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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)

VOLUNTARY ANNOUNCEMENT RESOLVING OF HIGH SHAREHOLDING CONCENTRATION

This is a voluntary announcement made by the Company to inform its Shareholders and Potential Investors of the shareholding structure of the Company as at 11 November 2022.

The Board is satisfied that, based on the results of the Analysis, (i) the shareholding concentration of the Company as at 30 September 2016 as stated in the SFC Announcement no longer exists as at 11 November 2022; and (ii) there has been no concentration of the shareholdings of the Company in the hands of a limited number of Shareholders.

The Board believes that the Company has complied with all the conditions for a once high shareholding concentration company to gain eligibility for inclusion in the Hang Seng Family of Indexes and is taking steps to seek inclusion in such index as soon as possible.

This is a voluntary announcement made by Shandong Hi-Speed Holdings Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) to inform its shareholders (the “**Shareholders**”) and potential investors (the “**Potential Investors**”) of the Company of the shareholding structure of the Company as at 11 November 2022.

This announcement is made in response to the shareholding concentration announcement (the “**SFC Announcement**”) dated 13 October 2016 and issued in respect of the Company by the Securities and Futures Commission (the “**SFC**”) regarding the then high concentration of shareholding in the Company as at 30 September 2016.

BACKGROUND

According to the SFC Announcement, as at 30 September 2016, a group of 15 Shareholders held an aggregate of 4,317,870,800 shares (the “**Shares**”) in the then issued share capital of the Company, representing 22.50% of the then issued Shares. Such shareholding, together with 14,118,232,315 Shares (representing 73.57% of the then issued Shares) held by 5 substantial Shareholders, represented 96.07% of the then issued Shares as at 30 September 2016. As such, only 752,545,322 Shares (representing 3.93% of the then issued Shares) were held by other Shareholders.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to remind the Shareholders and Potential Investors that the information disclosed in the SFC Announcement only reflected the shareholding structure of the Company as at 30 September 2016 based on an enquiry into the shareholding of the Company by the SFC at the material times, and is not representative of the current shareholding structure of the Company.

ANALYSIS OF THE BOARD

In order to enhance the transparency of the shareholding structure of the Company, the Board has conducted an analysis (the “**Analysis**”), including by way of carrying out an investigation (the “**Investigation**”) on the ownership of interests of its voting Shares pursuant to section 329 of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”), of the shareholding structure of the Company. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the updated shareholding structure of the Company as at 11 November 2022 is as follows:

| Shareholders | Number of Shares held | As a percentage of all the issued Shares (note 1) |
|--|----------------------------------|--|
| Shandong Hi-Speed Group Co., Ltd. (“ Shandong Hi-Speed Group ”) (note 2) | 2,614,912,092 | 43.44% |
| Harvest Fund Management Co., Ltd. (“ Harvest Fund Management ”) (note 3) | 1,520,206,790 | 25.25% |
| A group of 24 Shareholders (comprising individual, corporate and institutional investors) which held 10,000,000 Shares to less than 240,000,000 Shares | 1,343,070,443 | 22.31% |
| A group of 71 Shareholders (comprising individual, corporate and institutional investors) which held 1,000,000 Shares to less than 10,000,000 Shares | 233,325,956 | 3.88% |
| A group of 78 Shareholders (comprising individual, corporate and institutional investors) which held 100,000 Shares to less than 1,000,000 Shares | 26,741,090 | 0.44% |
| Other Shareholders (note 4) | 281,174,738 | 4.67% |
| Total | 6,019,431,109 | 100% |

Notes:

1. The approximate percentage of the total number of issued Shares is rounded to the nearest two decimal places and may not add up to total due to rounding.
2. The Shares interested by Shandong Hi-Speed Group were held through its subsidiaries as follows:
 - (i) 1,364,912,092 Shares (representing approximately 22.68% of the shareholding interest in the Company) were held directly by Shandong Hi-Speed (Hong Kong) International Capital Limited, a wholly-owned subsidiary of Shandong Hi-Speed (BVI) Capital Management Limited, which in turn was a wholly-owned subsidiary of Shandong Hi-Speed Group; and
 - (ii) 1,250,000,000 Shares (representing approximately 20.77% of the shareholding interest in the Company) were held directly by Shandong International (Hong Kong) Limited, a wholly-owned subsidiary of Shandong Rural Economic Development and Investment Company Limited (山東省農村經濟開發投資公司), which in turn was a wholly-owned subsidiary of Shandong Hi-Speed Group.
3. The Shares interested by Harvest Fund Management were held directly by JS High Speed Limited, which was wholly owned by Harvest Alternative Investment Opportunities SPC for and on behalf of Harvest High Speed Fund SP, which was owned as to 91% by Harvest Global Investments Limited, a wholly-owned subsidiary of Harvest Fund Management.
4. Other Shareholders comprised (i) those identified under the Investigation to be each holding less than 100,000 Shares and in aggregate, holding 6,856,507 Shares, accounting for approximately 0.11% of all the issued Shares as at 11 November 2022; and (ii) those which cannot be individually identified under the Investigation.

The Company observes from the results of the Analysis that since the date of the SFC Announcement, the number of Shares held by one of substantial shareholders, namely Hao Tian Management (Hong Kong) Limited (“**Hao Tian Management**”), a subsidiary of Aceso Life Science Group Limited (previously known as Hao Tian Development Group Limited, and is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), stock code: 474), reduced significantly from 3,503,559,650 Shares (accounting for approximately 18.26% of the then issued share capital of the Company as at 30 September 2016) to 1,500 Shares as at 11 November 2022. This corresponded to the disclosure of interest filing by Hao Tian Management dated 19 March 2020 whereby it was reported that Hao Tian Management held 6,000 Shares as at 18 March 2020 upon a disposal of Shares and ceased to have a notifiable interest under Part XV of the SFO, followed with a share consolidation of every four then existing Shares into one consolidated Shares in the share capital of the Company effective on 29 July 2022. In addition, based on the disclosure of interest filing by NetMind Financial Holdings Limited (currently known as CST Group Limited, a company listed on the Main Board of the Stock Exchange, stock code: 985) dated 6 December 2016, it (through its subsidiary, namely Skytop Technology Limited) ceased to hold any Shares on 5 December 2016. Accordingly, none of the aforementioned entities remained as a substantial Shareholder of the Company as at 11 November 2022, and the Board considers that there has been a substantive change in the shareholding structure of the Company with a broadened shareholding base since the then circumstance as at 30 September 2016.

ACTIONS TAKEN SINCE THE PUBLICATION OF THE SFC ANNOUNCEMENT

Since the publication of the SFC Announcement, actions have been taken to diversify the shareholding structure of the Company. The Board notes that the Company has formulated and implemented an investor relations plan, including hosting existing shareholder conferences, investor calls and roadshows, increasing interactions with domestic and international investment banks, brokers and other institutional investors, maintaining relationships with international rating agencies, and raising the Company's profile amongst the investment and financial community, agencies and institutional analysts.

In respect of the above, reference is made to the announcement of the Company dated 20 November 2022 whereby Fitch Ratings, Inc. ("**Fitch Ratings**") has affirmed the ratings of the Company's Long-Term Foreign-and-Local-Currency Issuer Default Ratings (IDRs) and the ratings of the 3.95% senior unsecured bond due May 2024 with a principal amount of US\$200,000,000 issued on 24 May 2021 by Coastal Emerald Limited, an indirect wholly-owned subsidiary of the Company, to be of "A-", respectively. Fitch Ratings considers the outlook of the Company to be stable and that the Company is in the course of transforming into an offshore industrial investment and financing platform focused on the new-energy and new-technology sectors.

In addition, based on the information from the Stock Exchange's daily quotation sheets, the average closing price and average trading volume of the Company exhibited a gradual increasing trend in recent years with those at approximately HK\$1.58 and 3.45 million in January 2021 and reaching approximately HK\$4.53 and 8.43 million in November 2022. The Board observes that the increase in the average closing price of the Shares during the above period was generally accompanied by an increase in its average trading volume.

Meanwhile, the Group recorded an overall increase in its annual revenue over the years coupled with a turnaround from loss to profit for the year ended 31 December 2021, and a period-on-period increase of the Group's revenue and profit from that for the six months ended 30 June 2021 to that for the corresponding period in 2022. Please refer to the 2021 annual report of the Company and the 2022 interim report of the Company for details.

Based on the above, the Board considers that the increase in the average trading volume of the Shares over the period was supported by the improved shareholder profile as well as the fundamental and key performance indicators of the Company. The affirmation of the credit ratings by Fitch Ratings further adds to the industry profession's recognition of the management's effort in promoting the business growth of the Group, and enhancing the investment value for the Shareholders and Potential Investors in the years after the publication of the SFC Announcement.

CONCLUSION

In light of the above, the Company is of the view that the concern over the high shareholding concentration as mentioned in the SFC Announcement has been resolved as at 11 November 2022 and the high shareholding concentration of the Company as stated in the SFC Announcement should not be used as a basis for evaluating the current status of the shareholding structure of the Company.

The Board is satisfied that, based on the results of the Analysis, (i) the shareholding concentration of the Company as at 30 September 2016 as stated in the SFC Announcement no longer exists as at 11 November 2022; and (ii) there has been no concentration of the shareholdings of the Company in the hands of a limited number of Shareholders.

The Board believes that the Company has complied with all the conditions for a once high shareholding concentration company to gain eligibility for inclusion in the Hang Seng Family of Indexes and is taking steps to seek inclusion in such index as soon as possible.

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

Hong Kong, 11 December 2022

As at the date of this announcement, the 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.