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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that (i) every fifty (50) issued and unissued Existing Ordinary Shares of HK\$0.001 each in the share capital of the Company be consolidated into one (1) Consolidated Ordinary Share of HK\$0.05 each; and (ii) every fifty (50) unissued Existing Preference Shares of HK\$0.001 each in the share capital of the Company be consolidated into one (1) Consolidated Preference Share of HK\$0.05 each.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Ordinary Shares are traded on the Stock Exchange in board lots of 20,000 Existing Ordinary Shares. It is proposed that, subject to the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 20,000 Existing Ordinary Shares to 1,000 Consolidated Ordinary Shares. Based on the closing price of HK\$0.065 per Existing Ordinary Share as quoted on the Stock Exchange as at the date of this announcement (equivalent to a theoretical price of HK\$3.25 per Consolidated Ordinary Share, assuming the Share Consolidation had already been effective), the value of each board lot of 1,000 Consolidated Ordinary Shares, assuming the Share Consolidation had already been effective, would be HK\$3,250.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before Monday, 5 June 2023.

Shareholders should take note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that (i) every fifty (50) issued and unissued Existing Ordinary Shares of HK\$0.001 each in the share capital of the Company be consolidated into one (1) Consolidated Ordinary Share of HK\$0.05 each; and (ii) every fifty (50) unissued Existing Preference Shares of HK\$0.001 each in the share capital of the Company be consolidated into one (1) Consolidated Preference Share of HK\$0.05 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000, comprises of: —

- (i) HK\$466,637,115.1 divided into 466,637,115,100 Existing Ordinary Shares of HK\$0.001 each, of which 112,329,436,304 Existing Ordinary Shares have been issued and are fully paid or credited as fully paid; and
- (ii) HK\$33,362,884.9 divided into 33,362,884,900 Existing Preference Shares of HK\$0.001 each, of which no Existing Preference Shares have been issued.

Immediately upon the Share Consolidation becoming effective and assuming there will be no change in the issued share capital of the Company from the date of this announcement and up to the effective date of the Share Consolidation, the authorised share capital of the Company shall remain at HK\$500,000,000, comprising: –

- (i) HK\$466,637,115.1 divided into 9,332,742,302 Consolidated Ordinary Shares of HK\$0.05 each, of which approximately 2,246,588,726 Consolidated Ordinary Shares will be in issue; and
- (ii) HK\$33,362,884.9 divided into 667,257,698 Consolidated Preference Shares of HK\$0.05 each, of which no Consolidated Preference Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Ordinary Shares shall rank *pari passu* in all respects with each other in the same class and the Consolidated Preference Shares will rank *pari passu* in all respects with each other in that class.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon the fulfilment of the following:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Ordinary Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

The Share Consolidation is expected to become effective on Friday, 23 June 2023 subject to the fulfilment of the above conditions.

Listing Application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Ordinary Shares in issue and to be issued upon the Share Consolidation becoming effective and the Consolidated Ordinary Shares which may be issued pursuant to the exercise of the Share Options which may be granted under the Share Option Scheme.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Ordinary Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Ordinary Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Ordinary Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Ordinary Shares to be admitted into CCASS established and operated by HKSCC.

None of the securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, save for the 993,000,000 outstanding Share Options for subscription of an aggregate amount of 993,000,000 Existing Ordinary Shares under the Share Option Scheme, the Company does not have any other outstanding options, warrants or other securities in issue which are convertible or exchangeable into the Existing Ordinary Shares. Pursuant to the terms of the Share Option Scheme and the Listing Rules, the Share Consolidation may lead to adjustments to the exercise price and/or the number of Consolidated Ordinary Shares falling to be issued upon the exercise of the outstanding Share Options. The Company will make further announcement(s) on such adjustments as and when appropriate.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Ordinary Shares are traded on the Stock Exchange in board lots of 20,000 Existing Ordinary Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 20,000 Existing Ordinary Shares to 1,000 Consolidated Ordinary Shares.

Based on the closing price of HK\$0.065 per Existing Ordinary Share as quoted on the Stock Exchange as at the date of this announcement (equivalent to a theoretical price of HK\$3.25 per Consolidated Ordinary Share, assuming the Share Consolidation had already been effective), (i) the value of each existing board lot of Consolidated Ordinary Shares is HK\$65,000; and (ii) the value of each board lot of 1,000 Consolidated Ordinary Shares, assuming the Change in Board Lot Size had also been effective, would be HK\$3,250.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The Guide on Trading Arrangements has further stated that (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Based on the closing price of HK\$0.065 per Existing Ordinary Share as at the date of this announcement, which is less than HK\$0.10, and board lot size of 20,000 Existing Ordinary Share, equivalent to the existing board lot value is HK\$1,300, which is lower than HK\$2,000. The Board considers that after the Share Consolidation (resulting in a theoretical price of HK\$3.25 per Consolidated Ordinary Share) and the Change in Board Lot Size to 1,000 Consolidated Ordinary Share became effective, the estimated board lot value will be HK\$3,250.

In view of the recent trading price of the Shares, the Board considers that the Share Consolidation will enable the Company to comply with the trading requirements under the Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks or securities houses will charge a minimum transaction costs for each securities trade. The Company believes that the corresponding upward adjustment in the trading price per Consolidated Ordinary Share as a result of the Share Consolidation will make investing in the shares of the Company more attractive to a broader range of investors, and thus further broaden the shareholder base of the Company.

Furthermore, it is expected that the Share Consolidation will reduce the number of board lots and substantially increase the value of each board lot if the board lot size remains unchanged at 20,000 Existing Ordinary Shares. To improve the liquidity of the Consolidated Ordinary Shares, the Board proposed the Change in Board Lot Size from 20,000 Existing Ordinary Shares to 1,000 Consolidated Ordinary Shares upon the Share Consolidation becoming effective in order to produce (i) a larger number of board lots and (ii) a relatively lower market value of each board lot.

In view of the above reasons, the Company considers the Share Consolidation and Change in Board Lot Size is justifiable notwithstanding the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Company is of the view that the Share Consolidation and the Change in Board Lot Size is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no concrete plans to carry out other corporate actions or conduct any equity fundraising which may have an effect of undermining or negating the intended purpose of the Share Consolidation in the next 12 months.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Ordinary Shares

Fractional Consolidated Ordinary Shares, arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Ordinary Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Ordinary Shares will only arise in respect of the entire shareholding of a holder of the Existing Ordinary Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots, if any, of the Consolidated Ordinary Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Ordinary Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Ordinary Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Ordinary Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Ordinary Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of certificates for Consolidated Ordinary Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Friday, 23 June 2023, Shareholders may on or after Friday, 23 June 2023 and until Monday, 31 July 2023 (both days inclusive), submit their Existing Ordinary Share certificates in blue colour for the Existing Ordinary Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong for exchange for new share certificates in yellow colour for the Consolidated Ordinary Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK\$2.5 per share certificate (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the branch share registrar for exchange of new share certificates.

After 4:10 p.m. on Thursday, 27 July 2023, trading will only be in Consolidated Ordinary Shares which share certificates will be issued in yellow colour. Existing Ordinary Share certificates in blue colour for the Existing Ordinary Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title, and may be exchanged for share certificates for the Consolidated Ordinary Shares at any time at the expense of the Shareholders.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced under a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Despatch date of circular with notice of the EGM On or before
Monday, 5 June 2023

Latest time for lodging transfers of shares in order to
qualify for attendance and voting at the EGM 4:30 p.m. on
Wednesday, 14 June 2023

Closure of register of members for entitlement to
attend and vote at the EGM Thursday, 15 June 2023 to
Tuesday, 20 June 2023
(both days inclusive)

Latest time for lodging forms of proxy for the EGM 11:30 a.m. on
Sunday, 18 June 2023

Date and time of the EGM 11:30 a.m. on
Tuesday, 20 June 2023

Publication of the announcement of the results of the EGM. Tuesday, 20 June 2023

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in this announcement.

Effective date of the Share Consolidation Friday, 23 June 2023

First day of free exchange of Existing Ordinary Share
certificates for new share certificates for
Consolidated Ordinary Shares Friday, 23 June 2023

Dealing in the Consolidated Ordinary Shares commences 9:00 a.m. on
Friday, 23 June 2023

Original counter for trading in the Existing Ordinary Shares
in board lots of 20,000 Existing Ordinary Shares
(in the form of Existing Ordinary Share certificates)
temporarily closes 9:00 a.m. on
Friday, 23 June 2023

Temporary counter for trading in the Consolidated Ordinary Shares
in board lots of 400 Consolidated Ordinary Shares
(in the form of Existing Ordinary Share certificates) opens 9:00 a.m. on
Friday, 23 June 2023

Original counter for trading in the Consolidated Ordinary Shares
in board lots of 1,000 Consolidated Ordinary Shares
(in the form of new share certificates for the Consolidated Ordinary
Shares) re-opens 9:00 a.m. on
Friday, 7 July 2023

Parallel trading in the Consolidated Ordinary Shares
(in the form of new share certificates for the Consolidated
Ordinary Shares and Existing Ordinary Share certificates)
commences 9:00 a.m. on
Friday, 7 July 2023

Designated broker starts to stand in the market
to provide matching services for odd lots
of the Consolidated Ordinary Shares 9:00 a.m. on
Friday, 7 July 2023

Designated broker ceases to stand in the market to provide
matching services for odd lots of the Consolidated Ordinary Shares 4:00 p.m. on
Thursday, 27 July 2023

Temporary counter for trading in the Consolidated Ordinary Shares
in board lots of 400 Consolidated Ordinary Shares
(in the form of Existing Ordinary Share certificates) closes 4:10 p.m. on
Thursday, 27 July 2023

Parallel trading in the Consolidated Ordinary Shares (in the form
of new share certificates for the Consolidated Ordinary Shares
and Existing Ordinary Share certificates) ends 4:10 p.m. on
Thursday, 27 July 2023

Last day for free exchange of Existing Ordinary Share certificates
for new share certificates for the Consolidated
Ordinary Shares 4:30 p.m. on
Monday, 31 July 2023

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before Monday, 5 June 2023.

Shareholders should take note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted, “extreme condition” caused by super typhoons or on which a “black” rainstorm warning is issued between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Change in Board Lot Size”	the proposed change in board lot size for trading on the Stock Exchange from 20,000 Existing Ordinary Shares to 1,000 Consolidated Ordinary Shares upon Share Consolidation becoming effective
“Company”	Shandong Hi-Speed New Energy Group Limited (山高新能源集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability and Shares of which are listed on the Stock Exchange (stock code: 1250)
“Consolidated Ordinary Share(s)”	ordinary share(s) which will have a par value of HK\$0.05 each in the share capital of the Company upon the Share Consolidation becoming effective

“Consolidated Preference Share(s)”	preference share(s) which will have a par value of HK\$0.05 each in the share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened to be held for the purpose of considering and, if thought fit, approving the proposed Share Consolidation
“Existing Ordinary Share(s)”	ordinary share(s) currently having a par value of HK\$0.001 each in the share capital of the Company before the implementation of the Share Consolidation
“Existing Preference Share(s)”	preference share(s) currently having a par value of HK\$0.001 each in the share capital of the Company before the implementation of the Share Consolidation
“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
“Guide on Trading Arrangements”	the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Share Consolidation”	the proposed consolidation of (i) every fifty (50) issued and unissued Existing Ordinary Shares of HK\$0.001 each in the share capital of the Company be consolidated into one (1) Consolidated Ordinary Share of HK\$0.05; (ii) and every fifty (50) unissued Existing Preference Shares of HK\$0.001 each in the share capital of the Company be consolidated into one (1) Consolidated Preference Share of HK\$0.05
“Shareholder(s)”	registered holder(s) of the Existing Ordinary Share(s) or the Consolidated Ordinary Share(s), as the case may be
“Share Option(s)”	share option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company on 11 June 2013 and updated on 8 June 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 12 May 2023

As at the date of this announcement, the 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.