



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

Executive SHNE Directors:

Mr. Li Tianzhang (*Chairman*)
Mr. Zhu Jianbiao
Mr. Wang Wenbo
Mr. Sun Qingwei
Ms. Liao Jianrong
Mr. Li Li
Mr. He Yongbing
Mr. Wang Meng

Independent Non-executive SHNE Directors:

Professor Qin Si Zhao
Mr. Victor Huang
Mr. Yang Xiangliang
Mr. Chiu Kung Chik

Registered Office in

the Cayman Islands:
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P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal Place of Business

in Hong Kong:
38th Floor, The Center
99 Queen's Road Central
Central
Hong Kong

28 January 2025

To the SHNE Independent Shareholders and the SHNE Offer Optionholders

Dear Sir or 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 issued by 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.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) information relating to the SHNE Group and the Offeror; (ii) further details of the Offers; (iii) a letter from the SHNE Independent Board Committee containing the SHNE Independent Board Committee's recommendation to the SHNE Independent Shareholders and the SHNE Offer Optionholders in respect of the Offers and as to acceptance; (iv) the letter from Gram Capital containing its advice to the SHNE Independent Board Committee, the SHNE Independent Shareholders and the SHNE Offer Optionholders in relation to the Offers; and (v) procedures for acceptance of the Offers.

SHNE INDEPENDENT BOARD COMMITTEE AND GRAM CAPITAL

An SHNE Independent Board Committee comprising all the independent non-executive SHNE Directors, namely Professor Qin Si Zhao, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik, has been established in accordance with Rule 2.1 of the Takeovers Code to make a recommendation to the SHNE Independent Shareholders and SHNE Offer Optionholders in respect of the Offers as to whether the Offers are fair and reasonable and as to acceptance of the Offers.

Gram Capital has been appointed by SHNE as the SHNE Independent Financial Adviser to advise the SHNE Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers. The appointment of Gram Capital has been approved by the SHNE Independent Board Committee.

The full text of the letter from the SHNE Independent Board Committee and the letter from Gram Capital are set out in this Composite Document. You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of 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.

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 Options HK\$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.

Further details of the Offers

Further details of the terms of the Offers and the procedures for acceptances are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

INFORMATION ON THE SHNE GROUP

SHNE 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 SHNE is investment holding. The SHNE 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.

Further details of financial and general information of the SHNE Group are set out in Appendix IIA "Financial Information of the SHNE Group" and Appendix IV "General Information relating to SHNE" to this Composite Document.

Shareholding Structure of SHNE

The shareholding structure of SHNE immediately before Completion and after the Completion and as at the Latest Practicable Date is:

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	Number of SHNE Shares	Approximate %	Number of SHNE Shares	Approximate %
Offeror and its concert parties	976,080,784	43.45	1,279,878,252	56.97
Vendors and its concert parties				
– Vendor-A (Note 1)	151,898,734	6.76	–	–
– Vendor-B (Note 1)	151,898,734	6.76	–	–
Subtotal	303,797,468	13.52	–	–
SHNE Independent Shareholders (Note 3)	966,710,474	43.04	966,710,474	43.04
Total	2,246,588,726	100.00	2,246,588,726	100.00

Notes:

1. The Vendors are parties acting in concert with each other with respect to their shareholdings in SHNE.
2. As at the Latest Practicable Date, save for the 200,000 SHNE Options held by Mr. Chiu Kung Chik, an independent non-executive SHNE Director, none of the SHNE Directors holds any SHNE Shares and any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of SHNE.
3. 561,647,183 SHNE Shares out of 966,710,474 SHNE Shares are held by the public, representing 25.00% of the issued share capital of SHNE immediately before Completion and after the Completion and as at the Latest Practicable Date, and the remaining 405,063,291 SHNE Shares are held by Fast Top which provided the Fast Top Irrevocable Undertaking and is also considered an SHNE Independent Shareholder.

INFORMATION ON THE OFFEROR

Details of the information on the Offeror are set out in the paragraph headed “INFORMATION ON THE OFFEROR” in the “Letter from Huatai Financial” and Appendix III “General Information of the Offeror” in this Composite Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE SHNE GROUP

Your attention is drawn to the section headed "INTENTIONS OF THE OFFEROR REGARDING THE SHNE GROUP" in the "Letter from Huatai Financial" in this Composite Document.

The SHNE Board is aware of the Offeror's intention in relation to the SHNE Group and is willing to render reasonable co-operation with the Offeror and continue to act in the best interests of SHNE and the SHNE Shareholders as a whole.

Proposed change of SHNE Board composition of SHNE

The SHNE Board is aware that as at the Latest Practicable Date, the Offeror intended to nominate new SHNE Director(s) to the SHNE Board with effect from after the completion of the Offers. 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). Any changes to the members of the SHNE Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF SHNE

As mentioned in the paragraph headed "PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF SHNE" in the "Letter from Huatai Financial" of this Composite Document, 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.

RECOMMENDATION

Your attention is drawn to (i) the "Letter from the SHNE Independent Board Committee" and (ii) the "Letter from Gram Capital" in this Composite Document, which contains, among other things, their advice in relation to the Offers and the principal factors considered by them in arriving at their recommendation.

You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. Further details on the terms and the procedures for acceptance of the Offers are set out in Appendix 1 "Further Terms and Procedures for Acceptance of the Offers" to this Composite Document and the accompanying Forms of Acceptance.

In considering what action to take in connection with the Offers, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

By order of the SHNE Board of
Shandong Hi-Speed New Energy Group Limited

Li Tianzhang
Chairman

