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**山高新能源集團有限公司**  
SHANDONG HI-SPEED NEW ENERGY GROUP LIMITED  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 01250)

**SHANDONG HI-SPEED HOLDINGS GROUP LIMITED**  
**山高控股集團有限公司**

(Incorporated in Bermuda with limited liability)  
(Stock Code: 412)

## **JOINT ANNOUNCEMENT**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTION RELATING TO THE SALES OF ELECTRICITY**

#### **THE 2022 ELECTRICITY SALES AGREEMENT**

Each of SHNE Board and the SDHG Board announces that on 30 December 2022 (after trading hours), BEWG, being a substantial shareholder of SHNE, and SHNE entered into the 2022 Electricity Sales Agreement in respect of the Sales of Electricity to renew the terms of the 2019 Electricity Sales Agreement.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this joint announcement, (i) BEWG is a substantial shareholder of SHNE indirectly holding approximately 18.03% of the total issued share capital of SHNE; and (ii) SHNE is an indirect non-wholly owned subsidiary of SDHG which indirectly holds approximately 43.45% of the total issued share capital of SHNE. Accordingly, BEWG is a connected person of SHNE and a connected person of SDHG at subsidiary level, respectively, under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the 2022 Electricity Sales Agreement constituted a continuing connected transaction of each of SHNE and SDHG under Chapter 14A of the Listing Rules.

**SHNE**

As at the date of this joint announcement, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps under the 2022 Electricity Sales Agreement are more than 0.1% but all of which are less than 5%, the transactions contemplated under the 2022 Electricity Sales Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for SHNE.

**SDHG**

As at the date of this joint announcement, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps under the 2022 Electricity Sales Agreement are more than 1% but all of which are less than 5%, the transactions contemplated under the 2022 Electricity Sales Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for SDHG.

Reference is made to the announcement of SHNE dated 30 December 2019 in respect of the 2019 Electricity Sales Agreement. The 2019 Electricity Sales Agreement will expire on 31 December 2022.

**THE 2022 ELECTRICITY SALES AGREEMENT**

On 30 December 2022 (after trading hours), BEWG, being a substantial shareholder of SHNE, and SHNE entered into the 2022 Electricity Sales Agreement in respect of the Sales of Electricity to renew the terms of the 2019 Electricity Sales Agreement. Details of the 2022 Electricity Sales Agreement are set out below:

Purchaser(s) : the BEWG Group

Supplier(s) : the SHNE Group

- Subject Matter : The sale of electricity to be generated by the Distributed Photovoltaic Power Stations in certain Water Plants to the BEWG Group
- Term : Commencing from 1 January 2023 and will expire on 31 December 2025, and may be renewable for another term upon mutual agreement between BEWG and SHNE within one month prior to the expiry date
- Pricing Policy : Electricity will be supplied at a price calculated by having the relevant volume of electricity usage multiplied by the relevant government prescribed price per kWh (as adjusted from time to time), which is determined by the government authorities (including State Grid Corporation of China\* (國家電網公司) and China Southern Power Grid\* (中國南方電網)) depending on the location of the Water Plants, and with a discount rate ranging from 10% to 12%. It is commonly found in the PRC market that power stations offer discounts to customers. The SHNE Group also offers discounts to its customers like other power stations to attract more customers. The discount rates offered by the SHNE Group to the BEWG Group are determined with reference to the discount rates offered by other power stations to their customers and also the discount rates offered by the SHNE Group to its other customers. To ensure no favourable terms are offered to the BEWG Group, the discount rates offered by the SHNE Group to the BEWG Group are lower than the discount rates offered by the SHNE Group to other customers which are Independent Third Parties. The price for the electricity to be supplied to the BEWG Group was determined after arm's length negotiation according to the principles of fairness and reasonableness between the BEWG Group and the SHNE Group.
- Payment Term : All payments will be settled in cash on a monthly basis

## ANNUAL CAPS

The SHNE Directors and SDHG Directors propose that the annual cap amount for each of the three years ending 31 December 2025, being the term of the 2022 Electricity Sales Agreement, will not exceed:

<b>For the financial year(s) ending 31 December</b>		
<b>2023</b>	<b>2024</b>	<b>2025</b>
<i>RMB</i>	<i>RMB</i>	<i>RMB</i>

Electricity fees receivable by the SHNE

Group in respect of the Sales of Electricity	20,449,710.17	21,196,804.71	21,015,863.99
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In determining the annual caps for the electricity fees to be received by the SHNE Group in respect of the Sales of Electricity, the SHNE Directors and SDHG Directors have taken into account (i) the historical transaction amounts; (ii) the designed capacity of the Distributed Photovoltaic Power Stations in certain Water Plants; (iii) the price offered by the SHNE Group to the BEWG Group; (iv) the estimated electricity to be generated by the relevant Distributed Photovoltaic Power Stations; and (v) the development plan of the SHNE Group for the Distributed Photovoltaic Power Stations in the Water Plants in the coming years during the term of the 2022 Electricity Sales Agreement.

Set out below are the historical transaction amounts between the BEWG Group and the SHNE Group in respect of the Sales of Electricity for each of the two years ended 31 December 2021 and the eleven months ended 30 November 2022:

<b>For the financial year(s) ended 31 December</b>		<b>For the eleven months ended 30 November</b>
<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
<i>(approx.)</i>	<i>(approx.)</i>	<i>(approx.)</i>

Historical electricity fees received by the SHNE

Group in respect of the Sales of Electricity	19,256,886	18,031,562	13,098,474
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## **APPROVAL BY THE SHNE BOARD AND THE SDHG BOARD**

### **SHNE Board Approval**

As Mr. Li Li is an executive director of BEWG and SHNE, he abstained from voting on the SHNE Board resolutions approving the 2022 Electricity Sales Agreement and the transaction contemplated thereunder. Save as disclosed above, none of the SHNE Directors has any material interest in the 2022 Electricity Sales Agreement and the transaction contemplated thereunder and no other SHNE Director is required to abstain from voting on the relevant board resolutions approving the 2022 Electricity Sales Agreement and the transaction contemplated thereunder.

### **SDHG Board Approval**

None of the SDHG Directors has any material interest in the 2022 Electricity Sales Agreement and the transaction contemplated thereunder and no SDHG Director is required to abstain from voting on the relevant board resolutions approving the 2022 Electricity Sales Agreement and the transaction contemplated thereunder.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2022 ELECTRICITY SALES AGREEMENT**

Pursuant to the terms of the 2022 Electricity Sales Agreement, BEWG will provide suitable plant pools, rooftops, greenbelts and other unused space in the Water Plants for the investment, construction and operation of the Distributed Photovoltaic Power Stations owned by the SHNE Group. Having considered the stability of the business of the Water Plants (which is under long-term service concession arrangements with strong track record of stable operating income and cash flows), the SHNE Directors and the SDHG Directors consider that the entering into of the 2022 Electricity Sales Agreement allows the SHNE Group to secure a reliable customer and contribute stable operating income and cash flow to the SHNE Group. The SHNE Group will continuously cooperate with the BEWG Group for steadily developing the SHNE Group's clean energy businesses.

Each of the SHNE Board and the SDHG Board (including their respective independent non-executive directors) is of the view that (a) the transaction contemplated under the 2022 Electricity Sales Agreement is conducted after arm's length negotiation and in the ordinary and usual course of business of SHNE, on normal commercial terms or better, and the terms of which are fair and reasonable and in the interests of each of SHNE and SDHG and their respective shareholders as a whole; and (b) the proposed annual caps for the transaction contemplated under the 2022 Electricity Sales Agreement are fair and reasonable and are in the interests of each of SHNE and SDHG and their respective shareholders as a whole.

## **INTERNAL CONTROL FOR THE TRANSACTION CONTEMPLATED UNDER THE 2022 ELECTRICITY SALES AGREEMENT**

In order to ensure that the terms of the 2022 Electricity Sales Agreement are fair and reasonable, and the electricity unit prices offered to the BEWG Group are in line with the terms commonly offered in the PRC market and not less favourable to the SHNE Group than those prices offered to other Independent Third Parties, each of the SHNE Group and the SDHG Group adopts the following internal control methods and procedures:

- (1) the relevant personnel of the business department of SHNE will conduct regular checks to review and assess whether the transaction contemplated under the 2022 Electricity Sales Agreement is conducted in accordance with the terms thereunder and will also regularly update and make reference to the (i) relevant government prescribed price and (ii) discount rates offered by other power stations to their customers and by the SHNE Group to its other customers for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy;
- (2) SHNE will closely monitor the transacted amounts of the transaction contemplated under the 2022 Electricity Sales Agreement to ensure that the annual caps for each of three years ending 31 December 2025 will not be exceeded;
- (3) the external auditors of each of SHNE and SDHG will conduct an annual review on the electricity unit prices and annual caps of the transaction contemplated under the 2022 Electricity Sales Agreement; and

- (4) the independent non-executive directors of each of SHNE and SDHG will review the transactions contemplated under the continuing connected transactions of SHNE pursuant to Rule 14A.55 of the Listing Rules, and confirm in the annual report whether the transactions have been entered in the ordinary and usual course of business of the SHNE Group; on normal commercial terms or better; and according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of each of SHNE and SDHG and their respective shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **SHNE and 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.

### **SDHG and the SDHG Group**

SDHG 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 SDHG Group is principally engaged in industrial investment, standard investment business, non-standard investment business and licensed financial services.

### **BEWG and the BEWG Group**

BEWG is a company incorporated in Bermuda with limited liability its shares are listed on the Main Board of the Stock Exchange (Stock Code: 371). BEWG is an investment company and the holding company of the BEWG Group. The BEWG Group is principally engaged in construction of sewage and reclaimed water treatment plants and seawater desalination plants, and provision of construction services for comprehensive renovation projects in the PRC, Malaysia and Australia and Republic of Botswana; provision of sewage and reclaimed water treatment services in the PRC, the Republic of Singapore, Portuguese Republic, Australia and New Zealand; distribution and sale of piped water in the PRC, Portuguese Republic and Australia; provision of technical and consultancy services and sale of machineries related to sewage treatment and construction services for comprehensive renovation projects in the PRC and Australia; and the licensing of technical know-how related to sewage treatment in the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this joint announcement, (i) BEWG is a substantial shareholder of SHNE indirectly holding approximately 18.03% of the total issued share capital of SHNE; and (ii) SHNE is an indirect non-wholly owned subsidiary of SDHG which indirectly holds approximately 43.45% of the issued share capital of SHNE. Accordingly, BEWG is a connected person of SHNE and a connected person of SDHG at subsidiary level, respectively, under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the 2022 Electricity Sales Agreement constituted a continuing connected transaction of each of SHNE and SDHG under Chapter 14A of the Listing Rules.

### **SHNE**

As at the date of this joint announcement, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps under the 2022 Electricity Sales Agreement are more than 0.1% but all of which are less than 5%, the transaction contemplated under the 2022 Electricity Sales Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules for SHNE.

### **SDHG**

As at the date of this joint announcement, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps under the 2022 Electricity Sales Agreement are more than 1% but all of which are less than 5%, the transaction contemplated under the 2022 Electricity Sales Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules for SDHG.



## DEFINITIONS

In this joint announcement, the following expressions shall have the meanings set out below unless the context otherwise requires:

“2019 Electricity Sales Agreement”	the agreement dated 30 December 2019 entered into between BEWG and SHNE in respect of the Sales of Electricity
“2022 Electricity Sales Agreement”	the agreement dated 30 December 2022 entered into between BEWG and SHNE in respect of the Sales of Electricity
“BEWG”	Beijing Enterprises Water Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 371)
“BEWG Group”	BEWG and its subsidiaries
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Distributed Photovoltaic Power Stations”	distributed photovoltaic power stations constructed/to be constructed and to be operated by the Group
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of any member of the SHNE Group, the SDHG Group, the SHNE Directors, the SDHG Directors, the chief executives, the controlling shareholders, the substantial shareholders of each of SHNE and SDHG or their subsidiaries, and their respective associates
“kWh”	Kilowatt hours

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sales of Electricity”	The sale of electricity to be generated by the Distributed Photovoltaic Power Stations in certain Water Plants
“SDHG”	Shandong Hi-Speed Holdings Group Limited (山高控股集團有限公司), 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 Director(s)”	the director(s) of SDHG
“SDHG Group”	SDHG and its subsidiaries
“SHNE”	Shandong Hi-Speed New Energy Group Limited (山高新能源集團有限公司), 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 Director(s)”	the director(s) of SHNE
“SHNE Group”	SHNE and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Water Plants” water plants of the BEWG Group operated/to be operated under service concession arrangements

“%” per cent.

By Order of the SHNE Board  
**Shandong Hi-Speed New  
Energy Group Limited**  
**Wang Xiaodong**  
*Chairman*

By Order of the SDHG Board  
**Shandong Hi-Speed Holdings  
Group Limited**  
**Wang Xiaodong**  
*Chairman*

Hong Kong, 30 December 2022

*As at the date of this joint announcement, the SHNE Board comprises twelve Directors, namely Mr. Wang Xiaodong, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Mr. Sun Qingwei, Ms. Liao Jianrong, Mr. Li Li, Mr. He Yongbing and Ms. Ai Yan as executive Directors; and Professor Shen Zuojun, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik as independent non-executive Directors.*

*As at the date of this joint announcement, the SDHG Board comprises Mr. Wang Xiaodong, Mr. Zhu Jianbiao, Ms. Liao Jianrong, Mr. Liu Zhijie and Mr. Liu Yao as executive Directors; Mr. Liang Zhanhai, Mr. Chen Di and Mr. Wang Wenbo as non-executive Directors; and Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Tan Yuexin and Mr. Jonathan Jun Yan as independent non-executive Directors.*

\* *For identification purpose only*