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

**(Stock Code: 01250)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF ENTIRE EQUITY INTEREST IN THE TARGET COMPANY**

### **THE ACQUISITION**

The Board announces that on 5 January 2024 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with the Vendor, the Main Contractor and the Target Company. Pursuant to the Cooperation Agreement, the Purchaser shall, subject to the terms and conditions of the Cooperation Agreement, (i) acquire from the Vendor the entire equity interest in the Target Company which owns all the assets in respect of the Target Project; and (ii) repay the Target Liabilities, at the Consideration.

Upon the Completion, the Purchaser shall hold the entire equity interest in the Target Company, and the Target Company shall become an indirect wholly-owned subsidiary of the Company.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, and thus the Acquisition, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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### **The Cooperation Agreement**

The major terms of the Cooperation Agreement are as follows:

**Date** : 5 January 2024

**Parties** : the Purchaser (as transferee);

the Vendor (as transferor);

the Main Contractor (as EPC main contractor for the Target Project); and

the Target Company (as the Target Company).

### **Subject Matter**

Pursuant to the Cooperation Agreement, the Purchaser shall, subject to the terms and conditions of the Cooperation Agreement, (i) acquire from the Vendor the entire equity interest in the Target Company; and (ii) repay the Target Liabilities, at the Consideration.

### **Consideration**

The Consideration of RMB800,000,000, comprises the aggregate amount of the Equity Transfer Consideration of RMB200,000,000 and the Target Liabilities of RMB600,000,000.

## **Basis of Consideration**

The main conditions corresponding to the calculation criteria of the Consideration are:

- (1) the Target Company does not have any other liabilities except for the liabilities as at the date of the Cooperation Agreement that has been disclosed to the Purchaser;
- (2) the expected completed grid-connected capacity of the Target Project is 100 megawatt (the “**Expected Capacity**”);
- (3) the calculation result of the Expected Capacity multiplied by the agreed unit cost level of RMB8 per watt, being RMB800,000,000; and
- (4) The expected fulfilment of the following events which are also conditions to either payment of the Consideration or Completion (as set out in the sections headed “Payment Terms” and “Completion” in this announcement): (i) the completion of construction and grid connection for power generation of the Target Project having taken place and the approval for the coal-fired power plant desulfurization benchmark electricity price in Henan Province of no less than RMB0.3779 per kilowatt-hour for that year (subject to the electricity price confirmed by the relevant electricity sale and purchase contract for sales of electricity by the Target Project) (“**Benchmark Electricity Price**”) having been obtained by 30 December 2024; and (ii) the annual average number of hours of electricity generation of not less than 2,326 hours over a period of 20 years within three months after full capacity grid connection having been ensured by agreement between the Target Company and relevant wind turbine manufacturer.

Further to criterion no. (3) above, given that the Target Project has not commenced its operation and connected to the grid, the agreed unit cost level per watt of the Target Project of RMB8 per watt is in line with the market price of onshore wind farms located in the PRC.

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor after taking into consideration the following factors: (i) the prospects of the business activities of the Target Company after the said grid-connected capacity has been completed; (ii) the benefits that may be brought to the Group as a result of the acquisition of the Target Company as described in the section headed “Reasons for and Benefits of entering into the Cooperation Agreement”; and (iii) the paid-up capital of the Target Company, its unaudited net asset value and total assets (prepared in accordance with the PRC Generally Accepted Accounting Principles), which shall be read in conjunction with criteria (1) to (4) above. The Purchaser will finance the Consideration by internal resources of the Group.

## **Payment Terms**

### **(1) Phase I**

First Instalment: 15% of the Consideration (i.e. RMB120,000,000), as prepayment for the Acquisition, being a part of the Equity Transfer Consideration, shall be payable in the following manner:

- (i) The Vendor shall provide to the Purchaser, within 10 working days after the signing of the Cooperation Agreement, a bank guarantee letter, which is irrevocable and payable on demand, of the amount of RMB120,000,000 with a validity period from the date of the letter to the date of completion of registration of the Equity Transfer at the relevant administrative department of industry and commerce in the PRC (which shall be no later than 30 June 2025).
- (ii) The Purchaser shall complete of the bank verification within 2 working days after receipt of the abovementioned bank guarantee letter and pay the First Instalment in cash to the Vendor's designated bank account within 3 working days after the completion of the said bank verification.

### **(2) Phase II**

Second Instalment: 80% of the Consideration (i.e. RMB640,000,000) shall be payable within 10 working days after the fulfillment of the following conditions in accordance with the Cooperation Agreement:

- (i) the Target Project having completed the full-capacity grid connection for power generation;
- (ii) construction of the Target Project having been completed in accordance with the Cooperation Agreement;

- (iii) the following approval documents/conditions (“**Operation Conditions**”) having been obtained/satisfied:
- (a) the environmental impact assessment approval documents and construction indicators from relevant environmental protection departments for wind power projects having been obtained in accordance with the law;
  - (b) the approval for the Benchmark Electricity Price having been obtained;
  - (c) the approval for the construction of permanent facilities such as booster stations for wind power projects having been obtained;
  - (d) the state-owned land use right certificates and real estate certificates for the land occupied by permanent facilities such as booster stations for wind power projects in accordance with the law having been obtained;
  - (e) the approval document for acceptance testing on environmental protection on the Target Project from the competent environmental protection department in accordance with the law having been obtained;
  - (f) the operation of the Target Project having been commenced, operated continuously and stably for 240 hours, and acceptance testing by the Purchaser having been passed;
  - (g) the relevant electricity sale and purchase contract with Henan Electric Power Corporation\* (河南省電力公司) regarding the sales of electricity by the Target Project having been entered into by the Target Company;
  - (h) the relevant grid-connected dispatch agreement with Henan Electric Power Corporation\* (河南省電力公司) having been entered into by the Target Company regarding the grid connection for power generation by the Target Project;

- (i) the original ownership certificates, planning documents, and construction documents of all real estate owned by the Target Company having been delivered to the Purchaser for confirmation and having been retained by the Target Company thereafter;
  - (j) the original contracts, documents and information related to the assets and business of the Target Company having been delivered to the Purchaser for confirmation and having been retained by the Target Company thereafter;
  - (k) other approval documents, certificates or permits required to be obtained prior to commencement of construction and grid connection in accordance with laws, regulations and requirements of government departments, including but not limited to documents confirming the legality of land use by the land and forestry departments, all procedures necessary for grid connection, continuous operation of the Target Company and as reasonably required by the Purchaser, having been obtained/completed;
  - (l) the agreement between the Target Company and relevant wind turbine manufacturer to ensure that the average annual operating hours of the Target Project will not be less than 2,326 hours having been entered into;
  - (m) the Target Company having assisted the third-party agents engaged by the Purchaser to complete the audit, financial due diligence, statutory asset assessment relating to the Target Project and the state-owned assets filings having been completed; and
- (iv) completion of the Equity Transfer.

The Second Instalment shall be paid in the following manners:

- (i) the remaining balance of the Equity Transfer Consideration of RMB80,000,000 shall be paid by the Purchaser or third party designated by the Purchaser to the Vendor; and
- (ii) RMB560,000,000 shall be paid by the Purchaser or third party designated by the Purchaser to the Target Company for the purpose of settlement of relevant liabilities of the Target Company.

**(3) Phase III**

Third Instalment: Within 3 working days after the rectification of relevant deficiencies with respect to the quality of the construction works, the Purchaser shall pay to the Vendor's designated bank account 2% of the Consideration.

The remaining balance of 3% of the Consideration shall be retained as quality assurance fund for a warranty period of 1 year. Within 10 working days after the passing of the acceptance testing for completion of the construction, Main Contractor shall provide to the Purchaser bank guarantee in an amount which equals to 3% of the Consideration and shall be valid for 1 year after the date of passing of the acceptance testing for completion of the construction. The Purchaser or third party designated by the Purchaser shall, within 5 working days after receipt of the abovementioned bank guarantee letter, complete the relevant bank verification and pay to the Main Contractor the amount which equals to 3% of the Consideration.

**Completion**

The parties shall proceed with the procedures for the Equity Transfer, and the Completion within 5 working days after the fulfilment of, among others, the following conditions in accordance with the Cooperation Agreement:

- (1) the construction of the Target Project with capacity, standard and specifications as agreed in the Cooperation Agreement having been completed;
- (2) the construction and grid connection for power generation of the Target Project having been completed before 30 December 2024;
- (3) the Vendor, the Target Company and the Main Contractor having completed the preparation of settlement account relating to the completion of construction of the Target Project;
- (4) the acceptance testing after the completion of construction and grid connection for power generation in accordance with standards and requirements under the Cooperation Agreement having been conducted; the Target Project having been commenced, operated continuously and stably for 240 hours, and acceptance testing by the Purchaser having been passed; and the relevant acceptance requirements of the state and the power grid company for performance acceptance test having been passed; and

(5) the Operation Conditions having been satisfied.

In the event that the Operation Conditions not having been fully satisfied at the time when grid connection for power generation of the Target Project is completed, the Purchaser can opt to proceed with the equity transfer procedures relating to the Target Company and the Vendor shall continue to complete all outstanding Operation Conditions within 180 days after the completion of the relevant equity transfer procedures.

Upon the Completion, the Purchaser shall hold entire equity interest in the Target Company, and the Target Company shall become an indirect wholly-owned subsidiary of the Company.

## **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.

### **The Purchaser**

The Purchaser is a company established in the PRC with limited liability. As at the date of this announcement, the Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in the investment and development of photovoltaic power businesses and wind power businesses in the PRC.

### **The Vendor**

The Vendor is a company established in the PRC with limited liability and is principally engaged in research and development and technical consultancy of wind power generation technology, development, construction and operation of wind power generation projects and consultancy and management of engineering projects. As at the date of this announcement, it is wholly-owned by 清電控股集團有限公司 (Qingdian Holdings Group Co., Ltd\*), which is in turn owned as to (i) 99% by Qingdian Headquarters and (ii) 1% by 張菊軍 (Zhang Jujun\*). Qingdian Headquarters is owned as to (i) 99.9% by 張菊軍 (Zhang Jujun\*) and (ii) 0.1% by 張根虎 (Zhang Genhu\*).

## The Main Contractor

The Main Contractor is a company established in the PRC with limited liability and is principally engaged in the construction of power transmission and distribution engineering of 220Kilovolt and below, construction of new energy power plants, construction of mechanical and electrical engineering in plants and other businesses. As at the date of this announcement, it is an indirect wholly owned subsidiary of 華創國控(天津)科技集團有限公司 (Huachuang Guokong (Tianjin) Technology Group Co. Ltd.\*) (“**Huachuang Guokong**”). Huachuang Guokong is (i) indirectly owned and controlled as to approximately 30.00% by the State Council of the PRC; (ii) indirectly owned and controlled as to approximately 29.00% by the State-owned Assets Supervision and Administration Commission of Haidian People’s Government of Beijing Municipality\* (北京市海澱區人民政府國有資產監督管理委員會); (iii) directly owned as to approximately 25.00% by Xinjiang Jiuzhengtuxin Logistics Co., Ltd.\* (新疆九正途鑫物流有限公司), which is a directly and non-wholly owned subsidiary of Xinjiang Trading Market Investment Construction Group Co., Ltd.\* (新疆交易市場投資建設集團股份有限公司), approximately 34.29%, 25.71% and 22.86% of which are in turn indirectly owned by the State-owned Assets Supervision and Administration Commission of Urumqi Municipality\* (烏魯木齊市國有資產監督管理委員會), directly owned by Xinjiang Equity Investment Enterprise Service Centre\* (新疆股權投資企業服務中心) (“**Xinjiang Equity Investment**”) and indirectly owned and controlled by the State-owned Assets Supervision and Administration Commission of Xinjiang Uyghur Autonomous Region\* (新疆維吾爾自治區國有資產監督管理委員會) respectively and the remaining shareholdings of which are owned by its remaining five shareholders (each of their shareholdings ranges from approximately 2.86% to 5.71%); and (iv) indirectly owned and controlled as to approximately 16.00% by Henan Provincial Department of Finance (河南省財政廳).

Xinjiang Equity Investment is beneficially owned as to approximately 44.64% by Xinjiang Uyghur Autonomous Region Financial Development and Service Centre\* (新疆維吾爾自治區金融發展與服務中心), approximately 23.21% by the State-owned Assets Supervision and Administration Commission of Urumqi High-tech Industrial Development Zone (Urumqi New District)\* (烏魯木齊高新技術產業開發區(烏魯木齊市新市區)國有資產監督管理委員會), approximately 23.21% by the State-owned Assets Supervision and Administration Commission of Urumqi Economic and Technological Development Zone (Toutunhe District, Urumqi)\* (烏魯木齊經濟技術開發區(烏魯木齊市頭屯河區)國有資產監督管理委員會) and approximately 8.93% by Shihezi Economic and Technological Development Zone Administration Committee\* (石河子經濟技術開發區管理委員會).

## The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in wind power generation technical services, solar power generation technical services, power generation technical services, research and development of emerging energy technologies, operation of electric vehicle charging infrastructure and contract energy management. As at the date of this announcement, it is wholly owned by the Vendor.

Set out below are certain unaudited financial information of the Target Company (prepared in accordance with the PRC Generally Accepted Accounting Principles) from the date of establishment (being 9 July 2021) to 31 December 2021 and for the year ended 31 December 2022 respectively:

	For the period from the date of establishment (being 9 July 2021) to 31 December 2021 (unaudited) (Approximate) <i>RMB</i>	For the year ended 31 December 2022 (unaudited) (Approximate) <i>RMB</i>
Profit/(loss) before tax	(25.67)	7.28
Profit/(loss) after tax	(25.67)	7.28

The unaudited total asset and net asset value of the Target Company as at 31 October 2023 (prepared in accordance with the PRC Generally Accepted Accounting Principles) were approximately RMB3,336,825.68 and RMB2,917,407.28, respectively.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, all of the Vendor, Main Contractor and the Target Company and their respective ultimate beneficial owners are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT**

The Group is positioned as a flagship new energy enterprise under the SDHS Group, with development, investment and operation of new energy, namely wind power and photovoltaic power, and urban clean heat supply services as its core businesses, to become a first-class integrated new energy operator and service provider in the PRC and strive to become the first tier in the industry.

As a developer of wind power plant projects, the Group has to engage the Main Contractor to provide engineering, procurement and construction services to construct the Target Project. The Group believes that the Vendor and the Main Contractor have extensive local resources and each of them can deliver service at a quality standard which meets the expectations of the Group.

The acquisition of the Target Project by the Group allows the Company to obtain the entire rights and interests of the Target Company which is principally engaged in, among others, development, construction, operation and management of Target Project. The Board believes that the acquisition of the Target Company by the Group is in line with the development strategy to promote the revolution in energy production and consumption, and build a clean, low-carbon, safe and efficient energy system. It represents an opportunity to broaden the Group's business portfolio in the wind power generation industry and enables positive earnings contributions that may be brought by the Target Company to the prospects of the Group's wind power generation business. In addition, the terms of the Cooperation Agreement were determined after arm's length negotiations between the Purchaser, the Vendor, the Main Contractor and the Target Company. Given the capital intensive nature of construction and operation of onshore wind farms, the Board considers that the basis of Consideration as described in the section headed "Consideration – Basis of Consideration" in this announcement is reasonable. Despite the fact that the Target Company currently has a low net asset value and is not in a profit-making position as the construction of the Target Project is yet to be completed, it is expected that a stable stream of income is to be generated upon completion of grid connection for power generation and commencement of operation of the Target Project. In view of the above, the Board considers that the terms of the Cooperation Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, and thus the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest in the Target Company and the Target Liabilities, at the Consideration pursuant to the Cooperation Agreement
“associates”	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)
“Completion”	completion of the Cooperation Agreement in accordance with the terms and conditions therein
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate amount of RMB800,000,000, which comprises the aggregate amount of the Equity Transfer Consideration of RMB200,000,000 and the Target Liabilities of RMB600,000,000

“Cooperation Agreement”	the cooperation agreement dated 5 January 2024 entered into by the Purchaser, the Vendor, the Main Contractor and the Target Company, in relation to all equity interest in the Target Company and Target Liabilities proposed to be transferred by the Vendor to the Purchaser after the completion, grid connection and power generation of the Target Project
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the proposed transfer of the entire equity interest in the Target Company from the Vendor to the Purchaser under the Cooperation Agreement
“Equity Transfer Consideration”	the consideration of RMB200,000,000 for the entire equity interest in the Target Company under the Cooperation Agreement
“First Instalment”	the first instalment of the Consideration payable pursuant to the Cooperation Agreement
“Group”	The Company and its subsidiaries
“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 the Company or their subsidiaries, and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Main Contractor”	河南省華創國信工程有限公司 (Henan Huachuang Guoxin Engineering Co. Ltd.*), a company established in the PRC with limited liability
“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
“Purchaser”	天津北清電力智慧能源有限公司 (Tianjin Beiqing Smart Energy Company Limited*), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Qingdian Headquarters”	清電總部管理有限公司 (Qingdian Headquarters Management Co., Ltd.*), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Second Instalment”	the second instalment of the Consideration payable pursuant to the Cooperation Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	南陽清電新能源有限公司 (Nanyang Qingdian New Energy Co., Ltd.*), a company established in the PRC with limited liability which is responsible for the development of the Target Project

“Target Liabilities”	the aggregate amount of liabilities of the Target Company of up to RMB600,000,000 incurred and to be incurred in relation to the construction, grid connection for power generation and operation of the Target Project as of the date of the agreement to be signed relating to the Equity Transfer
“Target Project”	the 100 megawatt wind power and smart energy storage project located in Sheqi County (社旗縣), Henan Province of the PRC
“Third Instalment”	the third instalment of the Consideration payable pursuant to the Cooperation Agreement
“Vendor”	清電科技集團有限公司 (Qingdian Technology Group Co., Ltd.*), a company established in the PRC with limited liability
“%”	per cent.

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

Hong Kong, 5 January 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 purposes only.