Option by returning the duly completed and signed **PINK** Form of Option Offer Acceptance enclosed together with the relevant document(s) as soon as possible and in any event by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and SHNE may jointly announce with the consent of the Executive in accordance with the Takeovers Code, to the company secretary of SHNE at 38th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong, marked "Shandong Hi-Speed New Energy Group Limited – Option Offer" on the envelope;
- (b) you may in accordance with the terms of the Share Option Scheme exercise some or all of outstanding vested SHNE Options (to the extent not already exercised), by submitting a notice for exercising the SHNE Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the SHNE Options to the company secretary of SHNE no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and SHNE may jointly announce with the consent of the Executive in accordance with the Takeovers Code, and the SHNE Share issued as a result of the exercise of such SHNE Options will be subject to and eligible to participate in the Share Offer. SHNE Offer Optionholders who wish to accept the Share Offer should at the same time complete and sign the **WHITE** Form of Share Offer Acceptance and

deliver it to the Registrar, marked “Shandong Hi-Speed New Energy Group Limited – Share Offer” on the envelope, together with a copy of the set of documents delivered to SHNE for exercising the SHNE Options. Exercise of the SHNE Options is subject to the terms and conditions of the Share Option Scheme and the terms attaching to the grant of the relevant SHNE Options. Delivery of the completed and signed **WHITE** Form of Share Offer Acceptance to the Registrar will not serve to complete the exercise of the SHNE Options but will only be deemed to be an irrevocable authority to the Offeror, Huatai Financial and/or any of their respective agent(s) or such other person(s) as they may direct to collect from SHNE or the Registrar on his/her behalf the relevant share certificate(s) when issued on exercise of the SHNE Options as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance. If an SHNE Optionholder fails to exercise his/her SHNE Options as aforesaid, there is no guarantee that SHNE may issue the relevant share certificates in respect of the SHNE Shares allotted pursuant to his/her/its exercise of the SHNE Options to such SHNE Optionholder in time for him/her to accept the Share Offer as an SHNE Shareholder of such SHNE Shares under the terms of the Share Offer. Please refer to this Composite Document for the details of the Share Offer and the acceptance thereof; or

- (c) you may do nothing before the Closing Date, and in which case, unexercised SHNE Options will remain exercisable during the original exercise period, and will lapse after the end of the relevant original exercise period of the SHNE Options in accordance with the terms of the Share Option Scheme and you will not receive the SHNE Option Offer Price.

3. GENERAL PROCEDURES FOR ACCEPTANCE OF THE SHNE OPTION OFFER

- (a) To accept the SHNE Option Offer, you should complete and sign the accompanying **PINK** Form of Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the SHNE Option Offer.
- (b) If you are an SHNE Optionholder and you wish to accept the SHNE Option Offer in respect of your SHNE Options, you must send the duly completed and signed **PINK** Form of Option Offer Acceptance together with the relevant certificate(s), document(s) of title in respect of the SHNE Options, and/or other document(s) (if applicable) evidencing the grant SHNE Options to you (and/or satisfactory indemnity or indemnities required in thereof) for your holding of SHNE Options (or if applicable, for not less than the number of SHNE Options in respect of which you intend to accept the SHNE Option Offer), by post or by hand, to the company secretary of SHNE at 38th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong marked “Shandong Hi-Speed New Energy Group Limited – Option Offer” on the envelope, as soon as possible and in any event so as to reach the company secretary of SHNE by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and SHNE may jointly announce with the consent of the Executive in accordance with the Takeovers Code.

- (c) No stamp duty will be deducted from the amount paid or payable to the SHNE Optionholder who accepts the SHNE Option Offer.
- (d) No acknowledgment of receipt of any **PINK** Form(s) of Option Offer Acceptance, certificate(s) of the SHNE Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) in respect of the SHNE Options will be given.

4. SETTLEMENT OF THE OFFERS

4.1 The Share Offer

- (a) Provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant SHNE Shares are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the SHNE Independent Shareholders who accepts the Share Offer less seller's ad valorem stamp duty in respect of the SHNE Shares tendered by him/her/it under the Share Offer will be despatched to such SHNE Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt by the Registrar of the duly completed acceptances of the Share Offer and all relevant documents of title which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.
- (b) Settlement of the consideration to which any accepting SHNE Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting SHNE Independent Shareholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

4.2 The SHNE Option Offer

- (a) Provided that a valid **PINK** Form of Option Offer Acceptance and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are

complete and in good order in all respects and have been received by the company secretary of SHNE before the close of the SHNE Option Offer, a cheque for the amount (rounding up to the nearest cent) due to the SHNE Offer Optionholders in respect of the SHNE Options tendered by him/her under the SHNE Option Offer will be despatched to such SHNE Offer Optionholders by ordinary post at his/her own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt by the company secretary of SHNE of the duly completed acceptances of the SHNE Option Offer and all relevant documents which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

- (b) Settlement of the consideration to which any accepting SHNE Optionholder is entitled under the SHNE Option Offer will be implemented in full in accordance with the terms of the SHNE Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting SHNE Optionholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

5. ACCEPTANCE PERIOD AND REVISIONS

- (a) In order to be valid for the Offers, the **WHITE** Form of Share Offer Acceptance and the **PINK** Form of Option Offer Acceptance must be received by the Registrar (in respect of the Share Offer) or the company secretary of SHNE (in respect of the SHNE Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive.
- (b) The Offeror and SHNE will jointly publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been extended, revised or have expired.
- (c) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given before the Offers are closed to the SHNE Independent Shareholders and the SHNE Offer Optionholders who have not accepted the relevant Offers.
- (d) If, in the course of the Offers, the Offeror revises the terms of the Offers, all SHNE Independent Shareholders and the SHNE Offer Optionholders,

whether or not they have already accepted the relevant Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers will be kept open for at least fourteen (14) days after the date of the revised offer document.

- (e) If the Closing Date is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.

6. NOMINEE REGISTRATION

To ensure equality of treatment of all SHNE Independent Shareholders and SHNE Offer Optionholders, those registered SHNE Independent Shareholders and SHNE Offer Optionholders who hold SHNE Shares and SHNE Options as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the SHNE Shares and SHNE Options whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

7. ANNOUNCEMENTS

- (a) By 6:00 p.m. (or such later time as the Executive may in exceptional circumstances permit) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must post an announcement in accordance with the requirements of the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offers have been revised, extended, or have expired. The announcement will state the total number of SHNE Shares and SHNE Options:
 - (i) for which acceptances of the Offers have been received;
 - (ii) held, controlled or directed by the Offeror and/or parties acting in concert with it before the Offer Period; and
 - (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and/or parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in SHNE which the Offeror or parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of SHNE and the percentages of voting rights of SHNE represented by these numbers.

- (b) In computing the total number of SHNE Shares and SHNE Options represented by acceptances as of the Closing Date, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in this Appendix, and which have been received by the Registrar (in respect of the Share Offer) or the company secretary of SHNE (in respect of the SHNE Option Offer) no later than 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate.

8. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Share Offer and the SHNE Option Offer tendered by SHNE Independent Shareholders and SHNE Offer Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the sub-paragraph (b) below.
- (b) In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed “7. ANNOUNCEMENTS” above), the Executive may require that acceptors of the Offers be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the SHNE Independent Shareholders and/or the SHNE Offer Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the Offers are withdrawn, despatch by ordinary post the share certificate(s) and/or transfer receipt(s) and/or the certificate(s) of the SHNE Options and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to, or make such document(s) available for collection by, the relevant SHNE Independent Shareholders and/or SHNE Offer Optionholders at their own risks.

9. SHNE OVERSEAS INDEPENDENT SHAREHOLDERS AND SHNE OVERSEAS OFFER OPTIONHOLDERS

The Offeror intends to make the Offers available to all SHNE Independent Shareholders and SHNE Offer Optionholders, including the SHNE Overseas Independent Shareholders and the SHNE Overseas Offer Optionholders. As the Share Offer and the SHNE Option Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions, the SHNE

Overseas Independent Shareholders and the SHNE Overseas Offer Optionholders and beneficial owners of the SHNE Shares and/or SHNE Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice in respect of the SHNE Offers. It is the responsibility of the SHNE Overseas Independent Shareholders and the SHNE Overseas Offer Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, legal and/or regulatory requirements and the payment of any issue, transfer, cancellation or other taxes and duties due by such SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders in respect of the acceptance of the Offers in such jurisdictions.

The Offeror and the parties acting in concert with it, SHNE, Huatai Financial, Gram Capital, the Registrar, the company secretary of SHNE or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the SHNE Overseas Independent Shareholders or the SHNE Overseas Offer Optionholders for any taxes or duties as such persons may be required to pay.

Acceptance of the Offers by any SHNE Overseas Independent Shareholder or SHNE Overseas Offer Optionholder will be deemed to constitute a representation and warranty from such SHNE Overseas Independent Shareholder or SHNE Overseas Offer Optionholder to the Offeror that the all applicable laws and requirements have been complied with and such SHNE Overseas Independent Shareholder or SHNE Overseas Offer Optionholder is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. SHNE Overseas Independent Shareholder or SHNE Overseas Offer Optionholder should consult their professional advisers if in doubt.

10. TAXATION ADVICE

SHNE Overseas Independent Shareholder or SHNE Overseas Offer Optionholder are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror and the parties acting in concert with it, SHNE, Huatai Financial, Gram Capital and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), certificate(s) of the SHNE Option, transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the SHNE Offers to be delivered by or sent to or from the SHNE Independent Shareholders and the SHNE Offer Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of SHNE, the Offeror and the parties acting in concert with it, Huatai Financial, Gram Capital and any of their respective directors nor the Registrar or the company secretary of SHNE or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, Huatai Financial and/or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the SHNE Shares or the SHNE Options in respect of which such person or persons has/have accepted the Offers.
- (f) Acceptance of the Offers by any person or persons will be deemed to constitute a representation and warranty by such person or persons to the Offeror and Huatai Financial that the Offer Shares are sold or the SHNE Options are tendered (as the case may be) to the Offeror free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offers are made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

- (g) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of SHNE Shares or SHNE Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of SHNE Shares or SHNE Options held by such nominee for such beneficial owner who is accepting the Offers.
- (h) Any SHNE Independent Shareholders or SHNE Offer Optionholders accepting the Share Offer and/or the SHNE Option Offer, respectively, will be responsible for payment of any other transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (i) Unless otherwise expressly stated in this Composite Document and/or the Form(s) of Acceptance, no person other than the Offeror and the accepting SHNE Independent Shareholders and SHNE Offer Optionholders may enforce any terms of the Offers that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (j) Reference to the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (k) All acceptance, instructions, authorities and undertakings given by the SHNE Independent Shareholders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (l) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.
- (m) In making their decisions, the SHNE Independent Shareholders and the SHNE Offer Optionholders must rely on their own examination of the Offeror, the SHNE Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, SHNE, Huatai Financial, Gram Capital and the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers. The SHNE Independent Shareholders and the SHNE Offer Optionholders should consult their own professional advisers for professional advice.
- (n) The Offers are made in accordance with the Takeovers Code.

APPENDIX IIA FINANCIAL INFORMATION OF THE SHNE GROUP

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE SHNE GROUP

Set out below is a summary of (i) the audited financial information of the SHNE Group for each of the three financial years ended 31 December 2021, 2022 and 2023 as extracted from the relevant annual reports of SHNE; and (ii) the unaudited financial information of the SHNE Group for the six months ended 30 June 2023 and 2024 as extracted from the relevant interim reports of SHNE:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Audited) HK\$'000	(Audited) HK\$'000
Revenue	2,606,014	2,769,414	4,963,431	5,296,197	6,023,419
Cost of sales	<u>(1,279,278)</u>	<u>(1,280,383)</u>	<u>(2,552,221)</u>	<u>(2,735,702)</u>	<u>(3,446,896)</u>
Gross profit	1,326,736	1,489,031	2,411,210	2,560,495	2,576,523
Other income and gains, net	181,853	114,589	585,288	218,946	216,894
Selling and distribution expenses	(1,978)	(2,235)	(3,772)	(2,505)	(286)
Administrative expenses	(256,259)	(228,714)	(482,710)	(512,818)	(512,073)
Other operating expenses, net	(15,774)	(79,438)	(247,723)	(207,631)	(1,081,914)
Finance costs	(719,307)	(781,168)	(1,517,497)	(1,803,324)	(1,518,742)
Share of profits of:					
Joint ventures	3,004	(86,510)	(89,647)	4,544	17,815
Associates	<u>(10,924)</u>	<u>9,264</u>	<u>(24,852)</u>	<u>25,759</u>	<u>36,909</u>
PROFIT/(LOSS) BEFORE TAX	507,351	434,819	630,297	283,466	(264,874)
Income tax expense	<u>(107,470)</u>	<u>(79,401)</u>	<u>(242,832)</u>	<u>(57,655)</u>	<u>(23,960)</u>
PROFIT/(LOSS) FOR THE PERIOD/YEAR	<u>399,881</u>	<u>355,418</u>	<u>387,465</u>	<u>225,811</u>	<u>(288,834)</u>
ATTRIBUTABLE TO:					
Equity holders of SHNE	298,981	359,530	378,198	258,236	(321,312)
Non-controlling interests	<u>100,900</u>	<u>(4,112)</u>	<u>9,267</u>	<u>(32,425)</u>	<u>32,478</u>
	<u>399,881</u>	<u>355,418</u>	<u>387,465</u>	<u>225,811</u>	<u>(288,834)</u>

APPENDIX IIA FINANCIAL INFORMATION OF THE SHNE GROUP

	Six months ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
EARNINGS/(LOSS) PER SHARE					
ATTRIBUTABLE TO EQUITY					
HOLDERS OF SHNE					
Basic	HK13.31	HK16.00	HK16.83	HK13.75	HK(0.62)
	cents	cents	cents	cents	cent
Diluted	HK13.31	HK16.00	HK16.83	HK13.75	HK(0.62)
	cents	cents	cents	cents	cent
PROFIT/(LOSS) FOR THE					
PERIOD/YEAR					
	399,881	355,418	387,465	225,811	(288,834)
OTHER COMPREHENSIVE					
(LOSS)/INCOME					
Other comprehensive (loss)/income that					
may be reclassified to profit or loss in					
subsequent periods:					
Exchange fluctuation reserve:					
Translation of foreign operations	(505,238)	(937,741)	(562,277)	(1,779,414)	726,229
Share of other comprehensive					
(loss)/income of joint ventures	(8,290)	(16,841)	(13,065)	(38,186)	15,039
Share of other comprehensive					
(loss)/income of associates	(28,353)	(61,934)	(37,784)	(87,819)	33,238
OTHER COMPREHENSIVE					
(LOSS)/INCOME FOR THE					
PERIOD/YEAR, NET OF TAX					
	(541,881)	(1,016,516)	(613,126)	(1,905,419)	774,506
TOTAL COMPREHENSIVE					
(LOSS)/INCOME FOR THE					
PERIOD/YEAR					
	(142,000)	(661,098)	(225,661)	(1,679,608)	485,672
ATTRIBUTABLE TO:					
Equity holders of SHNE	(132,983)	(631,831)	(167,169)	(1,498,588)	372,642
Non-controlling interests	(9,017)	(29,267)	(58,492)	(181,020)	113,030
	(142,000)	(661,098)	(225,661)	(1,679,608)	485,672

Note:

- (1) The SHNE Group had not declared any payment of dividend for each of the financial years ended 31 December 2021, 2022 and 2023 and each of the six months ended 30 June 2023 and 2024.

APPENDIX IIA FINANCIAL INFORMATION OF THE SHNE GROUP

Cost of sales and finance costs in the above table for each of the financial years ended 31 December 2021, 2022 and 2023 and each of the six months ended 30 June 2023 and 2024, and other operating expenses, net, for the financial year ended 31 December 2021 were the material expenses. There was no material income in respect of the condensed consolidated financial results of the SHNE Group for each of the three financial years ended 31 December 2021, 2022 and 2023 and each of the six months ended 30 June 2023 and 2024.

Save as disclosed above, there were no other items of any income or expense which was material in respect of the condensed consolidated financial results of the SHNE Group for each of the financial years ended 31 December 2021, 2022 and 2023 and each of the six months ended 30 June 2023 and 2024.

The consolidated financial statements of the SHNE Group for the years ended 31 December 2021, 2022 and 2023 were audited by Ernst & Young. No modified opinion, emphasis of matter or material uncertainty related to going concern was given by the auditors of the SHNE Group in respect of the SHNE Group's audited consolidated financial statements for the years ended 31 December 2021, 2022 and 2023.

There was no change in the SHNE Group's accounting policy during each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE SHNE GROUP

SHNE is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the consolidated financial statements of the SHNE Group for the years ended 31 December 2021 (the "**2021 Financial Statements**"), 31 December 2022 (the "**2022 Financial Statements**") and 31 December 2023 (the "**2023 Financial Statements**"), for the six months ended 30 June 2023 (the "**2023 Interim Financial Statements**") and for the six months ended 30 June 2024 (the "**2024 Interim Financial Statements**", together with the 2021 Financial Statements, the 2022 Financial Statements, the 2023 Financial Statements and the 2023 Interim Financial Statements, collectively as the "**Financial Statements**"), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The Financial Statements are set out in the following documents which have been published on the websites of SHNE (<https://www.shneg.com.hk/>) and the Stock Exchange (<https://www.hkexnews.hk>), and can be accessed by the links below:

- The 2021 Financial Statements are set out from pages 79 to 195 in the annual report of SHNE for the year ended 31 December 2021 (the "**Annual Report 2021**"):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042601896.pdf>

- The 2022 Financial Statements are set out from pages 78 to 187 in the annual report of SHNE for the year ended 31 December 2022 (the “**Annual Report 2022**”):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042602542.pdf>

- The 2023 Financial Statements are set out from pages 88 to 199 in the annual report of SHNE for the year ended 31 December 2023 (the “**Annual Report 2023**”):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042600009.pdf>

- The 2023 Interim Financial Statements are set out from pages 32 to 58 in the interim report of SHNE for the six months ended 30 June 2023 (the “**Interim Report 2023**”):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0925/2023092500340.pdf>

- The 2024 Interim Financial Statements are set out from pages 43 to 69 in the interim report of SHNE for the six months ended 30 June 2024 (the “**Interim Report 2024**”):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0919/2024091900043.pdf>

The Financial Statements (but not any other part of the aforementioned documents in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the indebtedness of the SHNE Group was as follows:

Debts and borrowings

As at 31 October 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the SHNE had outstanding (i) secured and guaranteed bank loans of approximately HK\$12,043 million, secured and unguaranteed bank loans of approximately HK\$1,307 million, (ii) unsecured and guaranteed bank loans of approximately HK\$1,842 million, unsecured and unguaranteed bank loans of approximately HK\$6,631 million, (iii) secured and unguaranteed corporate bonds with an aggregate principal amount of RMB731 million (equivalent to approximately HK\$800 million), (iv) secured and guaranteed lease liabilities of approximately HK\$1,466 million, (v) unsecured and unguaranteed lease liabilities of approximately HK\$1,200 million, and (vi) secured and guaranteed other loans of approximately HK\$5,064 million.

The secured bank and other borrowings, lease liabilities under finance lease arrangements of the SHNE as at 31 October 2024 are secured by:

- (i) pledges over certain of the SHNE's property, plant and equipment and operating concessions;
- (ii) pledges over certain of the SHNE's trade receivables;
- (iii) pledges over certain of the SHNE's contract assets;
- (iv) pledges over the SHNE's equity interests in certain subsidiaries;
- (v) guarantees given by the SHNE and/or its subsidiaries; and/or
- (vi) pledges over certain of the SHNE's bank balances.

Guarantees issued

As at 31 October 2024, the SHNE provided the total maximum guarantees in relation to the investments in joint ventures and an unlisted equity investment of approximately HK\$465 million.

Contingent liabilities

As at 31 October 2024, the SHNE had no material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities, the SHNE did not, as at 31 October 2024, have any outstanding debt securities, whether issued and outstanding, authorised or otherwise created but unissued, term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the SHNE or by third parties) or unsecured, other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured borrowings or debt, mortgages, charges, guarantees or other material contingent liabilities.

The SHNE Directors confirm that, save as disclosed above, there are no material changes in the indebtedness and contingent liabilities of the SHNE since 31 October 2024 up to the Latest Practicable Date.

4. MATERIAL CHANGE

The SHNE Directors confirm that, save as and except for the below, there was no material change in the financial or trading position or outlook of the SHNE Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the SHNE were made up, up to and including the Latest Practicable Date:

The SHNE Group's profit for the ten months ended 31 October 2024 ("**10M2024**") increased as compared to that for the ten months ended 31 October 2023 ("**10M2023**"), mainly due to:

- (a) decrease in finance costs due to reduced interest expenses resulting from the replacement of high-cost financing with low-cost financing and advance repayment of a substantial amount of high-cost overseas borrowings by the SHNE Group from December 2023 to May 2024 (substantially funded by cash received from capital increase of a major subsidiary of SHNE (the "**Subsidiary**") by way of cash contribution made by an insurance private fund initiated and managed by 平安創贏資本管理有限公司 (Ping An Trendwin Capital Management Co., Ltd.*) (the "**Capital Increase**") (Note: SHNE's indirect holding interest in the Subsidiary decreased from 100% to approximately 55.54% upon completion of the Capital Increase. Accordingly, there was increase in proportion of the SHNE Group's profit attributable to non-controlling interests and decrease in proportion of the SHNE Group's profit attributable to equity holders of SHNE);
- (b) decrease in share of losses of joint ventures as there was substantial loss arising from cessation of operation and dismantling of a project held under a joint venture in 10M2023 (no such loss for 10M2024),

as partially offset by

- (c) decrease in gross profit resulting from decrease in revenue and gross profit margin (from approximately 51% for 10M2023 to approximately 49% for 10M2024) which was mainly due to the combined effects of (i) decrease in gross profit margin of sale of electricity due to greater grid curtailment by electricity grid companies in the PRC (which limited the electricity generated by power plants that could be fed into the grid, thus hindered the SHNE Group's sale of electricity); and (ii) low gross profit margin of certain newly acquired power plants and self-built and commissioned power plants since November 2023 which are not entitled to tariff subsidies from the PRC government authority.

(collectively, the "**Profit Estimate**")

The following is the text of the letter from Ernst & Young, SHNE's reporting accountants, for the purpose of inclusion in this Composite Document.

28 January 2025

The Board of Directors
Shandong Hi-Speed New Energy Group Limited
38th Floor, The Center
99 Queen's Road Central, Central
Hong Kong

Dear Sirs,

Shandong Hi-Speed New Energy Group Limited ("the Company") and its subsidiaries (the "Group")

Profit estimate for the ten months ended 31 October 2024

We refer to the following statements which constitute a profit estimate under Rule 10.6 of The Code on Takeovers and Mergers (the "**Profit Estimate**") as set out in the section headed "4. MATERIAL CHANGE" of Appendix IIA to the composite document dated 28 January 2025 jointly issued by Shandong Hi-Speed Holdings Group Limited and the Company:

*"The Group's profit for the ten months ended 31 October 2024 ("**10M2024**") increased as compared to that for the ten months ended 31 October 2023 ("**10M2023**"), mainly due to:*

- (a) decrease in finance costs due to reduced interest expenses resulting from the replacement of high-cost financing with low-cost financing and advance repayment of a substantial amount of high-cost overseas borrowings by the Group from December 2023 to May 2024 (substantially funded by cash received from capital increase of a major subsidiary of the Company (the "**Subsidiary**") by way of cash contribution made by an insurance private fund initiated and managed by 平安創贏資本管理有限公司 (Ping An Trendwin Capital Management Co., Ltd.*) (the "**Capital Increase**")) (Note: The Company's indirect holding interest in the Subsidiary decreased from 100% to approximately 55.54% upon completion of the Capital Increase. Accordingly, there was increase in proportion of the Group's profit attributable to non-controlling interests and decrease in proportion of the Group's profit attributable to equity holders of the Company);*
- (b) decrease in share of losses of joint ventures as there was substantial loss arising from cessation of operation and dismantling of a project held under a joint venture in 10M2023 (no such loss for 10M2024), as partially offset by;*

- (c) *decrease in gross profit resulting from decrease in revenue and gross profit margin (from approximately 51% for 10M2023 to approximately 49% for 10M2024) which was mainly due to the combined effects of (i) decrease in gross profit margin of sale of electricity due to greater grid curtailment by electricity grid companies in the PRC (which limited the electricity generated by power plants that could be fed into the grid, thus hindered the Group's sale of electricity); and (ii) low gross profit margin of certain newly acquired power plants and self-built and commissioned power plants since November 2023 which are not entitled to tariff subsidies from the PRC government authority."*

The Profit Estimate is required to be reported on under Rule 10 of The Code on Takeovers and Mergers.

Directors' responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results of the Group as shown in the management accounts of the Group for the ten months ended 31 October 2024.

The Company's directors are solely responsible for the Profit Estimate.

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management ("HKSQM") 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to

whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors of the Company and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. For the avoidance of doubts, we have not performed any procedures on the commentary in relation to the Profit Estimate made by the Company. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2023.

Yours faithfully,

Certified Public Accountants
Hong Kong

The following is the text of the letter from Gram Capital, the SHNE Independent Financial Adviser, for the purpose of inclusion in this Composite Document.

28 January 2025

The Board of Directors

Shandong Hi-Speed New Energy Group Limited
38th Floor
The Center
99 Queen's Road Central
Central, Hong Kong

Dear Sir/Madam,

Reference is made to the composite document dated 28 January 2025 (the "**Composite Document**") jointly issued by the Offeror and SHNE. Capitalised terms used in this letter shall have the same respective meanings as defined in the Composite Document unless the context otherwise required.

We refer to the following statements under the section headed "4. MATERIAL CHANGE" of Appendix IIA to the Composite Document (the "**Statements**"):

*The SHNE Group's profit for the ten months ended 31 October 2024 ("**10M2024**") increased as compared to that for the ten months ended 31 October 2023 ("**10M2023**"), mainly due to:*

- (a) *decrease in finance costs due to reduced interest expenses resulting from the replacement of high-cost financing with low-cost financing and advance repayment of a substantial amount of high-cost overseas borrowings by the SHNE Group from December 2023 to May 2024 (substantially funded by cash received from capital increase of a major subsidiary of SHNE (the "**Subsidiary**") by way of cash contribution made by an insurance private fund initiated and managed by 平安創贏資本管理有限公司 (Ping An Trendwin Capital Management Co., Ltd.*) (the "**Capital Increase**") (Note: SHNE's indirect holding interest in the Subsidiary decreased from 100% to approximately 55.54% upon completion of the Capital Increase. Accordingly, there was increase in proportion of the SHNE Group's profit attributable to non-controlling interests and decrease in proportion of the SHNE Group's profit attributable to equity holders of SHNE);*
- (b) *decrease in share of losses of joint ventures as there was substantial loss arising from cessation of operation and dismantling of a project held under a joint venture in 10M2023 (no such loss for 10M2024),*

as partially offset by

- (c) *decrease in gross profit resulting from decrease in revenue and gross profit margin (from approximately 51% for 10M2023 to approximately 49% for 10M2024) which was mainly due to the combined effects of (i) decrease in gross profit margin of sale of*

electricity due to greater grid curtailment by electricity grid companies in the PRC (which limited the electricity generated by power plants that could be fed into the grid, thus hindered the SHNE Group's sale of electricity); and (ii) low gross profit margin of certain newly acquired power plants and self-built and commissioned power plants since November 2023 which are not entitled to tariff subsidies from the PRC government authority.

The Statements constitute profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants. This report is issued in compliance with the requirements under Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

The SHNE Board prepared the Statements based on the unaudited consolidated management accounts of the SHNE Group for the ten months ended 31 October 2024 (the "**Management Accounts**"). The Management Accounts were prepared on a basis consistent in all material respects with the accounting policies normally adopted by the SHNE Group as set out in the annual report of SHNE for the year ended 31 December 2023 (the "**Bases**").

We have reviewed the Statements, the Management Accounts and the Bases (no assumption was involved in making of the Statements as they relate to a period already ended) which were provided by you and you as the SHNE Directors are solely responsible for. We also discussed the above with you and the senior management of SHNE.

In respect of the accounting policies and calculations concerned, upon which the Statements have been made, we have considered the report as contained in Appendix IIB to the Composite Document addressed to the Board from Ernst & Young, being the auditor of SHNE (the "**Auditor**"). The Auditor is of the opinion that, so far as the accounting policies and calculations are concerned, the Statements have been properly compiled in accordance with the bases adopted by the SHNE Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the SHNE Group as set out in the annual report of SHNE for the year ended 31 December 2023.

Having considered the above, we are of the opinion that the Statements have been made with due care and consideration.

We hereby give and have not withdrawn our consent to the issue of the Composite Document with the inclusion therein of this report.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

1. RESPONSIBILITY STATEMENT

As at the Latest Practicable Date, the SDHG Board comprises Mr. Li Tianzhang, Mr. Zhu Jianbiao, Ms. Liao Jianrong, Mr. Liu Zhijie and Mr. Liu Yao as executive SDHG Directors, Mr. Liang Zhanhai, Mr. Chen Di and Mr. Wang Wenbo as non-executive SDHG Directors, and Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Jonathan Jun Yan and Mr. Fang Ying as independent non-executive SDHG Directors.

The SDHG Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the SHNE Group, Vendors, or the SHNE Directors), and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the SHNE Directors in their capacity as SHNE Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the SHNE Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price Per Shares (HK\$)
31 May 2024	1.86
28 June 2024	1.54
31 July 2024	1.48
30 August 2024	1.63
30 September 2024	1.60
31 October 2024	1.51
11 November 2024 (being the Last Trading Day)	1.66
29 November 2024	1.75
31 December 2024	1.75
24 January 2025 (being the Latest Practicable Date)	1.76

During the Relevant Period, the highest and the lowest closing prices of the SHNE Shares as quoted on the Stock Exchange were HK\$1.91 per SHNE Share on 18 July 2024 and HK\$1.46 per SHNE Share on 5 August, 19, 20 and 23 September 2024.

3. DISCLOSURE OF INTERESTS IN SHNE'S SECURITIES AND ARRANGEMENT IN RELATION TO DEALINGS

During the Relevant Period:

- (a) save for the Existing Shares, none of the Offeror nor any person acting in concert with it nor any of the SDHG Directors owns or has control or direction over any voting rights or rights over the SHNE Shares, SHNE Options or convertible securities, warrants, options of SHNE or any derivatives in respect of such securities;
- (b) save for Fast Top Irrevocable Undertaking provided by Fast Top (which owns 405,063,291 SHNE Shares, representing approximately 18.03% of the issued share capital of SHNE as at the Latest Practicable Date), none of the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept or reject the Offers;
- (c) save for the Sale and Purchase Agreement, the Facility Agreement, the share charge of the Charged Shares and the Fast Top Irrevocable Undertaking, none of the Offeror, and any person acting in concert with it or any associates (as defined under the Takeovers Code) of the Offeror has any arrangements of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the SHNE Shares with any other person; and
- (d) none of the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in SHNE.

4. DEALINGS IN SECURITIES OF SHNE

During the Relevant Period:

- (a) save for the Sale and Purchase Agreement, the Facility Agreement and the share charge of the Charged Shares, none of the Offeror nor any person acting in concert with it nor any of the SDHG Directors had dealt for value in any SHNE Shares, SHNE Options, convertible securities, warrants or options of SHNE or any derivatives in respect of SHNE Shares;
- (b) save for Fast Top which provided the Fast Top Irrevocable Undertaking, no person had irrevocably committed themselves to accept or reject the Offers, and no such person had dealt for value in any SHNE Shares, SHNE Options or any convertible securities, warrants, options of SHNE or any derivatives in respect of SHNE Shares;
- (c) save for the Sale and Purchase Agreement, the Facility Agreement, the share charge of the Charged Shares and the Fast Top Irrevocable Undertaking, no person owning or controlling any shareholding in SHNE with whom the

Offeror and parties acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in any SHNE Shares, SHNE Options, convertible securities, warrants, options or derivatives of SHNE; and

- (d) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in SHNE which the Offeror and parties acting in concert with it had borrowed or lent.

5. ARRANGEMENT IN CONNECTION WITH THE OFFERS

As at the Latest Practicable Date:

- (a) save for the share charge of the Charged Shares, which could only be released upon the fulfillment of the payment and other obligations under the relevant finance documents, including, among others, the Facility Agreement and the share charge of the Charged Shares, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons. Pursuant to the terms and conditions of the aforementioned share charge, the lender in the Facility Agreement is entitled to exercise the voting rights attached to the Charged Shares in the name of the Offeror or otherwise and without any further consent or authority from the Offeror in the event of default by the Offeror under the Facility Agreement. Save as disclosed above, there was no agreement, arrangement or understanding and any related charges or pledges which may result in the transfer of voting rights in respect of any SHNE Shares;
- (b) none of the SHNE Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Offers;
- (c) save for the Sale and Purchase Agreement and the Fast Top Irrevocable Undertaking, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it on one hand and any of the SHNE Directors, recent SHNE Directors, SHNE Shareholders or recent SHNE Shareholders on the other hand, having any connection with or was dependent upon the Offers;
- (d) there are no agreements or arrangements to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;

- (e) save for the Consideration paid by the Offeror to the Vendors under the Sale and Purchase Agreement, there is no consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to either of the Vendors, their ultimate beneficial owners or any party acting in concert with any of them in connection with the sale and purchase of the Sale Shares;
- (f) there are no agreements or arrangements in relation to outstanding derivative in respect of the securities in SHNE which has been entered into by the Offeror or any person acting in concert with it; and
- (g) there is no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between (1) the Offeror and/or any party acting in concert with it and (2)(a) the Vendors, their ultimate beneficial owners and any party acting in concert with any of them or (2)(b) any SHNE Shareholders.

6. EXPERT AND CONSENT

The followings are the names and the qualifications of the expert whose letters, opinions or advices are contained or referred to in this Composite Document:

Name	Qualifications
Huatai Financial	a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO

Huatai Financial has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinions or advices and references to its name in the form and context in which it appears.

7. MISCELLANEOUS

As at the Latest Practicable Date:

- (a) The registered office of the Offeror is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the correspondence addresses of each of the SDHG Directors and SDHS Group (being the 43.45% controlling shareholder of the Offeror) are 38th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong and No. 8 Long'ao North Road, Lixia District, Jinan City, Shandong Province, PRC, respectively.

- (b) the board of directors of SDHS Group comprised Wang Qifeng, Li Guangjin, Wang Guang, Xu Libo, Song Jingyan, Sun Yunwei and Su Qun and their correspondence address is No. 8 Long'ao North Road, Lixia District, Jinan City, Shandong Province, PRC.
- (c) correspondence address of The State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government (being the 90% controlling shareholder of SDHS Group) is Block C, Golden Times Plaza, No.9999 Jingshi Road, Lixia District, Jinan City, Shandong Province, PRC.
- (d) the board of directors of Shandong Caixin Asset Management Co., Ltd.* (山東省財欣資產運營有限公司) (being the 10% shareholder of SDHS Group) comprised Xu Qinghao, Li Xianshi, LIN Zeruoming, Gao Jiancheng, Wang Bing and the correspondence address of Shandong Caixin Asset Management Co., Ltd.* (山東省財欣資產運營有限公司) and each of its directors is Shandong Caixin Building, No. 25-6 Jiefang East Road, Lixia District, Jinan City, Shandong Province, PRC.
- (e) The registered office of Huatai Financial is situated at 62/F., The Center, 99 Queen's Road Central, Hong Kong.

In the event of inconsistency, the English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the SFC (<http://www.sfc.hk>), SHNE (<https://www.shneg.com.hk/>) and the Offeror (<http://www.sdhg.com.hk>) from the date of this Composite Document up to and including the Closing Date:

- (a) memorandum of association and bye-laws of the Offeror;
- (b) the annual report of the Offeror for each of the years ended 31 December 2022 and 31 December 2023 and the interim report of the Offeror for the six months ended 30 June 2024;
- (c) the letter from Huatai Financial, the text of which is set out on page 12 to 24 of this Composite Document;
- (d) the written consents as referred to in the paragraph headed "6. EXPERT AND CONSENT" in this Appendix;
- (e) the Sale and Purchase Agreement; and
- (f) the Fast Top Irrevocable Undertaking.

1. RESPONSIBILITY STATEMENTS

As at the Latest Practicable Date, the SHNE Board comprises Mr. Li Tianzhang, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Mr. Sun Qingwei, Ms. Liao Jianrong, Mr. Li Li, Mr. He Yongbing and Mr. Wang Meng as executive SHNE Directors; and Professor Qin Si Zhao, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik as independent non-executive SHNE Directors.

The SHNE Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the (i) the SDHG Group and parties acting in concert with them (for SDHG Directors, only in their capacity as SDHG Directors); and (ii) the Vendors and parties acting in concert with them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the SDHG Directors in their capacity as SDHG Directors) in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of SHNE of HK\$0.05 each as at the Latest Practicable Date were as follows:

<i>Authorised</i>		<i>HK\$</i>
9,332,742,302	SHNE Shares	466,637,115.1
<u>667,257,698</u>	Preference shares of SHNE	<u>33,362,884.9</u>
 <i>Issued</i>		
<u>2,246,588,726</u>	SHNE Shares	<u>112,329,436.3</u>

All issued SHNE Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital. The SHNE Shares are listed and traded on the Stock Exchange. No SHNE Shares are listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in the SHNE Shares being or proposed to be sought, on any other stock exchange.

Since 31 December 2023, being the date to which the latest audited financial statements of the SHNE Group were made up, and up to the Latest Practicable Date, SHNE did not issue any SHNE Shares.

As at the Latest Practicable Date, there were 19,010,000 outstanding SHNE Options granted under the Share Option Scheme, entitling the SHNE Optionholders to subscribe for an aggregate of 19,010,000 SHNE Shares at an exercise price of HK\$4.00. Particularly, 7,604,000 of the outstanding SHNE Options have been vested. Pursuant to the terms of the Share Option Scheme, in the event a general offer is made to the SHNE Shareholders (and such offer becomes or is declared unconditional), all the SHNE Optionholders (holding vested or unvested SHNE Options) shall be entitled to exercise the SHNE Options in full.

Other than the SHNE Shares in issue and the said SHNE Options, SHNE had no other outstanding shares options, warrants, derivative or other securities that are convertible into or exchangeable for SHNE Shares or other types of equity interest in issue as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS IN SHNE'S SECURITIES AND ARRANGEMENT IN CONNECTION WITH THE OFFERS

(a) Interests and short positions in SHNE Shares and underlying shares or debentures of SHNE of SHNE Directors and chief executive of SHNE

Save as disclosed below, as at the Latest Practicable Date, none of the SHNE Directors or the chief executive of SHNE had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of SHNE or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to SHNE and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) to be notified to SHNE and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules; or (iv) to be disclosed under the Takeovers Code:

Name of SHNE Director	Interests in underlying shares under equity derivatives (Note 1)	% of total issued SHNE Shares
Mr. Chiu Kung Chik	200,000	0.02%

Note:

- The interests in underlying shares under equity derivatives represent the SHNE Options granted by SHNE on 15 September 2020.

(b) Interests and short positions in SHNE Shares and underlying shares or debentures of SHNE of substantial SHNE Shareholders' and other persons

As at the Latest Practicable Date, so far as was known to the SHNE Directors and chief executive of SHNE, the following persons (other than the SHNE Directors and chief executive of SHNE as disclosed above) had, or were deemed to have, interests or short positions in the shares, underlying shares and debentures of SHNE which would fall to be disclosed to SHNE under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly interested in 5% or more of the issued voting shares of any other member of the SHNE Group or held any option in respect of such shares and recorded in the register kept by SHNE pursuant to section 336 of the SFO:

Long position in the shares and/or underlying shares of SHNE

Name of shareholders	Long/Short position	Capacity in which shares are held	Number of shares held	Approximate percentage of SHNE's total issued shares (Note 1)
SDHS Group ^(Note 2)	Long position	Interest of controlled corporation	1,279,878,252	56.97%
The Offeror ^(Note 2)	Long position	Beneficial owner	1,279,878,252	56.97%
Beijing Enterprises Group Company Limited ("BE Group") ^(Note 3)	Long position	Interest of controlled corporation	405,063,291	18.03%
Beijing Enterprises Holdings Limited ("BEHL") ^(Note 3)	Long position	Interest of controlled corporation	405,063,291	18.03%
Beijing Enterprises Water Group Limited ("BEWG") ^(Note 3)	Long position	Interest of controlled corporation	405,063,291	18.03%

Notes:

1. The approximate percentage was calculated on the basis of 2,246,588,726 shares of SHNE in issue as at the Latest Practicable Date.

2. SDHS Group is deemed to be interested in an aggregate of 1,279,878,252 SHNE Shares as a result of its indirect holding of such shares through the following entities:

Name	Long/Short position	Number of SHNE Shares held
The Offeror	Long position	1,279,878,252
Shandong International (Hong Kong) Limited	Long position	1,279,878,252
山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*)	Long position	1,279,878,252

The Offeror beneficially holds 1,279,878,252 SHNE Shares. The Offeror is directly held as to approximately 22.68% by SDHS Group and approximately 20.77% by Shandong International (Hong Kong) Limited. Shandong International (Hong Kong) Limited is wholly owned by 山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*). 山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*) is wholly-owned by SDHS Group.

3. BE Group is deemed to be interested in an aggregate of 405,063,291 SHNE Shares as a result of its indirect holding of such shares through the following entities:

Name	Long/Short position	Number of SHNE Shares held
Fast Top	Long position	405,063,291
BEWG	Long position	405,063,291
Beijing Enterprises Environmental Construction Limited (“BE Environmental”)	Long position	405,063,291
BEHL	Long position	405,063,291
Beijing Enterprises Group (BVI) Company Limited (“BE BVI”)	Long position	405,063,291

Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 405,063,291 SHNE Shares. BEWG, a company listed on the Main Board of the Stock Exchange (Stock Code: 371), is directly held as to approximately 41.03% by BE Environmental, approximately 0.41% by Beijing Holdings Limited (“BHL”) and approximately 0.10% by BEHL. The remaining shares of BEWG are held by public shareholders. BE Environmental is a wholly-owned subsidiary of BEHL, a company listed on the Main Board of the Stock Exchange (Stock Code: 392), which is deemed to be held as approximately 62.16% by BE BVI (by itself and through its subsidiaries) and approximately 0.37% by BHL. The remaining shares of BEHL are held by public shareholders. Both BE BVI and BHL are wholly-owned by BE Group.

Save as disclosed above, as at the Latest Practicable Date, no other interests or short positions in the SHNE Shares or underlying shares of SHNE were notified to SHNE and the Stock Exchange required to be recorded in the register kept by SHNE under Section 336 of the SFO.

Additional Disclosure of Interests

As at the Latest Practicable Date,

- (a) saved as disclosed above, none of the SHNE Directors was interested within the meaning of Part XV of the SFO in the SHNE Shares, SHNE Options or any warrants, options, convertible securities or derivatives in respect of any SHNE Shares;
- (b) none of the subsidiaries of SHNE, pension funds of SHNE or of a subsidiary of SHNE, or any person who is presumed to be acting in concert with SHNE by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of SHNE by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding any exempt principal traders and exempt fund managers, owned or controlled any SHNE Shares, SHNE Options or any convertible securities, warrants, options or derivatives in respect of any SHNE Shares;
- (c) save for the Sale and Purchase Agreement, the share charge of the Charged Shares and the Fast Top Irrevocable Undertaking, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to SHNE Shares with SHNE or any person who is presumed to be acting in concert with SHNE by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”, or any of SHNE’s associates by virtue of classes (2), (3) or (4) of the definition of “associate” under the Takeovers Code;
- (d) no fund manager (other than exempt fund managers) connected with SHNE had managed any SHNE Shares, SHNE Options or any convertible securities, warrants, options or derivatives in respect of any SHNE Shares on a discretionary basis, and no such person had dealt for value in any SHNE Shares, SHNE Options or any securities, convertible securities, warrants, options or derivatives in respect of any SHNE Shares or securities of SHNE during the Offer Period up to the Latest Practicable Date;
- (e) Mr. Chiu Kung Chik has indicated his intention not to accept the SHNE Option Offer in respect of the 200,000 SHNE Options held by him (representing approximately 0.02% of the total issued SHNE Shares as at the Latest Practicable Date). Save for Mr. Chiu Kung Chik, none of the SHNE Directors held any beneficial shareholdings in SHNE which would otherwise entitle them to accept or reject the Offers;
- (f) none of SHNE or the SHNE Directors had borrowed or lent any SHNE Shares, SHNE Options or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any SHNE Shares; and

- (g) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined in Rule 25 of the Takeovers Code) between (1) any SHNE Shareholder and (2) SHNE, its subsidiaries or associated companies.

4. DEALINGS IN SHNE'S SECURITIES

- (a) During the Relevant Period, none of the SHNE Directors had dealt for value in any SHNE Shares, SHNE Options, convertible securities, warrants, options, or derivatives in respect of any SHNE Shares;
- (b) During the Offer Period and up to the Latest Practicable Date, none of the subsidiaries of SHNE, or pension funds of SHNE or of a subsidiary of SHNE, or any person who is presumed to be acting in concert with SHNE by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of SHNE by virtue of class (2) of the definition of "associate" under the Takeovers Code but excluding exempt principal traders and exempt fund managers had dealt for value in any SHNE Shares, SHNE Options or any convertible securities, warrants, options or derivatives in respect of any SHNE Shares;
- (c) During the Offer Period and up to the Latest Practicable Date, no fund manager connected with SHNE (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any SHNE Shares, SHNE Options or any other convertible securities, warrants, options or derivatives in respect of any SHNE Shares; and
- (d) During the Offer Period and up to the Latest Practicable Date, save for the Sale and Purchase Agreement, the share charge of the Charged Shares and the Fast Top Irrevocable Undertaking, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with SHNE or any person who is presumed to be acting in concert with SHNE by virtue of classes (1), (2), (3) and (5) of the definition of "acting in concert", or any of SHNE's associates by virtue of classes (2), (3) or (4) of the definition of "associate" under the Takeovers Code had dealt for value in any SHNE Shares, SHNE Options or any convertible securities, warrants, options or derivatives in respect of any SHNE Shares.

5. ARRANGEMENT AFFECTING THE SHNE DIRECTORS

- (a) no benefit (save for statutory compensation required under applicable laws) would be given to any SHNE Director as compensation for loss of office or otherwise in connection with the Offers;
- (b) there was no agreement or arrangement between any SHNE Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and

- (c) there was no material contract entered into by the Offeror in which any SHNE Director has a material personal interest.

6. DISCLOSURE OF INTERESTS AND DEALINGS IN THE SECURITIES OF THE OFFEROR BY SHNE

During the Relevant Period, SHNE nor any of the SHNE Directors owned or had dealt for value in any SDHG Shares, convertible securities, warrants, options, or derivatives in respect of any SDHG Shares.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, none of SHNE or any of its subsidiaries or any of its associates was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the SHNE Directors to be pending or threatened by or against any member of the SHNE Group.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, save for the contracts below, there was no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the SHNE Group) entered into by the SHNE Group within the two years before the Offer Period and ending on the Latest Practicable Date:

- (a) the equity transfer agreement dated 20 December 2022 entered into between 中電建河南電力有限公司 (China Power Construction Henan Electric Power Co., Ltd.*) (“**Vendor-1A**”) and 清電綠色能源有限公司 (Qingdian Green Energy Co., Ltd.*) (“**Vendor-1B**”) as vendors and 天津富驛企業管理諮詢有限公司 (Tianjin Fuyi Enterprise Management Consulting Co., Ltd.*) (an indirect non-wholly owned subsidiary of SHNE) (the “**Purchaser**”) as purchaser in relation to the sale and purchase of 80% and 20% of the equity interest in 商丘寧電新能源有限公司 (Shangqiu Ningdian New Energy Co., Ltd.*) from Vendor-1A to the Purchaser and from Vendor-1B to the Purchaser, respectively, at the total consideration of RMB143,567,600;
- (b) the two equity transfer agreements both dated 20 December 2022 both entered into between 河南清電新能源有限公司 (Henan Qingdian New Energy Co., Ltd.*) (“**Vendor-2**”) as vendor and the Purchaser as purchaser in relation to (i) the sale and purchase of entire equity interest in 蘭考金風清電新能源有限公司 (Lankao Gold Wind Power New Energy Co., Ltd.*) from Vendor-2 to the Purchaser at the consideration of RMB55,928,800; and (ii) the sale and purchase of entire equity interest in 沈丘穎電新能源有限公司 (Shenqiu Yingdian New Energy Co., Ltd.*) from Vendor-2 to the Purchaser at the consideration of RMB43,226,300, respectively;

- (c) the capital increase agreement dated 24 October 2023 entered into between Tianjin Beiqing Smart Energy Company Limited* (天津北清電力智慧能源有限公司) (“**Beiqing Smart**”) (an indirect wholly-owned subsidiary of SHNE), SDHS Group (the indirect controlling shareholder of SHNE), SHNE, Ningbo Meishan Bonded Port Zone Chuangze Equity Investment Partnership (Limited Partnership)* (寧波梅山保稅港區創澤股權投資合夥企業(有限合夥)) (“**Ningbo Meishan**”) and Tianjin Clean Energy Investment Company Limited* (天津富歡企業管理諮詢有限公司) (“**Tianjin Clean Energy**”) (an indirect wholly-owned subsidiary of SHNE), pursuant to which the Ningbo Meishan has conditionally agreed to make cash contribution of RMB5,000,000,000 (equivalent to approximately HK\$5,450,000,000) to Tianjin Clean Energy, of which RMB3,441,580,300 and RMB1,558,419,700 are to increase its registered capital and capital reserve respectively;
- (d) the pre-acquisition agreement dated 1 December 2023 (“**Pre-acquisition Agreement**”) entered into between Tianjin Clean Energy as purchaser, Yi County Shenghong Power New Energy Co., Ltd.* (義縣盛弘電力新能源有限公司) (“**Yi County Shenghong**”) as vendor, Xi’an Xidian New Energy Co., Ltd.* (西安西電新能源有限公司) as main contractor and Yi County Juxiang Power New Energy Co., Ltd.* (義縣聚享電力新能源有限公司) (“**Yi County Power**”), pursuant to which, Tianjin Clean Energy agreed (subject to fulfillment of certain conditions precedent as described below) to acquire from Yi County Shenghong the entire equity interest in Yi County Power at a consideration of not higher than RMB475,065,000, upon completion of the construction and commencement of grid-connected power generation of the distributed photovoltaic project (subject to the terms and conditions of the Pre-acquisition Agreement);
- (e) the equity transfer and debt settlement agreement dated 20 December 2023 entered into between Beiqing Smart, Jinke Power Company Limited* (晶科電力有限公司) (“**Jinke Power**”) and Hengfeng County Fuer Power Co., Ltd.* (橫峰縣伏貳電力有限公司) (“**Hengfeng Power**”), pursuant to which Beiqing Smart shall acquire from Jinke Power the entire equity interest in Hengfeng Power, which owns all the assets in respect of the wind power plant located in the central part of Dabancheng Wind Zone in Dabancheng District, Urumqi, Xinjiang (the “**Wind Plant Project**”), and shall repay the indebtedness of Urumqi Jingbu Wind Power Generation Co., Ltd.* (烏魯木齊晶步風力發電有限公司) incurred from the design, procurement, advances to the general construction, land use fees and financing in respect of the Wind Plant Project by way of debt novation. The consideration of the said acquisition is RMB730,000,000;
- (f) the equity transfer agreement dated 28 December 2023 entered into between Heze Shandong Hi-Speed New Energy Development Co., Ltd.* (菏澤山高新能源開發有限公司) (“**SHNE Heze**”) (an indirect wholly-owned subsidiary of SHNE), Huzhou Jinkun Equity Investment Partnership (Limited Partnership)* (湖州錦坤股權投資合夥企業(有限合夥)) (“**Huzhou Jinkun**”),

Qiande Dayouwuhao (Shenzhen) Investment Partnership (Limited Partnership)* (乾德大有伍號(深圳)投資合夥企業(有限合夥)) (“**Qiande Dayou**”), Xiamen Yingyuan Investment Partnership (Limited Partnership)* (廈門鷹遠投資合夥企業(有限合夥)) (“**Xiamen Yingyuan**”) and Guangzhou Greater Bay Technology Co., Ltd.* (廣州巨灣技研有限公司) (“**Guangzhou Greater Bay**”), pursuant to which, among other things, SHNE Heze shall acquire an aggregate of unpaid registered capital of Guangzhou Greater Bay of RMB792,735 (representing 0.73304% equity interest in Guangzhou Greater Bay) owned by Qiande Dayou (i.e. unpaid registered capital of Guangzhou Greater Bay of RMB536,146 or 0.49577% equity interest in Guangzhou Greater Bay) and Xiamen Yingyuan (i.e. unpaid registered capital of Guangzhou Greater Bay of RMB256,589 or 0.23727% equity interest in Guangzhou Greater Bay), respectively, at the total consideration of RMB1 and shall pay the corresponding outstanding investment amount of RMB76,102,500 to Guangzhou Greater Bay;

- (g) the capital increase agreement dated 28 December 2023 entered into between SHNE Heze, Huzhou Jinkun, Mr. Huang Xiangdong, Mr. Pei Feng, Guangzhou Juwan Investment Partnership (Limited Partnership)* (廣州巨灣投資合夥企業(有限合夥)), Guangzhou Automobile Group Co., Ltd.* (廣州汽車集團股份有限公司), GAC Capital Co., Ltd. (廣汽資本有限公司), Guangzhou Tuoxin Gongjin Investment Partnership (Limited Partnership)* (廣州拓新共進投資合夥企業(有限合夥)) and Guangzhou Greater Bay, pursuant to which, among other things, SHNE Heze has conditionally agreed to subscribe to 1.98165% of the enlarged equity interest in Guangzhou Greater Bay and make RMB223,897,500 cash contribution to Guangzhou Greater Bay, of which RMB2,201,199 and RMB221,696,301 are to increase its registered capital and capital reserve respectively;
- (h) the cooperation agreement dated 5 January 2024 (the “**Cooperation Agreement**”) entered into between Beiqing Smart as purchaser and Qingdian Technology Group Co., Ltd.* (清電科技集團有限公司) (“**Qingdian Technology**”) as vendor, Henan Huachuang Guoxin Engineering Co. Ltd.* (河南省華創國信工程有限公司) as main contractor and Nanyang Qingdian New Energy Co., Ltd.* (南陽清電新能源有限公司) (“**Nanyang Qingdian**”), pursuant to which Beiqing Smart shall, subject to the terms and conditions of the Cooperation Agreement, (i) acquire from the Qingdian Technology the entire equity interest in Nanyang Qingdian (the “**Equity Transfer**”) which owns all the assets in respect of the 100 MW wind power and smart energy storage project located in Sheqi County (社旗縣), Henan Province of the PRC (the “**Target Project**”); and (ii) repay the liabilities of Nanyang Qingdian, at the consideration of RMB800,000,000, comprising the aggregate amount of the consideration for the entire equity interest in Nanyang Qingdian of RMB200,000,000 and the aggregate amount of liabilities of Nanyang Qingdian of up to RMB600,000,000 incurred and to be incurred in relation to the construction, grid connection for power generation and operation of the Target Project as of the date of the agreement relating to the Equity Transfer;

- (i) the supplemental agreements all dated 6 February 2024 respectively (collectively, the “**Supplemental Agreements**” and each a “**Supplemental Agreement**”) entered into between Shandong Hi-Speed Thermal Group Company Limited* (山高熱力集團有限公司) (“**Thermal Co**”), an indirect non-wholly owned subsidiary of SHNE, and each of Tibet Fengtai Nuohong Venture Capital Partnership (Limited Partnership)* (西藏風泰諾宏創業投資合夥企業(有限合夥)) (“**Vendor A**”), Fuzhou Yuze Phase I Investment Partnership (Limited Partnership)* (福州禹澤一期投資合夥企業(有限合夥)) (“**Vendor B**”), Beijing Yingtong Subway Energy Saving Technology Co., Ltd.* (北京營通地鐵節能技術有限公司) (“**Vendor C**”), Ningxia Zhucheng Investment Co., Ltd.* (寧夏助誠投資有限公司) (“**Vendor D**”), Tibet Yuze Investment Management Co., Ltd.* (西藏禹澤投資管理有限公司) (“**Vendor E**”), Xi’an Huayu Kangneng Electronic Technology Partnership (Limited Partnership)* (西安華宇康能電子科技合夥企業(有限合夥)) (“**Vendor F**”, together with Vendor A, Vendor B, Vendor C, Vendor D and Vendor E, the “**Vendors**” and each a “**Vendor**”), in relation to, among others, (a) the consideration of RMB49,982,500 paid by Thermal Co under the repurchase agreement dated 4 March 2022 entered into between Thermal Co and Vendor A has been confirmed and fully discharged; and (b) the consideration under each of the repurchase agreements all dated 22 March 2022 entered into between Thermal Co with each of Vendor B, Vendor C, Vendor D, Vendor E and Vendor F has been reduced to RMB35,000,000, RMB30,243,800, RMB14,000,000, RMB13,000,000 and RMB5,705,400 respectively (collectively, the “**Considerations**” and each a “**Consideration**”);
- (j) the acting in concert agreements all dated 6 February 2024 entered into between Shandong Hi-Speed Photovoltaic Power Development Company Limited* (山高光伏電力發展有限公司) (“**Shandong Hi-Speed Photovoltaic Power**”), an indirect wholly-owned subsidiary of SHNE, and each of the Vendors (other than Vendor A), pursuant to which, each of the Vendors (other than Vendor A) shall irrevocably appoint Shandong Hi-Speed Photovoltaic Power as its only and exclusive proxy to exercise its voting rights at Thermal Co’s shareholders’ meetings, in order to be in agreement and act in concert with Shandong Hi-Speed Photovoltaic Power when dealing with matters related to operation and development of Thermal Co and matters that are required to be approved by shareholders’ meeting and directors’ meeting in accordance with applicable laws and regulations and articles of association of Thermal Co, upon the payment of the corresponding Consideration pursuant to the relevant Supplemental Agreement;
- (k) the investment agreement dated 20 March 2024 entered into between SHNE, China SDHS International Economic and Technical Cooperation Co., Ltd.* (中國山東國際經濟技術合作有限公司) (“**SD International Cooperation**”) (a direct wholly-owned subsidiary of SDHS Group) and SDHS Energy Development Co., Ltd.* (山東高速能源發展有限公司) (“**SDHS Energy Development**”) (a direct wholly-owned subsidiary of SDHS Group) in respect of the formation of the joint venture with the proposed name of Shandong Hi-Speed International

New Energy Co., Ltd.* (山東高速國際新能源有限公司) (“SDHS International New Energy”) in the PRC, pursuant to which the total contribution amount (comprising the whole of the registered capital of SDHS International New Energy) shall be RMB45,000,000, in which 30% (i.e. RMB13,500,000) shall be contributed by SHNE, 40% (i.e. RMB18,000,000) shall be contributed by SD International Cooperation and the remaining 30% (i.e. RMB13,500,000) shall be contributed by SDHS Energy Development;

- (l) the trust contract dated 30 April 2024 entered into between Beiqing Smart as subordinate entrustor and subordinate beneficiary, Industrial Bank Co., Ltd. (“**Industrial Bank**”) as superior entrustor and superior beneficiary and Northern International Trust Co., Ltd. as trustee, pursuant to which, Beiqing Smart and Industrial Bank agreed to subscribe for the trust units of Jingye No. 9 Collective Fund Trust Scheme of closed-end collective funds with no fixed term set from the date of its establishment at a consideration of RMB670 million and RMB1 billion respectively;
- (m) the investment cooperation agreement dated 14 May 2024 (“**Investment Cooperation Agreement**”) entered into between Essense (Hong Kong) Limited (“**Essense Hong Kong**”), a direct wholly-owned subsidiary of SHNE, and Shandong Hi-Speed New Energy Development Co., Ltd.* (山東高速新能源開發有限公司) (“**SDHS New Energy Development**”), a non-wholly owned subsidiary of SDHS Group, in respect of the formation of the joint venture with the proposed name of 山東高速魯中新能源有限公司 (Shandong Hi-Speed Luzhong New Energy Co., Ltd.*) (“**SDHS Luzhong New Energy**”) in the PRC. Pursuant to the Investment Cooperation Agreement, the total contribution amount (equivalent to the total amount of the registered capital of SDHS Luzhong New Energy) is RMB60,000,000, in which 40% (i.e. RMB24,000,000) shall be contributed by Essense Hong Kong and the remaining 60% (i.e. RMB36,000,000) shall be contributed by SDHS New Energy Development;
- (n) the engineering, procurement and construction contract dated 25 October 2024 entered into between Heze Shandong Hi-Speed Clean Energy Co., Ltd.* (菏澤山高清潔能源有限公司) (“**HZHS Clean Energy**”), a wholly-owned subsidiary of SHNE, as principal and PowerChina Beijing Engineering Corporation Limited* (中國電建集團北京勘測設計研究院有限公司) (“**PowerChina Beijing**”) as contractor, pursuant to which, HZHS Clean Energy agreed to engage PowerChina Beijing to provide relevant engineering, procurement and construction services in relation to the 93.75MW wind power project in Mudan District, Heze City, Shandong Province, at a consideration of RMB183,490,463.74; and
- (o) (i) the equipment purchase contract dated 9 December 2024 entered into between Haiyang Shandong Hi-Speed New Energy Investment Co., Ltd.* (海陽山高新能源投資有限公司) (“**HYHS Investment**”), an indirect wholly-owned subsidiary of SHNE, and Shanghai Electric Wind Power Group Co., Ltd.* (上海電氣風電集團股份有限公司) (“**Shanghai Electric**”), pursuant to which HYHS Investment has agreed to purchase and Shanghai Electric has agreed to sell

five sets of wind power generation units, towers and ancillary equipment which will be used for the construction and development of the 93.75MW wind power project in Mudan District, Heze City, Shandong Province (the “**6.25MW Equipment**”) at the consideration of RMB71,261,250 (tax inclusive); and (ii) the equipment purchase contract dated 9 December 2024 entered into between Laiyang Beiqing New Energy Development Co., Ltd.* (萊陽市北清新能源開發有限公司) (“**Laiyang Beiqing**”), an indirect wholly-owned subsidiary of SHNE, and Shanghai Electric, pursuant to which Laiyang Beiqing has agreed to purchase and Shanghai Electric has agreed to sell 10 sets of the 6.25MW Equipment at the consideration of RMB116,707,500 (tax inclusive).

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts which have given opinions or advices contained or referred to in this Composite Document:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Ernst & Young	Certified Public Accountant

Each of Gram Capital and Ernst & Young has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which it appears herein.

10. SHNE DIRECTORS’ SERVICE CONTRACTS

Mr. Li Tianzhang (“**Mr. Li**”) has been appointed as an executive SHNE Director since 2 August 2024. Mr. Li has entered into a service agreement with SHNE with effect from 2 August 2024, pursuant to which, he has agreed to act as an executive SHNE Director for a term of 3 years but Mr. Li is subject to retirement and re-election in accordance with the articles of association of SHNE, the Listing Rules and any other applicable laws from time to time, unless terminated by either party giving not less than three months’ notice in writing to the other party. Mr. Li will not receive any remuneration from SHNE during his term of office.

Save as disclosed above, as at the Latest Practicable Date, none of the SHNE Directors had any service contracts with SHNE or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the Offer Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

11. MISCELLANEOUS

As at the Latest Practicable Date,

- (a) the registered office of SHNE is situated at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands;
- (b) the principal place of business of SHNE in Hong Kong is at 38th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong;
- (c) the SHNE Board comprised Mr. Li Tianzhang, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Mr. Sun Qingwei, Ms. Liao Jianrong, Mr. Li Li, Mr. He Yongbing and Mr. Wang Meng as executive SHNE Directors; and Professor Qin Si Zhao, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik as independent non-executive SHNE Directors;
- (d) SHNE's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited whose address is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; and
- (e) the registered office of the SHNE Independent Financial Adviser, Gram Capital, is situated at Room 1209, 12/F, Nan Fung Tower, 173 Des Voeux Road Central, Central, Hong Kong.

The English text of this Composite Document shall prevail over their respective Chinese text in case of inconsistency.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the SFC (<https://www.sfc.hk>) and SHNE (<https://www.shneg.com.hk/>) from the date of this Composite Document up to and including the Closing Date:

- (a) the fourth amended and restated memorandum and articles of association of SHNE;
- (b) the Annual Report 2021, the Annual Report 2022, the Annual Report 2023, the Interim Report 2023 and the Interim Report 2024;
- (c) the letter from the SHNE Board, the text of which is set out on pages 25 to 31 of this Composite Document;
- (d) the letter from the SHNE Independent Board Committee, the text of which is set out on pages 32 to 33 of this Composite Document;
- (e) the material contracts referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this Appendix to this Composite Document;

- (f) the letter from Gram Capital, the text of which is set out on pages 34 to 58 of this Composite Document;
- (g) the report from Ernst & Young on the Profit Estimate, the text of which is set out on pages IIB-1 to IIB-3 of this Composite Document;
- (h) the report from Gram Capital on the Profit Estimate, the text of which is set out on pages IIC-1 to IIC-2 of this Composite Document;
- (i) the written consents referred to in the paragraph headed “9. EXPERTS AND CONSENTS” in this Appendix;
- (j) the service contract referred to in the paragraph headed “10. SHNE DIRECTORS’ SERVICE CONTRACTS” in this Appendix; and
- (k) this Composite Document and the accompanying Forms of Acceptance.