

28 January 2025

The Board of Directors

Shandong Hi-Speed New Energy Group Limited
38th Floor
The Center
99 Queen's Road Central
Central, Hong Kong

Dear Sir / Madam,

Reference is made to the composite document dated 28 January 2025 (the “**Composite Document**”) jointly issued by the Offeror and SHNE. Capitalised terms used in this letter shall have the same respective meanings as defined in the Composite Document unless the context otherwise required.

We refer to the following statements under the section headed “4. MATERIAL CHANGE” of Appendix IIA to the Composite Document (the “**Statements**”):

The SHNE Group's profit for the ten months ended 31 October 2024 (“10M2024”) increased as compared to that for the ten months ended 31 October 2023 (“10M2023”), mainly due to:

- (a) *decrease in finance costs due to reduced interest expenses resulting from the replacement of high-cost financing with low-cost financing and advance repayment of a substantial amount of high-cost overseas borrowings by the SHNE Group from December 2023 to May 2024 (substantially funded by cash received from capital increase of a major subsidiary of SHNE (the “Subsidiary”) by way of cash contribution made by an insurance private fund initiated and managed by 平安創贏資本管理有限公司 (Ping An Trendwin Capital Management Co., Ltd. *) (the “Capital Increase”)) (Note: SHNE's indirect holding interest in the Subsidiary decreased from 100% to approximately 55.54% upon completion of the Capital Increase. Accordingly, there was increase in proportion of the SHNE Group's profit attributable to non-controlling interests and decrease in proportion of the SHNE Group's profit attributable to equity holders of SHNE);*
- (b) *decrease in share of losses of joint ventures as there was substantial loss arising from cessation of operation and dismantling of a project held under a joint venture in 10M2023 (no such loss for 10M2024),*

as partially offset by

- (c) *decrease in gross profit resulting from decrease in revenue and gross profit margin (from approximately 51% for 10M2023 to approximately 49% for 10M2024) which was mainly due to the combined effects of (i) decrease in gross profit margin of sale of electricity due to greater grid curtailment by electricity grid companies in the PRC (which limited the electricity generated by power plants that could be fed into the grid, thus hindered the SHNE Group's sale of electricity); and (ii) low gross profit margin of certain newly acquired power plants and self-built and commissioned power plants since November 2023 which will not be entitled to tariff subsidies from the PRC government authority.*

The Statements constitute profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants. This report is issued in compliance with the requirements under Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

The SHNE Board prepared the Statements based on the unaudited consolidated management accounts of the SHNE Group for the ten months ended 31 October 2024 (the “**Management Accounts**”). The Management Accounts were prepared on a basis consistent in all material respects with the accounting policies normally adopted by the SHNE Group as set out in the annual report of SHNE for the year ended 31 December 2023 (the “**Bases**”).


We have reviewed the Statements, the Management Accounts and the Bases (no assumption was involved in making of the Statements as they relate to a period already ended) which were provided by you and you as the SHNE Directors are solely responsible for. We also discussed the above with you and the senior management of SHNE.

In respect of the accounting policies and calculations concerned, upon which the Statements have been made, we have considered the report as contained in Appendix IIB to the Composite Document addressed to the Board from Ernst & Young, being the auditor of SHNE (the “**Auditor**”). The Auditor is of the opinion that, so far as the accounting policies and calculations are concerned, the Statements have been properly compiled in accordance with the bases adopted by the SHNE Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the SHNE Group as set out in the annual report of SHNE for the year ended 31 December 2023.

Having considered the above, we are of the opinion that the Statements have been made with due care and consideration.

We hereby give and have not withdrawn our consent to the issue of the Composite Document with the inclusion therein of this report.

Yours faithfully,
For and on behalf of
Gram Capital Limited



Graham Lam
Managing Director