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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

CONNECTED TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

The Board announces that on 20 March 2024 (after trading hours), the Company entered into the Investment Agreement with SD International Cooperation and SDHS Energy Development in respect of the formation of the Joint Venture in the PRC. Pursuant to the Investment Agreement, the Total Contribution Amount (comprising the whole of the Registered Capital) shall be RMB45,000,000, in which 30% (i.e. RMB13,500,000, being the Investment Amount) shall be contributed by the Company, 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) each of SD International Cooperation and SDHS Energy Development is a direct wholly-owned subsidiary of SDHS Group; (ii) SDHS Group through various entities owns an aggregate of approximately 43.45% of the issued share capital of the Company. SDHS Group is therefore an indirect controlling shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, each of SD International Cooperation and SDHS Energy Development is an associate of SDHS Group, and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Investment Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Investment Amount under the Investment Agreement exceed 0.1% but is less than 5%, the transactions contemplated under the Investment Agreement are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

FORMATION OF JOINT VENTURE

On 20 March 2024 (after trading hours), the Company entered into the Investment Agreement with SD International Cooperation and SDHS Energy Development in respect of the formation of the Joint Venture in the PRC.

Principal Terms of the Investment Agreement

The principal terms of the Investment Agreement are set out as follows:

Date

20 March 2024 (after trading hours)

Parties

- (i) The Company;
- (ii) SD International Cooperation; and
- (iii) SDHS Energy Development.

Formation of the Joint Venture

The Joint Venture will be a limited liability company to be established in accordance with the laws of the PRC and the provisions of the Investment Agreement. The proposed name of the Joint Venture is 山東高速國際新能源有限公司 (Shandong Hi-Speed International New Energy Co., Ltd.*) (a tentative name subject to the industrial and commercial registration).

Purpose of the Joint Venture

Subject to the industrial and commercial registration, it is intended that the Joint Venture shall be principally engaged in overseas photovoltaic power generation, wind power generation, energy storage, charging, smart energy management and control systems.

Capital contribution

Pursuant to the Investment Agreement, the Total Contribution Amount (comprising the whole of the Registered Capital) shall be RMB45,000,000, in which 30% (i.e. RMB13,500,000, being the Investment Amount) shall be contributed by the Company, 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.

The Total Contribution Amount shall be contributed within 5 years from the date of establishment of the Joint Venture.

The Total Contribution Amount was determined after arm's length negotiation among the Parties after taking into consideration the expected working capital requirements relating to the power related projects to be invested by the Joint Venture. The Group intends to finance its capital commitment in the Joint Venture using the internal financial resources and/or bank borrowings.

Board composition

The board of directors of the Joint Venture shall consist of five directors, two of which will be appointed by SD International Cooperation, one of which will be appointed by each of the Company, SDHS Energy Development and the labour union of the Joint Venture or other form of election, respectively. The board of directors shall have one chairman, who will be nominated by the Company. The term of office of the chairman and directors is three years and they may be re-elected upon expiration.

Other personnel

Pursuant to the Investment Agreement, the Joint Venture shall have one supervisor without establishing a supervisory committee, whom shall be nominated by SD International Cooperation and elected at the shareholders' meeting of the Joint Venture.

The general manager and financial controller of the Joint Venture shall be nominated and appointed by SD International Cooperation. The deputy general manager shall be nominated and appointed by SDHS Energy Development and/or the Company. The legal representative of the Joint Venture shall be nominated by SD International Cooperation.

Profit sharing

The Parties are to share the profits of the Joint Venture available for distribution in proportion to their respective paid-up capital contribution of the Registered Capital of the Joint Venture.

Transfer of equity interests in Joint Venture

The shareholders may transfer all or part of their equity interests among themselves. If any Party intends to transfer its equity interests to a third party, consent from all other shareholders is required and such other shareholders shall have the right of first refusal under the same terms.

Shareholders' meetings and meetings of board of directors

The voting rights shall be exercised by the shareholders at shareholders' meetings in accordance with the proportion of paid-up capital contribution. At the shareholders' meeting of the Joint Venture, all matters shall be approved by unanimous consent by all shareholders of the Joint Venture.

At the meeting of board of directors of the Joint Venture, all matters shall be approved by unanimous consent by all directors of the Joint Venture.

FINANCIAL INFORMATION OF THE JOINT VENTURE

As at the date of this announcement, the Joint Venture has not been established and does not have any historical financial results. The Joint Venture will be accounted for as an associated company of the Company upon its establishment.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

Clean energy businesses are the core development focus of the Group. The formation of the Joint Venture will enable the Group and SDHS Group to collaborate in the process of development of overseas clean energy business by leveraging their respective strengths to enhance the efficiency of development and operation as well as the use of capital, therefore sharing its risks and benefits.

The Board (including the independent non-executive Directors) is of the view that the terms of the Investment Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

Board Approval

None of the Directors has any material interest in the Investment Agreement and the transactions contemplated thereunder or is required to abstain from voting on the relevant resolutions of the Board. 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 Board approving the Investment Agreement and the transactions contemplated thereunder.

INFORMATION OF THE PARTIES

The Company and the Group

The Company 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 the Company is investment holding. The 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.

SD International Cooperation

As at date of this announcement, SD International Cooperation is a direct wholly-owned subsidiary of SDHS Group and is principally engaged in construction projects, foreign labour cooperation, leasing of third-class medical equipment and highway management and maintenance.

SDHS Energy Development

As at date of this announcement, SDHS Energy Development is a direct wholly-owned subsidiary of SDHS Group and is principally engaged in gas operation, gas vehicle refueling operation, power generation business, power transmission business, power supply (distribution) business, building intelligent system design and construction projects.

SDHS Group

As at the date of this announcement, SDHS Group is (i) directly and indirectly held as to 90% by the Shandong Provincial State-owned Assets Supervision and Administration Commission; and (ii) directly held as to 10% by 山東省財欣資產運營有限公司 (Shandong Caixin Asset Operation Co., Ltd.*), a governmental institution set up by the 山東省人民政府 (Shandong Provincial People's Government*). SDHS Group 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 was on the “Fortune 500” both in 2022 and 2023.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“associate”	has the meanings ascribed to it under the Listing Rules
“Board”	the board of Directors
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Company”	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)
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the agreement dated 20 March 2024 entered into by and among the Parties in respect of the formation of the Joint Venture in the PRC
“Investment Amount”	the investment amount of RMB13,500,000 to be contributed by the Company to the Joint Venture under the Investment Agreement
“Joint Venture”	山東高速國際新能源有限公司 (Shandong Hi-Speed International New Energy Co., Ltd.*), a limited company to be established under the laws of the PRC pursuant to the Investment Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	comprising the Company, SD International Cooperation and SDHS Energy Development, each a “Party”
“PRC”	the People’s Republic of China
“Registered Capital”	the registered capital of the Joint Venture of RMB45,000,000 pursuant to the Investment Agreement
“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)
“SDHS Group”	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 the Company
“SDHS Energy Development”	山東高速能源發展有限公司 (SDHS Energy Development Co., Ltd.*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of SDHS Group
“SD International Cooperation”	中國山東國際經濟技術合作有限公司 (China SDHS International Economic and Technical Cooperation Co., Ltd.*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of SDHS Group
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Total Contribution Amount” the total capital contribution in the amount of RMB45,000,000 to be made by the Parties to the Joint Venture pursuant to the Investment Agreement

“%” per cent

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

Hong Kong, 20 March 2024

As at the date of this announcement, the 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.

** For identification purpose only*