

Huatai Financial Holdings (Hong Kong) Limited
62/F., The Center,
99 Queen's Road,
Central, Hong Kong

28 January 2025

To the SHNE Independent Shareholders and the SHNE Offer Optionholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED
FOR AND ON BEHALF OF SHANDONG HI-SPEED HOLDINGS GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF SHANDONG HI-SPEED NEW
ENERGY GROUP LIMITED AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF SHANDONG
HI-SPEED NEW ENERGY GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to (i) the Rule 3.5 Announcement in relation to, among other things, the Acquisition and the Offers; (ii) the circular of the Offeror dated 9 December 2024; (iii) the joint announcement dated 18 December 2024 jointly issued by the Offeror and SHNE in relation to the delay in despatch of the Composite Document; (iv) the poll result announcement issued by the Offeror dated 24 December 2024; and (v) the joint announcement dated 27 December 2024 jointly issued by the Offeror and SHNE in relation to, among others, the Completion.

As disclosed in the Rule 3.5 Announcement, the Offeror (as purchaser) and the Vendors (as vendors) entered into the Sale and Purchase Agreement dated 13 November 2024, pursuant to which the Offeror conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to sell to the Offeror the Sale Shares (representing approximately 13.52% of the total issued share capital of SHNE as at the Latest Practicable Date) at the Consideration (equivalent to HK\$1.78 per Sale Share).

Immediately prior to Completion, the Offeror and parties acting in concert with it own 976,080,784 SHNE Shares, representing approximately 43.45% of the total issued share capital of SHNE.

Immediately following the Completion (which took place on 27 December 2024) and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own and control a total of 1,279,878,252 SHNE Shares, representing approximately 56.97% of the total issued share capital of SHNE.

Accordingly, immediately after the Completion, the Offeror is required to make (i) a mandatory unconditional cash offer for all the issued SHNE Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code; and (ii) an appropriate cash offer to the SHNE Offer Optionholders to cancel all the Offer Options under Rule 13 of the Takeovers Code. Huatai Financial is making the Offers for and on behalf of the Offeror and in compliance with the Takeovers Code.

This letter which forms part of this Composite Document sets out, among other things, the principal terms of the Offers, the information of the Offeror and the Offeror's intentions on SHNE. Further details of the Offers and procedures for acceptance and settlement are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

The SHNE Independent Shareholders are strongly advised to consider carefully the information contained in "Letter From the SHNE Board", "Letter From the SHNE Independent Board Committee" and "Letter From Gram Capital" as set out in this Composite Document, the appendices as set out in this Composite Document and the Forms of Acceptance and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

THE OFFERS

Huatai Financial, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on the following basis:

The Share Offer

For each Offer Share HK\$1.78 in cash

The Share Offer Price of HK\$1.78 per Offer Share under the Share Offer is equal to the price per Sale Share paid by the Offeror for the Sale Shares under the Sale and Purchase Agreement. Neither the Offeror nor any parties acting in concert with it had dealt for value in SHNE Shares during the Relevant Period.

The Share Offer is unconditional in all respects and extended to all SHNE Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from any Encumbrances together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

The SHNE Option Offer

For the cancellation of each of Offer OptionsHK\$0.0001 in cash

The Offeror is making an appropriate offer to the SHNE Optionholders to cancel every SHNE Option they hold in accordance with Rule 13 of the Takeovers Code.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the SHNE Option Offer Price would normally be the “see-through” price which represents the excess of the Share Offer Price per Offer Share over the exercise price of each of the outstanding SHNE Options. Since the exercise price of the outstanding SHNE Options of HK\$4.00 each is above the Share Offer Price of HK\$1.78 per Offer Share, the outstanding SHNE Options are out-of-money and the SHNE Option Offer Price for the cancellation of each Offer Option will be a nominal value of HK\$0.0001.

The SHNE Option Offer is unconditional in all respects and extended to all SHNE Optionholders in accordance with the Takeovers Code.

As at the Latest Practicable Date, there are 2,246,588,726 SHNE Shares in issue and 19,010,000 outstanding SHNE Options granted under the Share Option Scheme, entitling the SHNE Optionholders to subscribe for an aggregate of 19,010,000 SHNE Shares at an exercise price of HK\$4.00. Particularly, 7,604,000 of the outstanding SHNE Options have been vested. Pursuant to the terms of the Share Option Scheme, in the event a general offer is made to the SHNE Shareholders (and such offer becomes or is declared unconditional), all the SHNE Optionholders (holding vested or unvested SHNE Options) shall be entitled to exercise the SHNE Options in full. Save as disclosed above, as at the Latest Practicable Date, there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of SHNE in issue.

SHNE confirms that as at the Latest Practicable Date, (i) it does not have any dividend or distribution recommended, declared or made but unpaid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offers.

Comparison of value

The Share Offer Price of the Share Offer of HK\$1.78 per Offer Share represents:

- (a) a premium of approximately 1.14% over the closing price of HK\$1.7600 per SHNE Share as quoted on the Stock Exchange on 24 January 2025, being the Latest Practicable Date;
- (b) a premium of approximately 7.23% over the closing price of HK\$1.6600 per SHNE Share as quoted on the Stock Exchange on 11 November 2024, being the Last Trading Day;
- (c) a premium of approximately 7.49% over the average closing price of approximately HK\$1.6560 per SHNE Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 11.32% over the average closing price of approximately HK\$1.5990 per SHNE Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

- (e) a premium of approximately 11.23% over the average closing price of approximately HK\$1.6003 per SHNE Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 0.59% over the average closing price of approximately HK\$1.7696 per SHNE Share as quoted on the Stock Exchange during the trading days for the year 2024 up to and including the Last Trading Day;
- (g) a discount of approximately 18.57% to the average closing price of approximately HK\$2.186 per SHNE Share as quoted on the Stock Exchange during the 360 consecutive trading days immediately prior to and including the Last Trading Day;
- (h) a discount of approximately 26.48% to the average daily closing price of approximately HK\$2.421 per SHNE Share as quoted on the Stock Exchange during the period from 11 November 2022 (being the date two years prior to the Last Trading Day) and up to and including the Last Trading Day;
- (i) a discount of approximately HK\$4.6270 (being approximately 72.22%) to the audited consolidated net asset value of the SHNE Group of approximately HK\$6.4070 per SHNE Share as at 31 December 2023 calculated based on the audited net asset of the SHNE Group attributable to the equity holders of SHNE as at 31 December 2023 of approximately HK\$14,394,006,000 and 2,246,588,726 SHNE Shares in issue as at the Latest Practicable Date; and
- (j) a discount of approximately HK\$4.5495 (being approximately 71.88%) to the unaudited consolidated net asset value of the SHNE Group of approximately HK\$6.3295 per SHNE Share as at 30 June 2024 calculated based on the unaudited net asset of the SHNE Group attributable to the equity holders of SHNE as at 30 June 2024 of approximately HK\$14,219,700,000 and 2,246,588,726 SHNE Shares in issue as at the Latest Practicable Date.

Highest and lowest Share price

During the Relevant Period, the highest closing price of the SHNE Shares quoted on the Stock Exchange was HK\$1.91 per SHNE Share on 18 July 2024 and the lowest closing price of the SHNE Shares quoted on the Stock Exchange was HK\$1.46 per SHNE Share on 5 August, 19, 20 and 23 September 2024.

Fast Top Irrevocable Undertaking

As at the Latest Practicable Date, Fast Top beneficially owns 405,063,291 SHNE Shares, representing approximately 18.03% of the issued share capital of SHNE. Fast Top has given the Fast Top Irrevocable Undertaking in favour of the Offeror and SHNE, pursuant to which Fast Top has undertaken that, subject to the Offeror acquiring the Sale Shares from the Vendors at a price of not higher than HK\$1.8 per Sale Shares, during the period commencing on the date of the Fast Top Irrevocable Undertaking and ending on the date on the close of the Share Offer, (i) it shall not (and will procure the parties acting in concert with it not to) accept the Share Offer in respect of the SHNE Shares owned by it; or sell any of the SHNE Shares owned by it to the Offeror or parties acting in concert with it; (ii) it shall not acquire or subscribe any SHNE Shares, securities or other interest in SHNE; (iii) it will not (and will procure the parties acting in concert with it not to) take any other action to make the SHNE Shares owned by it available for acceptance of the Share Offer; and (iv) it shall not (and will procure the parties acting in concert with it not to) sell, transfer or otherwise dispose of, or charge, pledge or otherwise encumber, or grant any option or other right over such SHNE Shares. The Fast Top Irrevocable Undertaking will remain effective until the close of the Share Offer. Save for disclosed above, there are no other circumstances under which the Fast Top Irrevocable Undertaking may cease to be binding.

Total value of the Offers

Assuming that there is no change in the issued share capital of SHNE and none of the outstanding SHNE Options is exercised prior to the Closing Date, and on the basis of the Share Offer Price of HK\$1.78 per SHNE Share, the entire issued ordinary share capital of SHNE would be valued at HK\$3,998,927,932.28.

Assuming the Offers are accepted in full on the basis that (i) none of the SHNE Options is exercised prior to the Closing Date and there will be 19,010,000 outstanding SHNE Options remaining for acceptance of the SHNE Option Offer; and (ii) there is no change in the issued share capital of the SHNE prior to the Closing Date and accordingly a total of 561,647,183 issued SHNE Shares (representing the total number of issued SHNE Shares excluding (a) 1,279,878,252 SHNE Shares already held by the Offeror and the parties acting in concert with it; and (b) 405,063,291 Non-Accepting SHNE Shares) will be subject to the Share Offer, the total consideration payable by the Offeror under the Offers would be HK\$999,733,886.74 (inclusive of HK\$999,731,985.74 for the Share Offer and HK\$1,901 for the SHNE Option Offer).

Assuming the Offers are accepted in full on the basis that (i) all of the 19,010,000 outstanding SHNE Options are exercised in full prior to the Closing Date and there will be no outstanding SHNE Options remaining for acceptance of the SHNE Option Offer; and (ii) there is no other change in the issued share capital of SHNE prior to the Closing Date and accordingly a total of 580,657,183 issued SHNE Shares (representing the total number of issued SHNE Shares excluding (a) 1,279,878,252 SHNE Shares already held by the Offeror and the parties acting in concert with it; and (b) 405,063,291 Non-Accepting SHNE Shares) will be subject to the Share Offer, the total consideration payable by the Offeror under the Share Offer would amount to HK\$1,033,569,785.74.

Confirmation of financial resources

The Offeror intends to finance and satisfy the maximum consideration payable under the Offers by the Facility. The Facility is secured by, among others, the share charge of the Charged Shares.

The Offeror confirms that the payment of interest on, repayment of, or security for, any liability (contingent or otherwise) relating to the Facility will not depend to any significant extent on the business of SHNE.

Huatai Financial, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain to be, available to the Offeror to satisfy the maximum consideration payable upon full acceptance of the Offers.

Effect of accepting the Offer

Acceptance of the Share Offer by any SHNE Independent Shareholders will constitute a warranty by such person that all Offer Shares to be sold by such person under the Share Offer are fully paid and free and clear of all lien whatsoever together with all rights and interests attaching thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.

By validly accepting the SHNE Option Offer, the Offer Options tendered by the SHNE Offer Optionholders will be cancelled and cease to be exercisable.

The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Offer Shares and in respect of a minimum number of Offer Options to be cancelled. Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, except as otherwise permitted under the Takeovers Code, details of which are set out in the paragraph headed "8. RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document.

Payment

Payment in cash in respect of acceptances of the Share Offer and the SHNE Option Offer will be made as soon as possible but in any event within seven (7) Business Days of the date of receipt of a duly completed acceptance of the Share Offer and/or the SHNE Option Offer (as the case may be). Relevant documents evidencing title must be received by or on behalf of the Offeror (or its agent) to render such acceptance of the Share Offer and/or the SHNE Option Offer (as the case may be) complete and valid in accordance with the Takeovers Code.

No fractions of a Hong Kong cent will be payable and the amount of the consideration payable to an SHNE Independent Shareholder who accepts the Share Offer and the SHNE Offer Optionholder who accepts the SHNE Option Offer will be rounded up to the nearest Hong Kong cent.

Hong Kong stamp duty

The seller's ad valorem stamp duty at a rate of 0.1% of the market value of the SHNE Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the cash amount payable to the relevant SHNE Independent Shareholder on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting SHNE Independent Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptance of the SHNE Option Offer.

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Availability of the Offers

The Offeror intends to make the Share Offer and the SHNE Option Offer available to all the SHNE Independent Shareholders and the SHNE Offer Optionholders, including the SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders.

The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. SHNE Overseas Independent Shareholders and/or SHNE Overseas Offer Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of SHNE Overseas Independent Shareholders and the SHNE Overseas Offer Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders in respect of such jurisdictions).

Based on the register of members of SHNE, as at the Latest Practicable Date, (i) there were 2 SHNE Overseas Independent Shareholders with registered addresses located in the BVI; and (ii) there were 15 SHNE Overseas Offer Optionholders with registered addresses located in the PRC. Having made reasonable enquiries, the SDHG Directors and the SHNE Directors are satisfied that there is no restriction under the laws or regulations of the BVI and the PRC against despatching this Composite Document and the accompanying Forms of Acceptance to such SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders, and will do so accordingly. This Composite Document will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and SHNE (<https://www.shneg.com.hk/>).

Any acceptance by SHNE Independent Shareholders and/or SHNE Offer Optionholders and beneficial owners of the Offer Shares and Offer Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. SHNE Independent Shareholders and/or SHNE Offer Optionholders who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Taxation advice

SHNE Independent Shareholders and SHNE Offer Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with the Offeror, SHNE, Huatai Financial and their respective ultimate beneficial owners, directors, advisers, agents or associates, or any other person involved in the Offers accepts responsibility for any taxation or other effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

INFORMATION ON THE SHNE GROUP

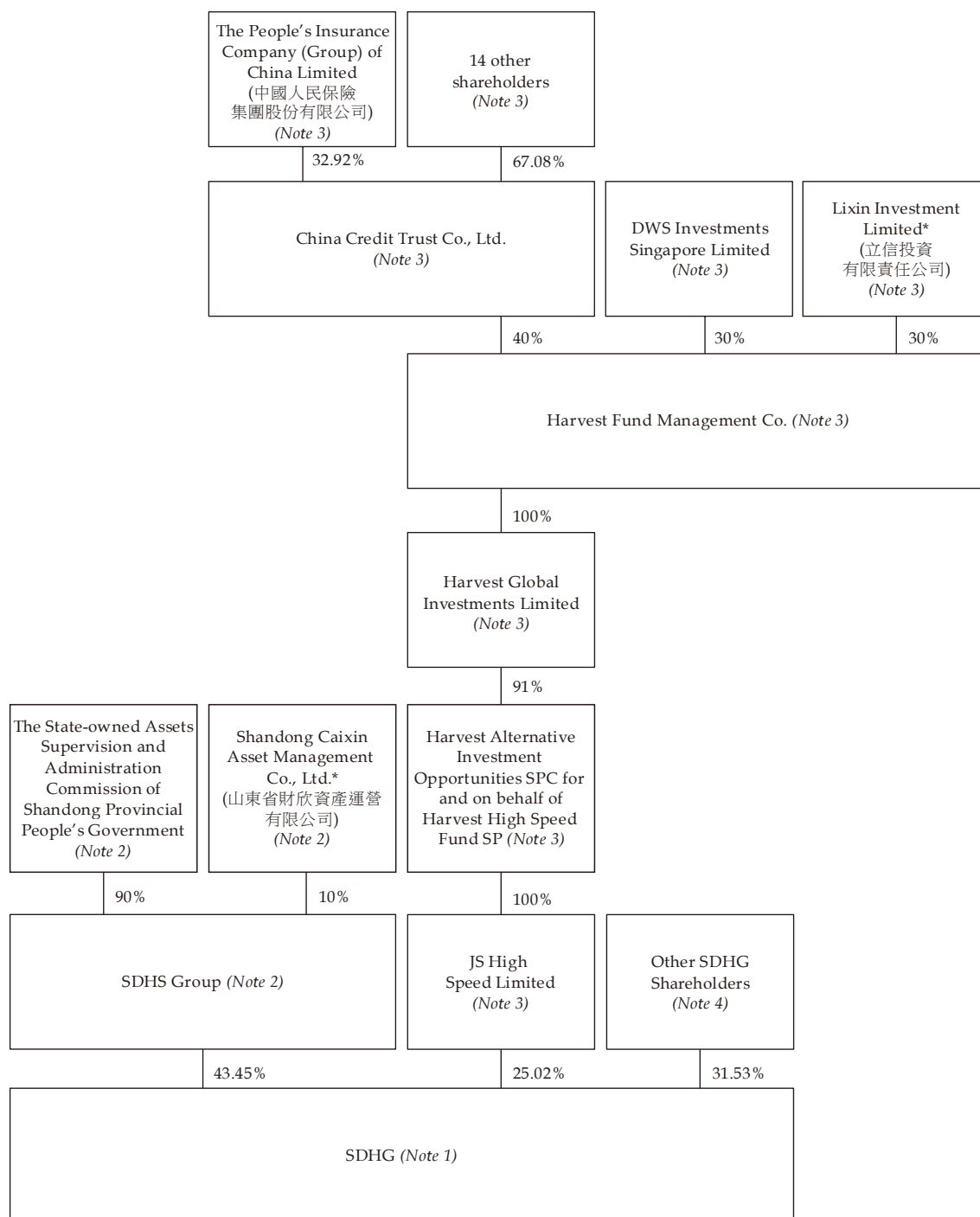
Details of the information on the SHNE Group are set out in the paragraph headed "INFORMATION ON THE SHNE GROUP" in the "Letter from the SHNE Board" in this Composite Document.

INFORMATION ON THE OFFEROR

SDHG, as the Offeror, is an investment holding company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (Stock Code: 412). The principal activity of SDHG is investment holding. The SDHG Group is principally engaged in industrial investment, standard investment business, non-standard investment business and licensed financial services in the PRC and Hong Kong.

As at the Latest Practicable Date, the SDHG Board comprises Mr. Li Tianzhang, Mr. Zhu Jianbiao, Ms. Liao Jianrong, Mr. Liu Zhijie and Mr. Liu Yao as executive SDHG Directors; Mr. Liang Zhanhai, Mr. Chen Di and Mr. Wang Wenbo as non-executive SDHG Directors; and Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Jonathan Jun Yan and Mr. Fang Ying as independent non-executive SDHG Directors.

The following chart illustrates the shareholding structure of SDHG as at the Latest Practicable Date:



Notes:

1. SDHG is directly and indirectly owned as to approximately 43.45% by SDHS Group and directly owned as to approximately 25.02% by JS High Speed Limited. SDHG's controlling shareholder is SDHS Group.
2. SDHS Group is (i) directly and indirectly held as to 90% by The State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government; and (ii) directly held as to 10% by Shandong Caixin Asset Management 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) and is an investment holding company in the infrastructure sector in Shandong Province with total assets of more than RMB1.5 trillion.
3. JS High Speed Limited is directly wholly-owned by Harvest Alternative Investment Opportunities SPC for and on behalf of Harvest High Speed Fund SP. Harvest High Speed Fund SP is owned as to 91% by Harvest Global Investments Limited, which was in turn wholly owned by Harvest Fund Management Co., Ltd., which is owned as to 40% by China Credit Trust Co., Ltd., 30% by DWS Investments Singapore Limited, and 30% by Lixin Investment Limited* (立信投資有限公司). China Credit Trust Co., Ltd. is owned as to approximately 32.92% by its largest shareholder The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司), the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1339) and A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601319), and the remaining interests in China Credit Trust Co., Ltd are owned by 14 other shareholders, whose shareholdings range from approximately 1.63% to 20.35%.
4. As at the Latest Practicable Date, (i) except for SDHS Group and JS High Speed Limited, there are approximately 187 registered SDHG Shareholders; and (ii), based on the disclosure of interest forms disclosed on the website of the Stock Exchange, none of the remaining SDHG Shareholders holds more than 5% of the issued share capital of SDHG.

INTENTIONS OF THE OFFEROR REGARDING THE SHNE GROUP

The Offeror considers and confirms that (i) it is intended that the SHNE Group will continue with the existing business of the SHNE Group; and (ii) it has no intention to (a) introduce any major changes to the existing business of the SHNE Group or (b) discontinue the employment of any of the SHNE Group's employees or (c) redeploy the fixed assets of the SHNE Group other than in its ordinary course of business. Furthermore, the Offeror has no plans to downsize SHNE's existing business. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the SHNE Group's business and operations to optimise the value of the SHNE Group.

As at the Latest Practicable Date, no material investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the SHNE Group.

Proposed Change of Composition of the SHNE Board

The SHNE Board is currently made up of twelve SHNE Directors, comprising eight executive SHNE Directors, namely Mr. Li Tianzhang, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Mr. Sun Qingwei, Ms. Liao Jianrong, Mr. Li Li, Mr. He Yongbing and Mr. Wang Meng, and four independent non-executive SHNE Directors, namely, Professor Qin Si Zhao, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik.

It is intended that Mr. He Yongbing will resign from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the publication of the closing announcement on the first closing date of the Offers).

The Offeror intends to nominate new SHNE Director(s) to the SHNE Board with effect from the completion of the Offers. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new SHNE Director(s). Any changes to the members of the SHNE Board will be made in compliance with the Takeovers Codes and the Listing Rules and further announcement(s) will be made as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF SHNE

The Offeror has no intention to privatize SHNE and intends to maintain the listing of the SHNE Shares on the Stock Exchange following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to SHNE, being 25% of the issued SHNE Shares (excluding treasury shares), are held by the public at all times or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the SHNE Shares; or (ii) there are insufficient SHNE Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the SHNE Shares until the prescribed level of public float is restored.

Therefore, it should be noted that upon close of the Offers, there may be insufficient public float of the SHNE Shares and the trading in the SHNE Shares may be suspended until sufficient public float exists for the SHNE Shares. The SDHG Directors, SHNE, the SHNE Directors and any new SHNE Director(s) to be proposed by the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps after the close of the Offers to ensure that sufficient public float exists in the SHNE Shares, which may include (i) placing down or selling sufficient number of accepted SHNE Shares it acquired from the Offers to selected independent third parties or in the market; and/or (ii) issue of additional SHNE Shares by SHNE for this purpose. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any SHNE Shares and SHNE Options outstanding after the close of the Offers.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding further terms and conditions of the Offers, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all SHNE Independent Shareholders and SHNE Offer Optionholders, those SHNE Independent Shareholders and/or SHNE Offer Optionholders who hold SHNE Shares and/or SHNE Options as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the SHNE Shares and/or SHNE Options whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

The attention of the SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders is drawn to “9. SHNE Overseas Independent Shareholders and SHNE Overseas Offer Optionholders” in Appendix I to this Composite Document.

All documents and remittances to be sent to the SHNE Independent Shareholders and SHNE Offer Optionholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the SHNE Independent Shareholders and SHNE Offer Optionholders at their respective addresses as they appear in the register of members and register of SHNE Optionholders of SHNE, respectively, or in the case of joint SHNE Shareholders and joint SHNE Optionholders, to such SHNE Shareholder or SHNE Optionholders whose name appears first in the register of members of SHNE or register of SHNE Optionholders of SHNE, respectively. None of the Offeror and parties acting in concert with it, SHNE, Huatai Financial, Gram Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

WARNING

SHNE Independent Shareholders, SHNE Offer Optionholders and potential investors of SHNE are advised to exercise caution when dealing in the shares of SHNE. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the SHNE Board”, the “Letter from the SHNE Independent Board Committee” and the “Letter from Gram Capital” as set out in this Composite Document, the accompanying Forms of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document and to consult your professional advisers, before deciding whether or not to accept the Offers.

Yours faithfully,

For and on behalf of

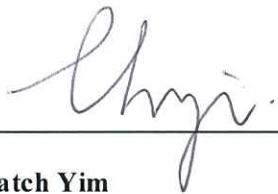
Huatai Financial Holdings (Hong Kong) Limited



Gene Liu

Executive Director

Head of M&A Division



Match Yim

Vice President