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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)



(incorporated in Bermuda with limited liability)

(Stock Code: 412)

CONTINUING CONNECTED TRANSACTION FACTORING AGREEMENT

THE FACTORING AGREEMENT

Each of the SHNE Board and the SDHG Board announces that on 18 September 2023 (after trading hours), SG Yunchuang and Beiqing Smart, an indirect wholly-owned subsidiary of SHNE and an indirect non-wholly owned subsidiary of SDHG, entered into the Factoring Agreement. SHNE had on the same date provided a guarantee to SG Yunchuang for the due performance of the repayment obligations of Beiqing Smart under the Factoring Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this joint announcement, (i) SG Yuanchuang is wholly owned by SDHSC, a non-wholly owned subsidiary of SDHSG; (ii) SDHSG through various entities owns an aggregate of approximately 43.44% of the issued share capital of SDHG and approximately 43.45% of the issued share capital of SHNE; and (iii) SHNE is an indirect non-wholly owned subsidiary of SDHG. SDHSG is therefore an indirect controlling shareholder and a connected person of each of SHNE and SDHG under Chapter 14A of the Listing Rules. Accordingly, SG Yuanchuang is an associate of SDHSG, and therefore a connected person of each of SHNE and SDHG under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Factoring Agreement constituted a continuing connected transaction of each of SHNE and SDHG under Chapter 14A of the Listing Rules.

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 are more than 0.1% but all of which are less than 5% for each of the SHNE and SDHG, the transactions contemplated under the Factoring Agreement are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules for each of the SHNE and SDHG.

THE FACTORING AGREEMENT

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- Parties : (i) SG Yunchuang; and
(ii) Beiqing Smart
- Subject matter : SG Yunchuang agreed to accept the transfer of the Account Receivables and provide recourse factoring financing service to Beiqing Smart.
- If SG Yunchuang does not receive a payment pursuant to the Account Receivables when it falls due, it may:
- (i) require Beiqing Smart to repay the principal and the interest for any Factoring Financing Amount which has been drawn; or
 - (ii) require Beiqing Smart to repurchase the Account Receivables which have been transferred to SG Yunchuang; or
 - (iii) require and demand from the customer(s) underlying the Account Receivables to repay the relevant amount.
- Revolving Factoring Credit Limit : SG Yunchuang shall grant Factoring Credit Limit, on a revolving basis, of not exceeding RMB240,000,000 to Beiqing Smart. At any time during the term of the Factoring Agreement, Beiqing Smart may reborrow any part of the Factoring Credit Limit which has been prepaid or repaid in accordance with the terms of Factoring Agreement, only if the remaining amount of the Account Receivables transferred to SG Yunchuang is not less than the maximum Factoring Credit Limit.
- Term of the Factoring Agreement : From 18 September 2023 to 5 March 2024. Upon expiration of the Factoring Agreement, the unutilized Factoring Credit Limit will automatically lapse.

- Term of the Factoring Financing Amount(s) : The term of each Factoring Financing Amount shall not exceed 1 year from the relevant drawdown date plus a grace period of 90 days.
- Interest rate : (i) Beiqing Smart shall pay interest on the outstanding principal amount of each Factoring Financing Amount at the rate of 5% per annum (on the basis of a 360-day year); and
(ii) interest shall accrue daily, calculated on the basis of the actual number of days elapsed from (and including) the drawdown date and shall be payable on each Interest Payment Date.
- Conditions for drawdown of the Factoring Financing Amount(s) : (i) there being no breach of terms of the Factoring Agreement;
(ii) receipt of documents required under the Factoring Agreement by SG Yunchuang from Beiqing Smart; and
(iii) the drawdown application being approved by SG Yunchuang.
- Maturity and payment of interest : Interest shall be paid quarterly on the Interest Payment Date.

Principal amount together with any outstanding accrued interest shall be repaid on the maturity date of each Factoring Financing Amount.
- Pricing policy : The interest payable by Beiqing Smart is determined after arm's length negotiation according to the principles of fairness and reasonableness between SG Yunchuang and Beiqing Smart with reference to (i) prevailing market rates; (ii) the amount of Account Receivables; (iii) the creditworthiness of the relevant customers; and (iv) the current market conditions on terms not higher than the interest rate charged by independent factoring financing service providers in the PRC in providing the similar type of factoring financing services under the similar conditions.

ANNUAL CAPS AND BASIS OF DETERMINATION

Historical transaction amounts

There has been no historical transaction in relation to the factoring financing services between SG Yunchuang and Beiqing Smart.

Annual Caps and basis of determination

The SHNE Directors and SDHG Directors propose that the transaction amounts under the Factoring Agreement for the two years ending 31 December 2024, will not exceed:

	For the financial year(s) ending 31 December	
	2023 RMB (approx.)	2024 RMB (approx.)
Maximum Factoring Credit Limit plus interest payable by Beiqing Smart	243,500,000	252,200,000

The Annual Caps are determined with reference to the maximum Factoring Credit Limit to be granted by SG Yunchuang, the interest rate under the Factoring Agreement and the capital turnover and business needs of the SHNE Group.

APPROVAL BY THE SHNE BOARD AND THE SDHG BOARD

SHNE Board Approval

None of the SHNE Directors has any material interest in the Factoring Agreement and the transactions contemplated thereunder and no SHNE Director is required to abstain from voting on the relevant board resolutions. However, to avoid any potential conflict of interest, Mr. Wang Xiaodong, Mr. Zhu Jianbiao, Mr. Wang Wenbo and Ms. Liao Jianrong had voluntarily abstained from voting on the resolutions of the SHNE Board approving the Factoring Agreement and the transactions contemplated thereunder.

SDHG Board Approval

None of the SDHG Directors has any material interest in the Factoring Agreement and the transactions contemplated thereunder and no SDHG Director is required to abstain from voting on the relevant board resolutions. However, to avoid any potential conflict of interest, Mr. Wang Xiaodong, Mr. Liu Zhijie, Mr. Liu Yao, Mr. Liang Zhanhai and Mr. Wang Wenbo had voluntarily abstained from voting on the resolutions of the SDHG Board approving the Factoring Agreement and the transactions contemplated thereunder.

Save as disclosed above, no other SHNE Director or SDHG Director had abstained from voting on the board resolution(s) at relevant board meetings approving the Factoring Agreement and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FACTORING AGREEMENT

Factoring financing has become an important channel for the cashing of account receivables, which can form complementary financial resources with other financing methods and help the SHNE Group to reduce the pressure on collection of account receivables. The entering into of the Factoring Agreement is expected to reduce the overall financing costs, optimise the asset structure, and enhance operational capabilities of the SHNE Group. In addition, SG Yunchuang understands the development needs of the businesses of photovoltaic power generation, wind power generation and clean heating of the SHNE Group, and is able to provide flexible and comprehensive factoring financing services to the SHNE Group. SDHSG is the controlling shareholder of SHNE and has a strong financial foundation and financing capabilities. The cooperation with SDHSG's affiliated factoring company will have a synergistic effect, which enables the SHNE Group to diversify its financing sources to support its clean energy business, and is beneficial to the long-term development of the SHNE Group.

In view of the above, each of the SHNE Board and the SDHG Board (including their respective independent non-executive directors) considers that (a) the transactions contemplated under the Factoring Agreement are 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 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 CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE FACTORING AGREEMENT

Each of the SHNE Group and the SDHG Group adopts the following internal control methods and procedures in order to ensure the compliance with the Listing Rules requirements with respect to the supervision and monitoring of the Annual Caps:

- (1) the relevant personnel of the treasury department of SHNE will conduct regular checks to review and assess whether the transactions contemplated under the Factoring Agreement are conducted in accordance with the terms thereunder and will also regularly update and make reference to market rates chargeable by independent third party service providers for services of similar nature and scale for the purpose of considering if the interest rate charged under the Factoring Agreement is fair and reasonable and in accordance with the aforesaid pricing policy;
- (2) SHNE will closely monitor the transacted amounts of the transactions contemplated under the Factoring Agreement to ensure that the Annual Caps will not be exceeded;
- (3) the external auditors of each of SHNE and SDHG will conduct an annual review on fees and Annual Caps of the transactions contemplated under the Factoring 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, nonstandard investment business and licensed financial services.

Beiqing Smart

As at date of this joint announcement, Beiqing Smart is an indirect wholly-owned subsidiary of SHNE and an indirect non-wholly owned subsidiary of SDHG and is principally engaged in investment holding.

SG Yunchuang

As at date of this joint announcement, SG Yunchuang is wholly owned by SDHSC and is principally engaged in commercial factoring business. SDHSC is a company listed on the Shanghai Stock Exchange (stock code: 600350.SH) and owned as to approximately 70.67% by SDHSG, the principal business of which includes investment and operation of transportation infrastructure, such as highways, bridges and tunnels.

SDHSG

As at the date of this joint announcement, SDHSG is (i) directly and indirectly held as to 90% by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government; and (ii) directly held as to 10% by Shandong Caixin Asset Management Co., Ltd., a governmental institution set up by the 山東省人民政府 (Shandong Provincial People's Government*). SDHSG is an investment holding company in the infrastructure sector in Shandong Province with total assets of more than RMB1.3 trillion. It operates and manages over 8,000 kilometres of expressways and has invested in six publicly listed companies, the shares of which are listed on the stock exchanges in Hong Kong, Shanghai and Shenzhen. It has been awarded domestic AAA-level and international A-level credit ratings. It has also been ranked as one of the "Top 500 Chinese Enterprises" for 15 consecutive years and it made on the "Fortune 500" both in 2022 and 2023.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this joint announcement, (i) SG Yuanchuang is wholly owned by SDHSC, a non-wholly owned subsidiary of SDHSG; (ii) SDHSG through various entities owns an aggregate of approximately 43.44% of the issued share capital of SDHG and approximately 43.45% of the issued share capital of SHNE; and (iii) SHNE is an indirect non-wholly owned subsidiary of SDHG. SDHSG is therefore an indirect controlling shareholder and a connected person of each of SHNE and SDHG under Chapter 14A of the Listing Rules. Accordingly, SG Yuanchuang is an associate of SDHSG, and therefore a connected person of each of SHNE and SDHG under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Factoring Agreement constituted a continuing connected transaction of each of SHNE and SDHG under Chapter 14A of the Listing Rules.

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 are more than 0.1% but all of which are less than 5% for each of the SHNE and SDHG, the transactions contemplated under the Factoring Agreement are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules for each of the SHNE and SDHG.

DEFINITIONS

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

“Account Receivables”	account receivables of not less than RMB240,000,000 payable to Beiqing Smart/the SHNE Group by its customer(s) for the sale of goods or provision of services pursuant to certain commercial agreements
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“Annual Caps”	the annual caps for maximum Factoring Credit Limit plus interest payable by Beiqing Smart under the Factoring Agreement for the two years ending 31 December 2024
“Beiqing Smart”	天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of SHNE and an indirect non-wholly owned subsidiary of SDHG
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Factoring Agreement”	the factoring agreement dated 18 September 2023 entered into between SG Yunchuang and Beiqing Smart in respect of the provision of factoring financing service to Beiqing Smart by SG Yunchuang
“Factoring Credit Limit”	a revolving factoring credit limit of the total principal amount of not exceeding RMB240,000,000 during the terms of the Factoring Agreement
“Factoring Financing Amount(s)”	Factoring Financing Amount(s) made or to be made pursuant to the revolving Factoring Credit Limit under the Factoring Agreement or the total principal amount outstanding from time to time of the factoring financing amount(s) advanced to Beiqing Smart pursuant to the Factoring Agreement
“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
“Interest Payment Date”	the date falling on the 21st day of the last month of each quarter of a calendar year
“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
“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
"SDHSC"	山東高速股份有限公司 (Shandong Hi-Speed Company Limited*), a company listed on the Shanghai Stock Exchange (stock code: 600350.SH) and owned as to approximately 70.67% by SDHSG
“SDHSG”	山東高速集團有限公司 (Shandong Hi-Speed Group Co., Ltd.*), a company established in the PRC with limited liability and an indirect controlling shareholder of each of SDHG and SHNE
“SG Yunchuang”	山高雲創(山東)商業保理有限公司 (Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of SDHSC
“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
“%”	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, 18 September 2023

As at the date of this joint announcement, the SHNE Board comprises Mr. Wang Xiaodong, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Mr. Sun Qingwei, Ms. Liao Jianrong, Mr. Li Li, Mr. He Yongbing and Mr. Wang Meng as executive Directors; and Professor Qin Si Zhao, 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.