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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

CONNECTED TRANSACTIONS IN RELATION TO THE COOPERATION AGREEMENTS

THE COOPERATION AGREEMENTS

The Board announces that on 13 October 2023 (after trading hours), (i) SDHS Linteng entered into the Cooperation Agreement A with SHNE (Shandong), being an indirect wholly-owned subsidiary of the Company, in relation to the lease of the Designated Area A; and (ii) SDHS Guilu entered into the Cooperation Agreement B with SHNE Liaocheng, being an indirect wholly-owned subsidiary of the Company, in relation to the lease of the Designated Area B.

LISTING RULES IMPLICATIONS

On 24 April 2023, SDHS Yunnan (being a wholly-owned subsidiary of SDHS Group) has entered into the Previous Agreement with the Company in relation to the lease of the Sites for the operation of distributed photovoltaic power plant. The nature of transaction and major terms of the Previous Agreement are almost identical to those of the Cooperation Agreements.

As at the date of this announcement, as (i) SDHS Linteng and SDHS Guilu are both non-wholly owned subsidiaries of SDHS Group, while SDHS Yunnan is a wholly-owned subsidiary of SDHS Group; and (ii) SDHS Group through various entities owns an aggregate of approximately 43.45% 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; (b) SDHS Linteng, SDHS Guilu and SDHS Yunnan are regarded as associates of SDHS Group and connected persons of the Company; and (c) each of the transactions to be contemplated under the Cooperation Agreements and transactions contemplated under the Previous Agreement constitutes a connected transaction of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or were otherwise related. The Previous Agreement and the Cooperation Agreements are conducted by the Company and indirect wholly-owned subsidiaries of the Company with the non-wholly owned subsidiaries and wholly-owned subsidiary of the SDHS Group within a 12-month period respectively, and the nature of transaction and major terms of the Previous Agreement are almost identical to those of the Cooperation Agreements. Accordingly, the transactions under the Previous Agreement and the Cooperation Agreements shall be aggregated under Rule 14A.81 to Rule 14A.83 of the Listing Rules.

In accordance with HKFRS 16 “Lease”, the Company is required to recognise the value of right-of-use assets relating to the lease of the Designated Areas under the Cooperation Agreements and the lease of the Sites under the Previous Agreement in its consolidated statement of financial position. Accordingly, the transactions to be contemplated under the Cooperation Agreements and transactions contemplated under the Previous Agreement are regarded as an acquisition of assets by the Company pursuant to Rule 14.04(1) of the Listing Rules. The aggregate unaudited value of the right-of-use assets recognised by the Company under the Cooperation Agreements and the Previous Agreement is approximately RMB6,070,974.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate unaudited value of the right-of-use assets to be recognised by the Company in accordance with the transactions under the Cooperation Agreements and the Previous Agreement exceed 0.1% but all of which are less than 5%, therefore the Company shall be subject to the reporting and announcement requirements but exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in relation to the lease of the Designated Areas under the Cooperation Agreements.

THE COOPERATION AGREEMENTS

The Board announces that on 13 October 2023 (after trading hours), (i) SDHS Linteng entered into the Cooperation Agreement A with SHNE (Shandong), being an indirect wholly-owned subsidiary of the Company, in relation to the lease of the Designated Area A; and (ii) SDHS Guilu entered into the Cooperation Agreement B with SHNE Liaocheng, being an indirect wholly-owned subsidiary of the Company, in relation to the lease of the Designated Area B.

THE COOPERATION AGREEMENT A

Details of the Cooperation Agreement A are set out as follows:

- Date : 13 October 2023
- Parties : SDHS Linteng
: SHNE (Shandong)
- Designated Area A : SDHS Linteng leases the Designated Area A to SHNE (Shandong) for its construction of the photovoltaic power generation projects and operation of the photovoltaic power plants.
- Term : From 13 October 2023 to 31 December 2025. Subject to compliance with the requirements of applicable laws and regulations (including but not limited to the Listing Rules), it can be renewed for a period of three years or shorter, and the duration of the cooperation shall be up to 25 years in total.
- Rental service fee and basis of determination : The rental service fee payable by SHNE (Shandong) is RMB0.04 per watt per annum to be received by SDHS Linteng upon the completion of the construction of the photovoltaic power plants in the Designated Area A and the commencement of the electricity supply from such photovoltaic power plants, which will be calculated based on the actual construction capacity of the completed photovoltaic power plants. Taking into account the expected construction capacity of the photovoltaic power plants of 50.01585 MW and the construction plan thereof, it is expected that the total amount of the rental service fee during the term of the Cooperation Agreement A will be RMB2,400,634.

The terms of the Cooperation Agreement A were entered into between SDHS Linteng and SHNE (Shandong) after arm's length negotiation and on normal commercial terms. The annual rental service fee was determined with reference to the Group's previous rental transactions with other Independent Third Parties and the prevailing market rental rate in the comparable designated areas in the market.

Payment terms : The rental service fee will be paid on an annual basis. Within 30 days after the commencement of the electricity supply from such photovoltaic power plants in the Designated Area A, SHNE (Shandong) shall pay to SDHS Linteng the rental service fee for the current year during the period from the date of electricity supply to 31 December of such calendar year. The rental service fee in the next year shall be paid by 31 January of such calendar year.

THE COOPERATION AGREEMENT B

Details of the Cooperation Agreement B are set out as follows:

Date : 13 October 2023

Parties : SDHS Guilu
: SHNE Liaocheng

Designated Area B : SDHS Guilu leases the Designated Area B to SHNE Liaocheng for the construction of the photovoltaic power generation projects and operation of the photovoltaic power plants.

Term : From 13 October 2023 to 12 October 2025. Subject to compliance with the requirements of applicable laws and regulations (including but not limited to the Listing Rules), it can be renewed for a period of three years or shorter, and the duration of the cooperation shall be up to 25 years in total.

Rental service fee and basis of determination : Upon the completion of the construction of the photovoltaic power plants in the Designated Area B and the commencement of the electricity supply from such photovoltaic power plants, the rental service fee to be received by SDHS Guilu shall be RMB100,000 per annum, and it is expected that the total amount of the rental service fee during the term of the Cooperation Agreement B will be RMB300,000.

The terms of the Cooperation Agreement B were entered into between SDHS Guilu and SHNE Liaocheng after arm's length negotiation and on normal commercial terms. The annual rental service fee was determined with reference to the Group's previous rental transactions with other Independent Third Parties and the prevailing market rental rate in the comparable designated areas in the market.

Payment terms : The rental service fee will be paid on an annual basis. SHNE Liaocheng shall pay the rental service fee for the current year within 15 days after the commencement of the electricity supply from such photovoltaic power plants in the Designated Area B and upon receipt of the invoice issued by SDHS Guilu.

THE VALUE OF THE RIGHT-OF-USE ASSETS OF THE COOPERATION AGREEMENTS

In accordance with HKFRS 16 “Lease”, the Company is required to recognise the value of right-of-use assets relating to the lease of Designated Areas under the Cooperation Agreements in its consolidated statement of financial position. According to the information currently available to Company, the unaudited value of the right-of-use assets to be recognised by the Company under Cooperation Agreement A and the Cooperation Agreement B are approximately RMB2,106,365 and RMB253,891, respectively.

PREVIOUS AGREEMENT

On 24 April 2023, SDHS Yunnan (being a wholly-owned subsidiary of SDHS Group) has entered into the Previous Agreement with the Company in relation to the lease of the Sites for the operation of distributed photovoltaic power plant, with the purpose of providing support to the Company to participate in the investment and construction of the photovoltaic power plants and develop its clean energy businesses. The nature of transaction and major terms of the Previous Agreement are almost identical to those of the Cooperation Agreements.

In accordance with HKFRS 16 “Lease”, the Company is required to recognise the value of right-of-use assets relating to the lease of the Sites under the Previous Agreement in its consolidated statement of financial position. Accordingly, the transactions under the Previous Agreement are regarded as an acquisition of assets by the Company pursuant to Rule 14.04(1) of the Listing Rules. The unaudited value of the right-of-use assets recognised by the Company under the Previous Agreement was approximately RMB3,710,718.

As at the date of this announcement, as (i) SDHS Yunnan is a wholly-owned subsidiary of SDHS Group; and (ii) SDHS Group through various entities owns an aggregate of approximately 43.45% 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; (b) SDHS Yunnan is an associate of SDHS Group and a connected person of the Company; and (c) the transactions under the Previous Agreement constitutes the connected transactions of the Company.

As the unaudited value of the right-of-use assets recognised by the Company under the transactions of the Previous Agreement was approximately RMB3,710,718 and all applicable percentage ratios were less than 0.1%, the Company was fully exempt from the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules before (i) SDHS Linteng and SHNE (Shandong), being an indirect wholly-owned subsidiary of the Company, entering into the Cooperation Agreement A in relation to the lease of the Designated Area A; and (ii) SDHS Guilu and SHNE Liaocheng, being an indirect wholly-owned subsidiary of the Company, entering into the Cooperation Agreement B in relation to the lease of the Designated Area B.

APPROVAL BY THE BOARD

None of the Directors has any material interest in the Cooperation Agreements and the transactions to be contemplated thereunder and no 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 Board resolutions approving the Cooperation Agreements and the transactions to be contemplated thereunder.

Save as disclosed above, no other Director had abstained from voting on the Board resolutions at relevant Board meeting approving the Cooperation Agreements and the transactions to be contemplated thereunder.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENTS

Pursuant to the terms of Cooperation Agreement A, SDHS Linteng will provide the Designated Area A, being a designated area operated by SDHS Linteng including certain locations and space on expressways such as toll stations, service areas, slopes, tunnels and ramp circles, for the investment, construction and operation of the photovoltaic power plants owned by SHNE (Shandong). Pursuant to the terms of Cooperation Agreement B, SDHS Guilu will provide the Designated Area B, being a designated area operated by SDHS Guilu including the plaza outside Luji Station of the Qingdao–Lanzhou Expressway* (青蘭高速魯冀站), for the investment, construction and operation of the photovoltaic power plants owned by SHNE Liaocheng. Having taking into consideration of SDHS Group's potential and stability of business operation and management, the Directors are of the view that entering into of the Cooperation Agreements will allow the Group to secure reliable customers and contribute stable operating income and cash flow to the Group, and to facilitate the steady development of the Group's clean energy businesses.

The Directors (including the independent non-executive Directors) are of the view that the transactions to be contemplated under the Cooperation Agreements 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.

INFORMATION OF THE PARTIES

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.

SHNE (Shandong)

As at the date of this announcement, SHNE (Shandong) is an indirect wholly-owned subsidiary of the Company and is principally engaged in the investment, construction, operation and maintenance services of solar photovoltaic power generation, small-scale hydropower, geothermal power generation, wind power generation and biomass power generation projects.

SHNE Liaocheng

As at the date of this announcement, SHNE Liaocheng is an indirect wholly-owned subsidiary of the Company and is principally engaged in the power generation businesses, power transmission businesses, power supply (distribution) businesses, solar power generation technology services, contractual energy management, photovoltaic power generation equipment leasing and wind power generation technology services.

SDHS Linteng

As at the date of this announcement, SDHS Linteng is owned as to 66.41% by Shandong Hi-Speed Construction Management Group Co., Ltd.* (山東高速建設管理集團有限公司) (“**SDHS Construction**”), 20.43% by Linyi Urban Construction Investment Group Co., Ltd.* (臨沂城市建設投資集團有限公司) and the remaining of 13.16% by four companies controlled by state-owned enterprises, none of which holds 5% or more interest in SDHS Linteng, while SDHS Construction is owned as to 88.02% and 11.98% by SDHS Group and Shandong Province Finance Investment Group Co., Ltd.* (山東省財金投資集團有限公司), respectively. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save for SDHS Construction, the remaining shareholders of SDHS Linteng and their respective ultimate beneficial owners are Independent Third Parties. SDHS Linteng is principally engaged in the highway management and maintenance, real estate development and management and construction engineering work.

SDHS Guilu

As at the date of this announcement, SDHS Guilu is owned as to 92% and 8% respectively by SDHS Group and CDB Development Fund Co., Ltd.* (國開發展基金有限公司), which is controlled by a state-owned enterprise. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, CDB Development Fund Co., Ltd. and its ultimate beneficial owners are Independent Third Parties. SDHS Guilu is principally engaged in the investment, construction, operation and management of traffic infrastructure, and project management of maintenance work.

SDHS Group

As at the date of this announcement, SDHS Group 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 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 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 included in the "Fortune 500" in both 2022 and 2023.

LISTING RULES IMPLICATIONS

On 24 April 2023, SDHS Yunnan (being a wholly-owned subsidiary of SDHS Group) has entered into the Previous Agreement with the Company in relation to the lease of the Sites for the operation of distributed photovoltaic power plant. The nature of transaction and major terms of the Previous Agreement are almost identical to those of the Cooperation Agreements.

As at the date of this announcement, as (i) SDHS Linteng and SDHS Guilu are both non-wholly owned subsidiaries of SDHS Group, while SDHS Yunnan is a wholly-owned subsidiary of SDHS Group; and (ii) SDHS Group through various entities owns an aggregate of approximately 43.45% 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; (b) SDHS Linteng, SDHS Guilu and SDHS Yunnan are regarded as associates of SDHS Group and connected persons of the Company; and (c) each of the transactions to be contemplated under the Cooperation Agreements and transactions contemplated under the Previous Agreement constitutes a connected transaction of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or were otherwise related. The Previous Agreement and the Cooperation Agreements are conducted by the Company and indirect wholly-owned subsidiaries of the Company with the non-wholly owned subsidiaries and wholly-owned subsidiary of the SDHS Group within a 12-month period respectively, and the nature of transaction and major terms of the Previous Agreement are almost identical to those of the Cooperation Agreements. Accordingly, the transactions under the Previous Agreement and the Cooperation Agreements shall be aggregated under Rule 14A.81 to Rule 14A.83 of the Listing Rules.

In accordance with HKFRS 16 “Lease”, the Company is required to recognise the value of right-of-use assets relating to the lease of the Designated Areas under the Cooperation Agreements and the lease of the Sites under the Previous Agreement in its consolidated statement of financial position. Accordingly, the transactions to be contemplated under the Cooperation Agreements and transactions contemplated under the Previous Agreement are regarded as an acquisition of assets by the Company pursuant to Rule 14.04(1) of the Listing Rules. The aggregate unaudited value of the right-of-use assets recognised by the Company under the Cooperation Agreements and the Previous Agreement is approximately RMB6,070,974.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate unaudited value of the right-of-use assets to be recognised by the Company in accordance with the transactions under the Cooperation Agreements and the Previous Agreement exceed 0.1% but all of which are less than 5%, therefore the Company shall be subject to the reporting and announcement requirements but exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in relation to the lease of the Designated Areas under the Cooperation Agreements.

DEFINITIONS

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

“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
“Cooperation Agreement A”	the agreement dated 13 October 2023 entered into between SDHS Linteng and SHNE (Shandong) in relation to the lease of Designated Area A
“Cooperation Agreement B”	the agreement dated 13 October 2023 entered into between SDHS Guilu and SHNE Liaocheng in relation to the lease of Designated Area B
“Cooperation Agreements”	collectively Cooperation Agreement A and Cooperation Agreement B

“Designated Area A”	the designated area A operated by SDHS Linteng as set out in the Cooperation Agreement A, including certain locations and space on expressways such as toll stations, service areas, slopes, tunnels and ramp circles
“Designated Area B”	the designated area B operated by SDHS Guilu as set out in the Cooperation Agreement B, including the plaza outside the Luji Station of the Qingdao-Lanzhou Expressway* (青蘭高速魯冀站)
“Designated Areas”	collectively Designated Area A and Designated Area B
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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 Group, the Directors, the chief executives, the controlling shareholders, the substantial shareholders of each of the subsidiaries of the Company, and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt
“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
“Previous Agreement”	the leasing framework agreement dated 24 April 2023 entered into between the Company and SDHS Yunnan, in relation to the lease of the Sites owned by SDHS Yunnan Group for the construction and operation of distributed photovoltaic power stations by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“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

“SDHS Guilu”	Shandong Guilu Expressway Construction Co., Ltd.* (山東桂魯高速公路建設有限公司), a company established in the PRC with limited liability
“SDHS Linteng”	Shandong Hi-Speed Linteng Highway Co., Ltd.* (山東高速臨滕公路有限公司), a company established in the PRC with limited liability
“SDHS Yunnan”	Shandong Hi-Speed Yunnan Development Co., Ltd.* (山東高速雲南發展有限公司), a company established in the PRC with limited liability
“SDHS Yunnan Group”	SDHS Yunnan and its subsidiaries
“SHNE Liaocheng”	Liaocheng Shandong Hi-Speed New Energy Co., Ltd.* (聊城山高新能源有限公司), a company established in the PRC with limited liability
“SHNE (Shandong)”	Shandong Hi-Speed New Energy (Shandong) Co., Ltd.* (山高新能源(山東)有限公司), a company established in the PRC with limited liability
“Sites”	the sites owned by SDHS Yunnan Group, being toll stations, service areas, slopes, tunnels and other unused space along the expressways
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 13 October 2023

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