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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01250)**

## **CONNECTED TRANSACTIONS IN RELATION TO THE EPC CONTRACT**

### **ENTER INTO THE EPC CONTRACT**

The Board announces that on 2 April 2025 (after trading hours), Yangzhou SHNE (a direct wholly-owned subsidiary of the Company, as the principal), entered into the EPC Contract with Zhengchen Technology (as the contractor). Pursuant to the EPC Contract, Yangzhou SHNE agreed to engage Zhengchen Technology to provide relevant EPC services in relation to the Project at an aggregate contracting fee of RMB17,532,779.55 (inclusive of all taxes) (subject to adjustment in case of change in national tax policies).

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, as (i) SDHS and SDHS Group held 65% and 35% of the equity interests in Shandong Hi-Speed Information Group respectively, and Shandong Hi-Speed Information Group held approximately 33.3944% of the equity interests in Zhengchen Technology, which is a 30%-controlled company of SDHS Group; and (ii) SDHS Group through various entities owns an aggregate of approximately 60.66% of the issued share capital of the Company, therefore pursuant to Chapter 14A of the Listing Rules, (a) SDHS Group is an indirect controlling shareholder and a connected person of the Company; and (b) Zhengchen Technology is regarded as an associate of SDHS Group and a connected person of the Company.

As the highest applicable percentage ratios calculated in accordance with the Listing Rules in relation to the transaction under the EPC Contract exceed 0.1% but are less than 5%, the transaction under the EPC Contract is subject to the reporting and announcement requirements but exempted from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## **THE EPC CONTRACT**

The major terms of the EPC Contract are as follows:

- Date : 2 April 2025 (after trading hours)
- Parties : (a) Yangzhou SHNE (as the principal); and  
(b) Zhengchen Technology (as the contractor)
- Project : Weichai 5.01215MW distributed photovoltaic project in Yangzhou City, Jiangsu Province
- Scope of service : Obtaining all compliance and legality documents, handling various procedures and undertaking EPC general contracting work such as design, procurement, construction and commissioning in respect of the Project.

Zhengchen Technology shall be responsible for providing the technology, labour, equipment, materials, machinery, tools, testing and inspection required for completing the construction of the Project in accordance with the terms of the EPC Contract.

Construction period : 196 calendar days. The actual time of commencement shall be subject to the written formal notice of the principal.

Consideration : The total price of the EPC Contract shall be RMB17,532,779.55 (inclusive of all taxes) (subject to adjustment in case of change in national tax policies), which is comprised of (i) construction and installation project fee of RMB7,342,799.75 (tax inclusive), (ii) equipment purchase fee of RMB8,776,553.50 (tax inclusive), (iii) survey and design fee of RMB436,057.05 (tax inclusive), (iv) safe and civilised construction fee of RMB250,607.50 (tax inclusive), and (v) other fees of RMB726,761.75 (tax inclusive). Based on the total price of the EPC Contract and the approved installed capacity of 5.01215MW, the fixed single watt price shall be RMB3.5 per watt.

The consideration of the EPC Contract was determined by the parties after arm's length negotiation and through a tendering selection process. In particular, Yangzhou SHNE has considered the following factors during the selection: (i) the design and construction proposal submitted by the candidates of contractor; (ii) the track record of the candidates of contractor on performing similar projects; (iii) the size of operation, manpower and financial position of the candidates of contractor; (iv) the expected generating capacity (measured in MW) of the Project; and (v) the prevailing market price of the provision of similar EPC services.

Payment terms : The consideration shall be paid by Yangzhou SHNE to Zhengchen Technology in the following manners:

(i) Advance payment: The contractor shall provide a performance guarantee in the form of a bank guarantee 7 days before the advance payment is made by the principal, the amount of which shall be equal to the amount of the advance payment. The contractor shall ensure that the performance guarantee remains valid until the advance payment is fully deducted. After the contractor submits the performance guarantee in the amount of the advance payment and other documents, the principal shall make an advance payment to the contractor amounting to 30% of the total contract price. The amount of advance payment will be subsequently deducted from the progress payments.

(ii) Progress payments

- (a) Survey and design fee: 1) 50% of the survey and design fee shall be paid after the contractor submits the survey and design results audited by the principal. 2) Up to 97% of the survey and design fee shall be paid after completion and acceptance of the Project. 3) The remaining 3% of the total survey and design fee shall be paid after one year of the completion and acceptance of the Project.
- (b) Construction and installation project fee and equipment fee: 1) 80% of the output value of the construction work completed and accepted as qualified during the month shall be paid after the contractor submits the output report and other documents verified by the principal. 2) Up to 90% of the cumulative completed output value shall be paid after full-capacity on-grid connection of the Project. 3) Up to 97% of the settlement price shall be paid after completion and acceptance of the Project.
- (c) Other progress fee: 1) 50% of the actual completed output value shall be paid after the contractor submits the output report and other documents verified by the principal. 2) Up to 90% of the cumulative completed output value shall be paid after full-capacity on-grid connection of the Project. 3) Up to 97% of the settlement price shall be paid after completion and acceptance of the Project.

- (iii) Quality warranty: 3% of the total consideration shall be retained as quality warranty, which shall be paid upon expiry of defect liability period (12 months after completion and acceptance of the Project, in principle).

Performance guarantee : Under the EPC Contract, the contractor shall provide performance guarantee in the amount equivalent to 10% of the total consideration to the principal by way of a letter of guarantee. The performance guarantee shall be returned to the contractor after the satisfactory completion inspection of the Project.

The payment of consideration under the EPC Contract will be funded by internal resources of the Group and/or bank borrowings. Upon completion of the construction, the Project shall be owned and operated by Yangzhou SHNE.

## **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.

### **Yangzhou SHNE**

As at the date of this announcement, Yangzhou SHNE is a direct wholly-owned subsidiary of the Company, and is principally engaged in the research and development of emerging energy technologies; technical services for power generation; and technical services for wind power generation, etc.

### **Zhengchen Technology**

Zhengchen Technology is a joint stock company incorporated in the PRC with limited liability, which is owned as to approximately 33.3944%, 27.3083%, 14.9817%, 11.6606%, 6.3275% and 6.3275% by Shandong Hi-Speed Information Group (which is held as to 65% and 35% by SDHS (being a subsidiary of SDHS Group) and SDHS Group, respectively), Yao Chen (姚晨), Gao He (高鶴), Jinan Zhengqiang Enterprise Management Consulting Partnership (Limited Partnership)(濟南正強企業管理諮詢合夥企業(有限合夥)), 92% and 8% of its capital contribution are held by Zhang Zijian (張自薦, the executive partner) and Wang Yaoguo (王耀國), respectively), Ding Chengwei (丁成偉) and Zhu Benchun (朱本春), respectively. Zhengchen Technology is a well-known high-tech enterprise, a double soft enterprise and a gazelle enterprise in Shandong Province. It mainly focuses on smart energy, smart transportation and smart city, and is an overall solution provider for the smart industry. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, save for Shandong Hi-Speed Information Group, the remaining shareholders of Zhengchen Technology and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **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 Shandong Caixin Asset Operation 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). SDHS Group is an investment holding company in the infrastructure sector in Shandong Province with total assets exceeding RMB1.6 trillion. It operates and manages 9,070 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.

## **APPROVAL BY THE BOARD**

None of the Directors has any material interest in the EPC Contract and the transactions to be contemplated thereunder and no Director is required to abstain from voting on the relevant Board resolution. However, to avoid any potential conflict of interest, Mr. Li Tianzhang, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Ms. Liao Jianrong and Mr. Liu Zhijie had voluntarily abstained from voting on the Board resolution approving the EPC Contract and the transactions to be contemplated thereunder.

Save as disclosed above, no other Directors had abstained from voting on the Board resolution approving the EPC Contract and the transactions to be contemplated thereunder at the relevant Board meeting.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACT**

As one of the players in the new energy industry in China, the Group has always committed to promoting the development and innovation of clean energy. Through continuously expanding the clean energy market nationwide, the investment, construction and operation of the Project will further enhance the Group's strategic layout, business coverage and footprint in the Jiangsu market. This will not only help the Group to achieve sustainable development of a diversified business portfolio in the field of new energy, but will also broaden the Group's revenue base in future, strengthen the Group's long-term competitiveness and enhance its earning capabilities.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the transactions to be contemplated under the EPC Contract are entered into after arm's length negotiation and in the Company's ordinary and usual course of business and are on normal commercial terms or better, and the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC general contracting contract in relation to the Weichai 5.01215MW distributed photovoltaic project in Yangzhou City, Jiangsu Province dated 2 April 2025 entered into by Yangzhou SHNE and Zhengchen Technology for the Project
“Group”	the Company and its subsidiaries
“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
“MW”	Megawatts, which is equal to 1,000,000 watts
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project”	the Weichai 5.01215MW distributed photovoltaic project in Yangzhou City, Jiangsu Province
“RMB”	Renminbi, the lawful currency of the PRC
“SDHS”	Shandong Hi-Speed Company Limited (山東高速股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600350.SH)
“SDHS Group”	Shandong Hi-Speed Group Co. Ltd. (山東高速集團有限公司), a company established in the PRC with limited liability and an indirect controlling shareholder of the Company
“Shandong Hi-Speed Information Group”	Shandong Hi-Speed Information Group Co., Ltd.* (山東高速信息集團有限公司), a company incorporated in the PRC with limited liability



“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yangzhou SHNE”	Yangzhou Shandong Hi-Speed New Energy Co., Ltd.* (揚州山高新能源有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this announcement
“Zhengchen Technology”	Shandong Zhengchen Technology Co., Ltd.* (山東正晨科技股份有限公司), a joint stock company incorporated in the PRC with limited liability
“%”	per cent

By Order of the Board  
**Shandong Hi-Speed New Energy Group Limited**  
**Li Tianzhang**  
*Chairman*

Hong Kong, 2 April 2025

*As at the date of this announcement, the Board comprises Mr. Li Tianzhang, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Ms. Liao Jianrong, Mr. Liu Zhijie, Mr. Li Li 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 purposes only*