



山高新能源集團有限公司

SHANDONG HI-SPEED NEW ENERGY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 01250



Unleash the world's potential
Green prosperity worldwide



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INTERIM REPORT
2024



Corporate Mission

Unleash the world's potential.
Green prosperity worldwide.

Corporate Vision

Becoming the first-class integrated
clean energy service provider.

Corporate Values

Pursuing the great aspiration with
high-speed, amity and persistence.

Corporate Spirits

Brave to take responsibility and take
the lead.

Management Philosophies

Long-termism. Goal orientation.
Persistence and innovation.
Coordination and sharing.

Corporate Atmosphere

Fellowship & Openmindedness.

商界展關懷

caringcompany[®] 2023/24

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香港社會服務聯會頒發

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Xiaodong (*Chairman*)
(resigned with effect from 2 August 2024)
Mr. Li Tianzhang (*Chairman*)
(appointed with effect from 2 August 2024)
Mr. Zhu Jianbiao
Mr. Wang Wenbo
Mr. Sun Qingwei
Ms. Liao Jianrong
Mr. Li Li
Mr. He Yongbing
Mr. Wang Meng

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Victor Huang (*Chairman*)
Mr. Yang Xiangliang
Mr. Chiu Kung Chik

NOMINATION COMMITTEE

Mr. Wang Xiaodong (*Chairman*)
(resigned with effect from 2 August 2024)
Mr. Li Tianzhang (*Chairman*)
(appointed with effect from 2 August 2024)
Professor Qin Si Zhao
Mr. Yang Xiangliang

REMUNERATION COMMITTEE

Mr. Chiu Kung Chik (*Chairman*)
Ms. Liao Jianrong
Mr. Victor Huang

SUSTAINABILITY COMMITTEE

Mr. Zhu Jianbiao (*Chairman*)
Mr. Sun Qingwei
Mr. Victor Huang
Ms. Ng Wing Yan Claudia

COMPANY SECRETARY

Mr. Cheung Chin Wa

STOCK CODE

1250

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REGISTERED OFFICE

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Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

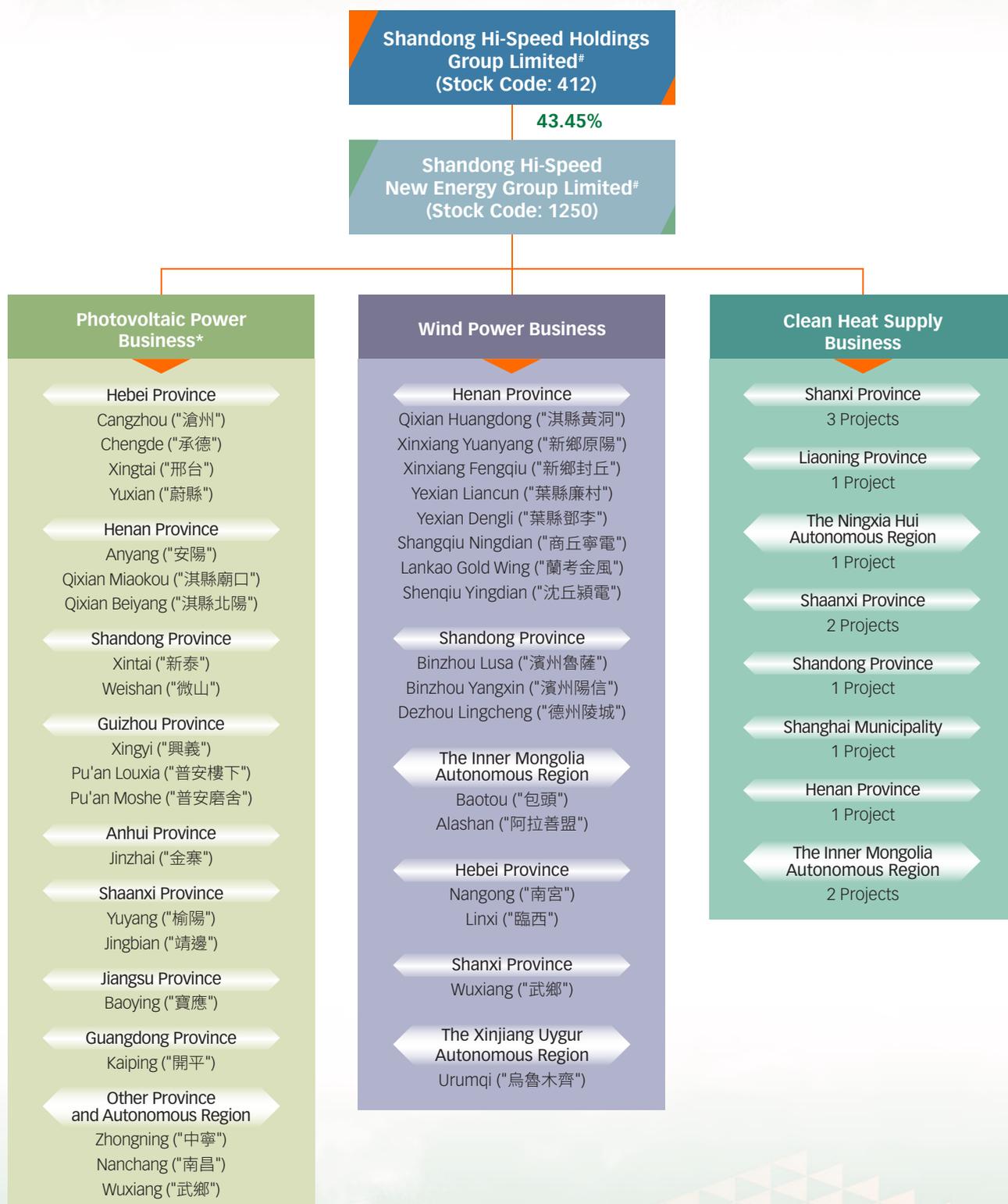
AUDITOR

Ernst & Young
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

In Hong Kong:
Standard Chartered Bank (Hong Kong) Limited
Credit Agricole Corporate and Investment Bank
Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
Hang Seng Bank Limited
Bank of Dongguan Co., Ltd., Hong Kong Branch
China Everbright Bank Co., Ltd., Hong Kong Branch
The Bank of East Asia, Limited
Chong Hing Bank Limited
Bank of China (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch

In Mainland China:
Bank of China Limited
China Construction Bank Corporation
Postal Savings Bank of China Co., Ltd.
Industrial Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
China Development Bank
China CITIC Bank Corporation Limited
China Merchants Bank Co., Ltd.
EverGrowing Bank Co., Ltd.
Bank of Ningbo Co., Ltd.
The Export-Import Bank of China



[#] Listed on the main board of The Stock Exchange of Hong Kong Limited.

* Only projects held by the Group's subsidiaries and in operation with capacity of 50MW or above are disclosed.

Note: The above group structure only lists out major projects held by the Group's subsidiaries and in operation.

Management Discussion and Analysis



Management Discussion and Analysis

Locations	Centralised Photovoltaic Power Capacity	Wind Power Capacity
1 Jilin	31 MW	
2 Ningxia	100 MW	
3 Guizhou	209 MW	
4 Tianjin	32 MW	
5 Hebei	678 MW	301 MW
6 Shanxi	80 MW	50 MW
7 Shandong	243 MW	234 MW
8 Shaanxi	161 MW	
9 Henan	264 MW	372 MW
10 Anhui	194 MW	
11 Jiangsu	182 MW	
12 Hubei	70 MW	
13 Tibet	30 MW	
14 Yunnan	22 MW	
15 Jiangxi	125 MW	
16 Guangdong	135 MW	
17 Inner Mongolia		119 MW
18 Xinjiang		100 MW

Management Discussion and Analysis

The year 2024 is a year of steady progress for the Group and also an important year of restructuring and upgrading. Since entering the ecosystem of SDHS Group, the Group has achieved remarkable results in high-quality development and standardized management, and fully integrated into the development trend of the new energy industry. Despite the industry being in a promising long-term outlook, we are still facing a complex environment in the short term, with the concerted efforts of all employees, we have overcome difficulties, continued to optimize our existing business and vigorously expanded into new markets, showing a “midterm report card” that is not easy to obtain. In terms of industrial development, market expansion, grid-connected power generation, compliance governance and management optimization, the Group achieved remarkable achievements, fully demonstrating the strong determination of all employees working together to promote the development of a new atmosphere. The Group is now at a critical moment when we are ready to move forward to a new stage of development. The Group will strive to be transformed and upgraded to a full strength, and will enter a new track of high-quality development. For the business and financial performance for the Reporting Period, please refer to the sections headed “3. Business Review” and “4. Financial Performance” in “Management Discussion and Analysis” in this report.

1. MARKET REVIEW

The year of 2024 is a critical year for China to promote carbon peaking and carbon neutrality and achieve a comprehensive green transformation. It is also a critical year for completing the goals and tasks of the “14th Five-Year Plan”. In order to ensure energy security, China has created an excellent development environment for the new energy industry, which is a key period for the Group to follow the trend of the times and move towards a new stage. Under the guidance of China’s core development strategies, traditional industries such as chemicals, steel and nonferrous metals are carrying out comprehensive carbon reduction actions. Coal consumption has been strictly and reasonably controlled, the clean and efficient utilization of coal has been strengthened, and the low-carbon transformation and construction of coal-fired power plants have been promoted. Meanwhile, the oil and gas consumption structure has been optimized, oil consumption has been reasonably regulated, and the development potential of the new energy industry has been stimulated. In order to promote the large-scale development of photovoltaics, China has maintained the order of the electric power market, accelerated the construction of supporting power grid projects for new energy and formed a network of transmission channels for wind power and photovoltaic bases to enhance the carrying capacity of distributed new energy. Taking the weight of consumption responsibilities as the bottom line and taking the reasonable utilization rate as the upper limit, China has promoted the high-quality development of wind power and photovoltaics. In May 2024, the State Council issued the “Action Plan for Energy Conservation and Carbon Reduction in 2024-2025” (《2024—2025年節能降碳行動方案》), clearly stating that, it is planned that energy consumption and carbon dioxide emissions per unit of GDP will be reduced by approximately 2.5% and 3.9% respectively; the added-value energy consumption of industrial units above designated size will be decreased by approximately 3.5%, and the proportion of non-fossil energy consumption will reach approximately 18.9%; and energy conservation and carbon reduction transformation in key areas and industries will result in energy savings of approximately 50 million tons of standard coal and reduction of carbon dioxide emissions of approximately 130 million tons in 2024. By 2025, non-fossil energy consumption is expected to account for about 20%, and energy conservation and carbon reduction transformations in key areas and industries will also save approximately 50 million tons of standard coal and reduce carbon dioxide emissions by approximately 130 million tons. The Group will do its best to complete the binding targets for energy conservation and carbon reduction in the “14th Five-Year Plan”.

1. MARKET REVIEW *(Continued)*

The core contents of the “Guiding Opinions on Energy Work in 2024” issued by the National Energy Administration in March 2024 are to improve energy supply and security capabilities, continuously optimize energy structure and steadily improve energy utilization efficiency so as to expand the development of the large-scale photovoltaic bases to desert and Gobi regions. The specific points shall include:

- Improve energy supply and security capabilities: to maintain reasonable flexibility in energy production capacity, strengthen reserve capacity building and effectively respond to the risks and challenges of energy security.
- Continuously optimize energy structure: to develop offshore wind power in a reasonable and orderly manner, advance the large-scale development and utilization of ocean energy and propel the development and utilization of distributed new energy.
- Steadily improve energy utilization efficiency: to strengthen the promotion of green and efficient energy supply and consumption models such as integrated energy stations and the integration of “resources, network, load and storage”, and explore and implement new technologies and new models such as new energy microgrids, virtual power plants and vehicle-grid interaction.

In addition, the Guiding Opinions also emphasized that the three types of technical transformations linkage of coal-fired power will continue to be promoted, and ultra-low emission combined heat and power central heating will be promoted according to local conditions. China will develop a variety of clean heating methods and achieve precise, green and intelligent heating.

National policies have continued to promote the green and low-carbon transformation and high-quality development of energy, bringing great opportunities to the Group’s development. These policies are clearly leading to implement the new strategy of energy security, to enhance the ability to guarantee energy security, to promote the green and low-carbon transformation of energy, to deepen energy reform and innovation and to improve the level of international cooperation in energy. These policies not only optimize the energy structure, but also open up new opportunities for sustainable development of enterprises. By adhering to long-termism and accelerating the development and exploration of various clean energy businesses in the future, the Group will be able to better adapt to market changes, realize high-quality development, and lay the foundation for the future.

2. GROUP STRATEGY AND OPERATIONS

As stated above, in the first half of 2024, the Group actively integrated into China’s national strategic layout and the development ecosystem of SDHS Group. With the continuous and comprehensive empowerment of the Group by its controlling shareholder SDHG, the Group has continued to optimise its industrial layout and deepen reform and innovation, and its production and operations have continued to improve. The Group continued to maintain its strategic focus by adhering to the project-oriented focus on project development, promoting project in-depth deployment and uplifting the speed and achieving the efficiency of projects, so as to push the Group’s future high-quality development into a new stage.

During which, the Group continued to build a business system with photovoltaic and wind power new energy as the core, covering all-round services such as investment, development, construction, operation and management. Meanwhile, we actively expanded the field of urban clean heating services, striving to build the Group into a first-class and comprehensive service provider of clean energy. This series of measures not only conform to the orientation of national policies but also bring a broad development prospect and continuous growth momentum to the enterprise.

Management Discussion and Analysis

2. GROUP STRATEGY AND OPERATIONS *(Continued)*

The Group has now returned to the development track of steady progress in an orderly manner, and gradually improved its internal management system and mechanisms, and effectively optimized the project investment processes and comprehensive management systems in terms of external investment to prevent and control investment and merger risks and ensure the Company's steady development. Multiple plans are progressing steadily. At the end of the Reporting Period, the total capacity of the Group's under-construction and approved-for-construction power projects has reached 1.9 GW. After the Reporting Period, leveraging its comprehensive advantages, the Company has once again secured over 350 MW wind power indicators from the bidding of the second batch of centralized onshore wind power projects under the "14th Five-Year Plan" in Shandong Province, as well as centralized wind power projects in Guangxi Province with 400 MW and distributed wind power projects in Shandong Province with 175 MW, which was a very fruitful achievement.

To thoroughly implement the strategic deployment of SDHS Group, the Group focused on production and operation as well as engineering project construction, and ensured high-quality implementation of key projects. With the support and promotion of SDHS Group and SDHG, the Company successfully secured quota of the 387.5 MW centralised onshore wind power project in Heze City, Shandong Province last year, which is expected to be the Group's first large-scale wind power project to start construction and be connected to the grid in Shandong Province. In April 2024, the construction started smoothly under the supervision of provincial and municipal competent authorities, and the project is striving to be speedy in realizing full-capacity grid-connected power generation. Urban energy supply will be further strengthened to achieve dual advancement of corporate development goals and social development goals. The successfully obtaining of the project witnesses a great breakthrough in the Group's ability of independent development with the strong support of the Shareholders. It is the first of its kind for the Company to independently develop high-quality and large-scale projects. At the same time, the project also helps the Group to gain dominance in an increasingly fierce competitive environment in Shandong Province and open up a broader space for development.

Each business segment has also achieved significant results in development and management, as listed below:

For the centralised photovoltaic plants business, the Group has formulated a clear development direction. We will adhere to the strategy of independent development as well as acquisitions. The total scale of the potential key projects that have been reported and locked amounted to approximately 3.4 GW. The Group also focuses on key areas, and adapt measures to local conditions by refining, optimising and strengthening ourselves in areas with better stock project resources, industrial supporting resources and the Shareholders' resources, maintaining a stable development trend of centralised photovoltaic projects. Meanwhile, the Group will also leverage different regional advantages to empower its centralised photovoltaic projects, so as to achieve wider development.

All projects in the centralised photovoltaic field were proceeding in an orderly manner as planned, and the photovoltaic market in North China has been expanded. The Group is committed to adhering to a regional diversified development strategy, and actively coordinating with local governments or other partners to ensure the sustainability and stability of projects implementation. The Group is also actively promoting the sustainable development of the centralised photovoltaic industry through diversified layout and centralised management, with a view to seizing market opportunities amidst the booming development of the photovoltaic sector, and achieving business growth.

2. GROUP STRATEGY AND OPERATIONS *(Continued)*

For the distributed photovoltaic power business, the strategy of the Group is “relying on Shareholder’s resources internally, and exploring strategic customers externally”. During the Reporting Period, the Group was advancing 22 key projects, covering some provinces in Northeast China, North China, Central China and Southwest China, and its business scope has gradually expanded. At the same time, the Group strives to promote the expansion of transportation and energy integration projects, and continues to maintain and consolidate its dominant position in the field of transportation and energy integration nationwide. Relying on SDHS Group’s rich new energy development and application scenarios and focusing on the Group’s annual road-area photovoltaic grid connection goal, the Group has completed on-site surveys and construction capacity sorting of all projects in the road-area list, and has in-depth exploration of the photovoltaic market in areas such as highways and service areas. The Group collaborated with friendly partners to implement the concept of adapting to local conditions and provide tailor-made distributed photovoltaic construction solutions for them. During the Reporting Period, the first batch of six high-speed service area projects were all connected to the grid for power generation. Moreover, the Group seeks out important strategic customers externally. When selecting project resources, it gives priority to state-owned enterprises and leading enterprises in the industry, and prefers to cooperate with high-quality owners with good reputations and the ability to consume electricity.

In terms of wind power business, in response to China’s strategic decision on energy transformation, the Group actively grasped the new trends, new forms and new standards of new energy market expansion, deeply expanded and strengthened strategic cooperation with friendly partners, top domestic and foreign industrial groups, and continued to intensify its investment in the wind power industry, with multiple projects having been substantially implemented. During the Reporting Period, a total of approximately 3.7 GW of potential key projects were reported and locked up, and certain key projects have been implemented after the Reporting Period. Shandong Province is rich in wind energy resources and is also a strong energy consumption province. The Group will continue to leverage on the resources of the Shareholders to actively increase its investment in the wind power business in the province, with a view to achieving a leapfrog development in the business.

The Group has achieved significant achievements in the operation and maintenance of daily projects. The entrusted operation and maintenance services provided increased by approximately 460 MW in scale during the Reporting Period, with a cumulative total exceeding 2.4 GW. With a focus on cost reduction and efficiency enhancement, the Group accelerated the unattended, less manned operation and maintenance model through the deep integration of digital intelligence technology. We have successfully built core professional technology platforms such as centralised control centers, maintenance and pre-test teams, testing laboratories and wind turbine maintenance and inspection companies, and formed a comprehensive technology cluster, steadily expanding the management of segmented businesses. With the deepening of digital reform, the Group’s efficiency of operation and maintenance has been effectively increased by more than 60%. Moreover, the innovative tests we conducted at Jinan Shanghe power plant applied artificial intelligence of things (AIoT) technology and digital twin technology, and built a fully automated unattended power plant with intelligent capabilities. The tests achieved remarkable results.

Management Discussion and Analysis

2. GROUP STRATEGY AND OPERATIONS *(Continued)*

In order to cope with the changes in the market environment, the Group launched in-depth work on electricity marketing in the first half of 2024, and formed standardised measures in respect of trading management, with the work on electricity marketing being gradually systematised. The Group also completed the green electricity trading of two flat-price projects, with an annual green electricity trading volume of nearly 70 million kWh and a green electricity revenue of nearly RMB1.3 million. In addition, the successful power generation right substitution transaction in the Tibet Autonomous Region is the first case of this kind in the southwest region of China, and is expected to achieve an annual revenue increase of more than RMB5 million. In terms of business exploration, the Group is accelerating the establishment of electricity sales companies, the construction of green certificates, carbon and asset management platforms, as well as actively exploring decentralised aggregation trading and virtual power plants, with a view to comprehensively enhancing its electricity marketing capabilities.

For the clean heat supply service business, the clean heating area reached 34,548,000 square meters, a year-on-year increase of 3.3% compared with last year, and the number of clean heat supply services users reached 202,667, a year-on-year increase of 3.1%, mainly covering the four domestic regions of North China, Northeast China, Northwest China, and East China. The Group has continued to optimise the management model of its clean heat supply services business. The Group also develops centralised cool supply, cool and heat dual supply, centralised supply of industrial steam and compressed air in the park and other business models, with the vision of centralised city heat supply. In the principal business development, the Group focuses on the clean heat supply market. By virtue of advanced management concepts and strategic methods, we focus on developing the heating market in provincial capitals and prefecture-level cities, supplemented by the long transporting projects in high-quality counties (including county-level cities), to increasingly form scale effects of the heat supply business and promote the sustainable development of the heating industry.

The prosperous development of business relies on the support of a systematic and professional backend. The Group's cost control and financial work have continued to yield significant results during the Reporting Period, injecting strong impetus into its development. In order to safeguard the long-term stability of cash flow, the Group actively followed the management requirements on cost reduction and efficiency enhancement, and systematically planned the cost reduction and efficiency enhancement work plan for the year 2024. The program was implemented through multiple channels, including reducing project construction costs, lowering financing and tax costs, enhancing the return on deposits of capital stock, compressing operating costs and increasing power generation revenue. The Group has successfully saved more than RMB0.161 billion (equivalent to approximately HK\$0.174 billion) in finance costs, further demonstrating the Group's ability in the continuous optimization of cost control and financial management.

Furthermore, taking full advantage of SDHS Group's credit enhancement system and high ratings, the Group successfully obtained a long-term credit rating of "AAA" from a leading domestic rating agency, marking the Company as the first enterprise in the emerging industry sector of SDHS Group to obtain such an honor. This lays a solid foundation to reduce financing costs and establish a diversified financing system in the future. In order to continuously optimize its capital structure, the Group has accelerated its debt reduction efforts and expanded equity financing channels. The Group has realized RMB2.0 billion (equivalent to approximately HK\$2.167 billion) in equity financing during the Reporting Period, which has effectively reduced the Company's gearing ratio and further strengthened its financial stability.

2. GROUP STRATEGY AND OPERATIONS *(Continued)*

Intelligent and digital upgrading reforms of internal systems has been implemented and steadily advanced as planned. In particular, with regard to the construction of the treasury system, the Company has completed a number of basic paving works. In addition, the financial sharing system has gradually completed the sorting, entry, migration and drawing of master data, accounting and business processes, and has been launched smoothly as scheduled. The Company kept on optimising its internal structure to improve resource utilization efficiency and inject vitality into the its future development.

Our investor relations and environmental, social and governance (“ESG”) work has won numerous awards. During the Reporting Period, the Group won the “Best ESG Rookie Award” in the 7th China Excellent IR Selection. It was the most outstanding team selected among many company groups through voting, surveys, etc. The Group won the “Stock Award –Best IR Team” (港股最佳IR團隊) in the 3rd Annual Best IR Teams List, which recognised the Company’s proactive performance in communicating with stakeholders. At the first Green Energy and Industrial Futures Forum and the 2024 Green Sunshine ESG Model Case Collection Event, the Group was rated as the top 10 in the 2024 Green Sunshine ESG Model Environmental Contribution List and jointly launched the “ESG100” Initiative. The Group was awarded the “ESG Pledge Action Certificate” (ESG約章行動證書) by the Chinese Manufacturers’ Association of Hong Kong and the Hong Kong Brand Development Council, which emphasised the importance of sustainability concepts and practices and encouraged the industry to act on its words. The Group was awarded the Caring Company Logo by the Hong Kong Council of Social Service (HKCSS) for actively fulfilling social responsibilities. The Group won the “Excellent Enterprise in ESG Disclosure” (ESG信息披露卓越企業) in the 2024 GuruClub, which recognised the quality of the ESG report and statement of the Company. The Group was invited to participate in the Polaris Platform Conference (北極星平台會議) and was awarded the “Polaris Cup Wind Power Impact Outstanding Employer Enterprise Starlight Excellence Award” (北極星盃風電影響力優秀僱主企業星光卓越獎), which demonstrated its outstanding corporate strength and employer image. In the 2023 Power Industry Operational Indicators for Photovoltaic and Wind Power Generation organized by the China Electricity Council, 4 photovoltaic power plants were rated as Grade 4A and 4 photovoltaic power plants were rated as Grade 3A, while 4 wind power plants were rated as Grade 4A and 2 wind power plants were rated as Grade 3A. The Group participated in the formulation of the “Disclosure Indicator System and Evaluation Guidelines for Energy Enterprises on Environmental Protection, Social Responsibility and Corporate Governance” (《能源企業環境保護、社會責任和公司治理披露指標體系與評價導則》), which was led by the China Energy Research Society and is the first group standard of the domestic energy industry in the field of sustainable development. Subsequent to the Reporting Period, Sustainable Fitch Hong Kong Limited had determined an environmental, social and governance entity rating of “2” for the Company with an entity score of 75, and the Company had obtained a “good” rating in terms of various indicators of environmental, social and corporate governance, indicating that the Company had good ESG performance and integrated ESG considerations into its business, strategy and management to facilitate the Company’s business and its management innovation.

After hard work in the first half of the year, the Group’s business performance in various fields has steadily improved under standardized guidance. We have focused on production and strived to complete annual tasks and targets. While achieving economic benefits, it has also won recognition and support from all walks of life. Looking forward to the second half of the year, the Group will be committed to forming the overall high-quality development of the Group and ensure that the safe production remains stable.

Management Discussion and Analysis

3. BUSINESS REVIEW

The Group was principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply service businesses in the PRC. During the Reporting Period, the industry development, although with a promising long-term perspective, faced a complex and challenging environment in the short term. Specifically, there were factors such as the depreciation of RMB by approximately 4% compared to the corresponding period of the last year (the Group's reporting currency is HK\$), the increase in power limitation rate due to the slowdown in domestic economic growth and short-term imbalance in demand, the decrease in the availability of wind energy resources compared to the corresponding period of the last year, the intense market competition, the increase in the share of revenue from parity price projects (with the simultaneous decrease in the share of revenue from subsidized projects), the continuation of a high-interest-rate environment abroad. As a result of these factors, the growth in the operating results for this period slightly slowed down, while the financial results remained stable but with a slight decline.

During the Reporting Period, the power generation of the Group on a consolidated basis amounted to approximately 3.376 million MWh (six months ended 30 June 2023: approximately 2.947 million MWh), representing an increase of approximately 14.56% compared with the corresponding period in 2023. In addition, the aggregate operating power generation[#] of the projects held and/or managed by the Group, its associates and joint ventures as at the end of the Reporting Period was approximately 3.436 million MWh (six months ended 30 June 2023: approximately 3.332 million MWh), representing an increase of approximately 3.12% compared with the corresponding period of the last year.

[#] The operating power generation included (i) the power generation of the projects held by the Group, its associates and joint ventures; and (ii) the power generation of the projects managed by the Group through the provision of entrusted management services.

3.1 Sale of Electricity and Entrusted Operation Services

During the Reporting Period, the Group has been steadily developing its core businesses through the investment, development, construction, operation and management of clean energy power plant projects, and the aggregate revenue in respect of the sale of electricity and entrusted operation services amounted to HK\$2,205.5 million (six months ended 30 June 2023: approximately HK\$2,326.3 million), representing a decrease of approximately 5% as compared to the corresponding period of the last year. The main reasons for such decrease in revenue are stated in the section headed "3. Business Review" in "Management Discussion and Analysis" in this report.

3.1.1 Photovoltaic Power Projects

(a) *Scale and performance of the centralised photovoltaic power plant projects*

During the Reporting Period, the Group's centralised photovoltaic power business operated steadily. The Group recorded revenue of approximately HK\$1,097.3 million from the sale of electricity from the Group's centralised photovoltaic power plants, representing approximately 42% of the Group's total revenue during the Reporting Period, which indicated that the centralised photovoltaic power business continues to be one of the important sources of revenue for the Group, despite a slight decrease in revenue as compared to the six months ended 30 June 2023 (approximately HK\$1,204.0 million or approximately 43%).

3. BUSINESS REVIEW (Continued)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.1 Photovoltaic Power Projects (Continued)

(a) Scale and performance of the centralised photovoltaic power plant projects (Continued)

As of 30 June 2024, 53 (30 June 2023: 52) centralised photovoltaic power plants covering 13 provinces, 2 autonomous regions and 1 municipality in the PRC and 1 (30 June 2023: 1) centralised photovoltaic power plant in Whyalla, Southern Australia, Australia was held by the Group and in operation. The aggregate on-grid capacity of these photovoltaic power plants reached 2,562 MW, representing an increase from 2,362 MW as at 30 June 2023, which indicated a further expansion of the Group's scale in photovoltaic power generation, reflecting its continued development and deployment in the new energy sector. Details are set out below:

Location	Photovoltaic resource area	30 June 2024			30 June 2023		
		Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (Note) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (Note) (MWh)
PRC-Subsidiaries:							
Hebei Province	II/III	18	678	458,175	18	628	435,327
Henan Province	III	3	264	137,146	3	264	147,953
Shandong Province	III	5	243	155,480	5	243	157,808
Guizhou Province	III	4	209	106,489	4	209	105,610
Anhui Province	III	5	194	104,532	6	190	108,244
Shaanxi Province	II	2	161	89,459	2	160	113,638
Jiangxi Province	III	3	125	51,247	3	125	60,648
Jiangsu Province	III	2	182	117,794	1	100	75,051
The Ningxia Hui Autonomous Region	I	1	100	69,469	1	100	72,255
Hubei Province	III	3	70	33,576	3	70	34,427
Jilin Province	II	1	31	21,684	1	30	19,941
The Tibet Autonomous Region	III	1	30	14,062	1	30	17,970
Tianjin Municipality	II	1	32	23,605	1	30	21,281
Yunnan Province	II	1	22	16,531	1	22	17,752
Shanxi Province	III	2	80	38,506	1	20	15,300
Guangdong Province	III	1	135	55,616	1	135	62,608
		53	2,556	1,493,371	52	2,356	1,465,813
PRC-Joint ventures:							
Anhui Province	III	-	-	0	-	-	25,660
PRC-Sub-total		53	2,556	1,493,371	52	2,356	1,491,473
Overseas-Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	1	6	2,650	1	6	1,975
Total		54	2,562	1,496,021	53	2,362	1,493,448

Management Discussion and Analysis

3. BUSINESS REVIEW (Continued)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.1 Photovoltaic Power Projects (Continued)

(a) Scale and performance of the centralised photovoltaic power plant projects (Continued)

Most of the Group's centralised photovoltaic power plant projects in the PRC are situated in east and central regions of the PRC, and in photovoltaic resource areas II and III as promulgated by the National Development and Reform Commission ("NDRC"). Such geographical distribution has positive significance for the development of the Group's photovoltaic power business. Set out below are the project analysis by photovoltaic resource areas:

Photovoltaic resource area	30 June 2024			30 June 2023		
	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (Note) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (Note) (MWh)
PRC-Subsidiaries:						
I	1	100	69,469	1	100	72,255
II	12	450	303,216	12	447	326,958
III	40	2006	1,120,686	39	1,809	1,066,600
PRC-Joint ventures:						
III	53	2,556	1,493,371	52	2,356	1,465,813
III	-	-	0	-	-	25,660
Total	53	2,556	1,493,371	52	2,356	1,491,473

Note: It represented the approximate aggregate power generation of certain projects from (i) the completion dates of acquisition by the Group; (ii) the dates of commencement of operation; and (iii) the beginning of the respective reporting periods (whichever is later), to the end of the respective reporting periods. Therefore, the above aggregate power generation may not reflect a full-year performance of these operations.

(b) Key performance data of the centralised photovoltaic power plant projects held by the Group and in operation on or before the beginning of the reporting periods

	30 June 2024	30 June 2023	Changes
Weighted average utilisation ratio (%)	87.69	92.80	(5.11)
Weighted average utilisation hours (hours)	587	627	(40)

The main reasons for decline in such indicators are stated in the section headed "3. Business Review" in "Management Discussion and Analysis" in this report.

3. BUSINESS REVIEW (Continued)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.1 Photovoltaic Power Projects (Continued)

(c) Scale and performance of the distributed photovoltaic power plant projects

During the Reporting Period, the distributed photovoltaic power business of the Group has maintained a robust and stable performance. Revenue from the sale of electricity reached approximately HK\$356.3 million (six months ended 30 June 2023: approximately HK\$394.0 million). The total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 860 MW (30 June 2023: approximately 800MW), mainly located in photovoltaic resource area III as promulgated by the NDRC such as Henan Province, Anhui Province, Shandong Province, Jiangsu Province and Hebei Province, which included the distributed photovoltaic power stations constructed by the Group in certain water plants of Beijing Enterprises Water Group Limited of which the Group sold electricity to respective water plants, and the distributed photovoltaic power plant constructed by the Group within the service area of expressway under SDHS Group of which the Group sold electricity to respective service area.

(d) Entrusted operation services

In addition to the above-mentioned sale of electricity from the Group's photovoltaic power plants, the Group provided entrusted operation services for photovoltaic power plant projects in the PRC and revenue of approximately HK\$2.2 million (six months ended 30 June 2023: approximately HK\$7.3 million) was recognised during the Reporting Period.

3.1.2 Wind Power Plant Projects

(a) Scale and performance of the wind power plant projects

During the Reporting Period, the Group's wind power business maintained its leap-forward growth, adding 3 new wind power plants as compared to the corresponding period in 2023. This business expansion has resulted in significant growth in revenue. During the Reporting Period, the Group recorded revenue of approximately HK\$729.0 million from the sale of electricity from the wind power plants, compared to approximately HK\$654.9 million for the six months ended 30 June 2023, achieving a steady increase in revenue.

As of 30 June 2024, 19 (30 June 2023: 16) wind power plants covering 4 provinces and 2 autonomous regions in the PRC with an aggregate on-grid capacity of 1,176 MW (30 June 2023: 790 MW) were held by the Group and in operation, details of which are set forth below:

Location	Wind resource area	30 June 2024			30 June 2023		
		Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (Note) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (Note) (MWh)
PRC-Subsidiaries:							
Henan Province	IV	8	372	460,808	8	373	497,343
Shandong Province	IV	3	234	289,000	2	148	198,196
The Inner Mongolia Autonomous Region	I	4	119	198,222	4	119	224,800
Hebei Province	IV	2	301	420,680	1	100	163,271
Shanxi Province	IV	1	50	59,756	1	50	67,724
The Xinjiang Uygur Autonomous Region	I	1	100	102,253	-	-	-
Total		19	1,176	1,530,719	16	790	1,151,334

Management Discussion and Analysis

3. BUSINESS REVIEW (Continued)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.2 Wind Power Plant Projects (Continued)

(a) Scale and performance of the wind power plant projects (Continued)

The majority of the Group's wind power plant projects in the PRC are located in Hebei Province, Henan Province, Shandong Province and Shanxi Province in the PRC, which belonged to wind resource area IV as promulgated by the NDRC, and the relevant regions layout is favourable for the development of the Group's Wind Power Business.

Set out below are the projects analysis by wind resource areas:

Wind resource area	30 June 2024			30 June 2023		
	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (Note) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (Note) (MWh)
PRC-Subsidiaries:						
I	5	219	300,475	4	119	224,800
IV	14	957	1,230,244	12	671	926,534
Total	19	1,176	1,530,719	16	790	1,151,334

Note: It represented the approximate aggregate power generation of the projects from the later of (i) the completion dates of acquisition by the Group; (ii) the dates of commencement of operation; and (iii) the beginning of the respective reporting periods, to the end of the respective reporting periods. Therefore, the above aggregate power generation may not reflect a full year performance of these operations.

(b) Key performance data of the wind power plant projects held by the Group and in operation on or before the beginning of the reporting periods

	30 June 2024	30 June 2023	Changes
Weighted average utilisation ratio (%)	94.75	96.95	(2.20)
Weighted average utilisation hours (hours)	1,368	1,490	(122)

The main reasons for decline in such indicators are stated in the section headed "3. Business Review" in "Management Discussion and Analysis" in this report.

(c) Entrusted operation services

In addition to the above-mentioned sale of electricity from the Group's wind power plants, the Group provided entrusted operation services for wind power plant projects in the PRC and revenue of approximately HK\$20.7 million (six months ended 30 June 2023: approximately HK\$61.7 million) was recognised during the Reporting Period.

3. BUSINESS REVIEW *(Continued)*

3.2 Engineering, Procurement and Construction and Technical Consultancy Services

The Group is principally engaged in the clean energy businesses, including the engineering, procurement and construction and related services for photovoltaic, wind power and clean heat supply projects, and has extensive experience and qualifications in the design, engineering and construction of power-related projects. In recent years, the Group has prioritised the construction of self-owned projects related to photovoltaic and wind power, and continually adjusted and optimised its internal resource allocation. During the Reporting Period, the Group's revenue from provision of engineering, procurement and construction and related services was approximately HK\$26.9 million (six months ended 30 June 2023: approximately HK\$60.7 million) in aggregate, representing approximately 1% (six months ended 30 June 2023: approximately 2%) of total revenue.

3.3 Provision of Clean Heat Supply Services

As at 30 June 2024, through development and business acquisitions, 12 clean energy projects (30 June 2023: 12 projects) in operation were held and/or managed by the Group and its joint ventures, which are located in Henan Province, Shanxi Province, Shaanxi Province, Ningxia Hui Autonomous Region, Liaoning Province and other provinces and autonomous regions, and make use of natural gas, electricity, geothermal energy, biomass, photovoltaic power generation, industrial waste heat energy, clean coal-fired (ultra-low emission) energy, river water and other clean energy sources. The aggregate actual clean heat supply area reached approximately 34.55 million sq.m. (30 June 2023: approximately 33.45 million sq.m.), representing a year-on-year increase of 3.3%; and the number of clean heat supply services users was approximately 202,667 households (30 June 2023: approximately 196,602 households), representing a year-on-year increase of 3.1%. Despite the increase in both the heating area and the number of users, the Group recognised revenue arising from the provision of clean heat supply services of approximately HK\$373.6 million during the Reporting Period, representing a decrease of approximately 2.3% as compared to that of approximately HK\$382.4 million for the six months ended 30 June 2023. Such decrease was mainly due to the combined effect of the depreciation of the exchange rate of RMB against HK\$ and the increase in clean heat supply area.

Management Discussion and Analysis

3. BUSINESS REVIEW *(Continued)*

3.3 Provision of Clean Heat Supply Services *(Continued)*

Among them, details of actual clean heat supply area and the number of clean heat supply services users of the projects in operation which were held and/or managed by the Group and its joint ventures are as follows:

Location	Approximate actual clean heat supply area			Approximate number of clean heat supply services users		
	30 June 2024 ('000 sq.m.)	30 June 2023 ('000 sq.m.)	Changes (%)	30 June 2024 (households)	30 June 2023 (households)	Changes (%)
Northeast region, China	14,901	14,680	1.5	43,962	44,176	(0.5)
North region, China	10,290	10,112	1.8	85,843	84,582	1.5
Northwest region, China	6,625	6,514	1.7	52,469	51,904	1.1
East and central regions, China	2,732	2,146	27.3	20,393	15,940	27.9
Total	34,548	33,452	3.3	202,667	196,602	3.1

3.4 Exploration of Other New Energy Related Businesses

The Group endeavors to expand deeply into the high value-added areas of the industrial chain and actively explore diversified new energy application modes and scenarios, with an aim to becoming a leading enterprise in the domestic new energy integrated service field. In order to achieve such goal, the Group will gradually enter the international market and achieve strategic synergistic development by relying on the conversion and application scenarios of large-scale green electricity. In terms of transportation and energy integration business, the Group will make full use of the industrial advantages to accelerate the layout and expansion of the traffic energy integrated business and construct an open energy system with the integration of sources, network, load and storage. At the same time, the Group actively strengthened the transformation of industry-academia-research in the field of transportation and energy integration. The Group cooperated with Beihang University to establish the "Beihang Shandong Hi-Speed Research Centre for Integrated Transport and Energy* (北航山高交能融合研究中心)" to consolidate the foundation for the innovative and diversified development of the new energy industry in the future, so as to maintain our leading position in the field of national transportation and energy integration.

Against the backdrop of national policies continuously favoring the allocation of energy storage, the energy storage business has demonstrated a broad development prospect. During the Reporting Period, the Group jointly established Shandong Hi-Speed Luzhong New Energy Co., Ltd.* (山東高速魯中新能源有限公司) with Shandong Hi-Speed New Energy Development Co., Ltd.* (山東高速新能源開發有限公司), to jointly build the 100 MW/200 MWh independent energy storage project in Xintai City, Shandong Province, marking the commencement of the first large independent energy storage project of the Group. Furthermore, the Group is also actively promoting a pumped storage project in Lianzhou City, Guangdong Province, the total scale of which is expected to reach 2.4 GW. The project relies on the efficient conversion of natural physical quantities such as potential energy of the water body and height difference to form an indispensable green energy storage solution. Energy storage business has proven its capability to complement other new energy sources, and effectively contribute to the stability of local power grid systems, expected to usher in more vigorous development in the future.

3. BUSINESS REVIEW *(Continued)*

3.4 Exploration of Other New Energy Related Businesses *(Continued)*

In the field of electricity and carbon trading, the Group has established relevant management measures, and conducted its first green electricity transaction. In the near future, the Group will deepen the strategies for the construction of a unified national electricity market, with the aim of establishing a unified management system for spot electricity trading within the Group. The Group is also preparing for the establishment of a carbon trading platform and will closely integrate it with the areas of green power, green certificates and power generation management, with a view to laying the groundwork in advance for the Group to effectively manage and reserve carbon assets. Through this series of initiatives, the Group aims to proactively respond to climate change, promote green and low-carbon development, and help realise the goal of carbon peaking and carbon neutrality.

In the field of zero-carbon and green computing power, we have opened up the approach of “Electricity + Computing Power” and contributed to the construction of a clean energy system and a new computing power network system. During the Reporting Period, the Group, together with Beijing VNET Broad Band Data Center Co., Ltd. (“Beijing VNET”) and the Municipal Government of Ulanqab, Inner Mongolia Autonomous Region, signed a framework agreement on big data and new energy. We will jointly explore the extensive application of new energy and help Ulanqab City achieve the goals of energy structure transformation and sustainable development under the leadership of the big data industry. The Group will provide a stable supply of green power on the power generation side, while our partner, Beijing VNET will provide a stable power consumption on the consumption side, forming a source, network, load and storage integrated energy complex of “Green Energy Supply + Computing Infrastructure”, realizing two-way empowerment and create new growth points for future development.

3.5 Prospects and Outlook

In July 2024, State Grid Energy Research Institute released the “China New Energy Power Generation Analysis Report 2024* (《中國新能源發電分析報告2024》)”, showing that new energy has become the main source of the power generation increment, with the newly installed capacity doubling year-on-year, and as of the end of 2023, the accumulated installed capacity of new energy in China exceeded 1 billion kilowatts, accounting for 36% of the country’s total installed capacity of power generation. Meanwhile, the proportion of new energy power generation exceeded 15% for the first time, marking that China has entered the stage of high proportion of new energy. In the same month, the China Electricity Council released the “China Electricity Industry Annual Development Report 2024* (《中國電力行業年度發展報告2024》)”, which estimated that the growth rate of national electricity consumption in 2024 will be close to that of 2023, with the installations of new energy improving.

Management Discussion and Analysis

3. BUSINESS REVIEW *(Continued)*

3.5 Prospects and Outlook *(Continued)*

Implementing new energy practices, we lead the diversified development. In line with our industry peers, the Group faces various absorption pressures with them while enjoying the rapid development dividends of the new energy industry, and actively cultivates new business models in the new energy field. It is a prevailing trend to expand the consumption fields, explore new business models and new ventures, and broaden the growth prospects. Continuously deployment for entering the energy storage sector, comprehensively implementation of the “Electricity + Computing Power” model, accelerated promotion of the deep implementation of the marketing works of electricity, and orderly carrying out the construction of the platform relating to green certificates and carbon asset management will be critical initiatives to enhance the Group’s core competitiveness in the short to medium term. Meanwhile, we will strengthen the transformation of business-education-research in the field of transportation and energy integration, and through cooperation, we can take advantage of its educational resources to consolidate the foundation for the innovative and diversified development of the new energy industry in the future, and maintain our leading position in the field of national transportation and energy integration.

Recently, SDHS Group was included in the Fortune Global 500 list, and has been on such list for three consecutive years, ranking No. 412 with revenue of approximately US\$36.7 billion, representing an advancement of 28 spots in ranking compared with last year. Pursuant to the memorandum of understanding signed between SDHS Group and the Company, the strategic cooperation between the Company and SDHS Group will be promoted for mutual benefits and complementary advantages to facilitate the Company’s high-speed and high-quality development. The Group will continue to rely on and leverage on its ultimate controlling shareholder to develop competitive advantages in the market.

In the future, the Group will adhere to the corporate spirits of being brave to take responsibility and taking the lead and actively seize the strategic opportunities arising from China’s energy transformation and green and low-carbon development to unswervingly pursue becoming an excellent new energy company in the industry. The Group is committed to becoming a first-class integrated clean energy service provider with the mission of “Unleash the world’s potential, green prosperity worldwide”. Such vision epitomizes the Group’s ambition in the new energy sector and its positive contribution to the promotion of green and low-carbon development. At the same time, the Group will continue to rely on its strong strengths and resource advantages to enhance its core competitiveness and lay a solid foundation for the realization of the ambitious goal.

4. FINANCIAL PERFORMANCE

A summary of the results for the Reporting Period is set out below:

Financial highlights:

	For the six months ended 30 June		
	2024 (unaudited) HK\$' 000	2023 (unaudited) HK\$' 000	Change %
Revenue	2,606,014	2,769,414	(6)
Gross profit	1,326,736	1,489,031	(11)
Gross profit margin (%)	50.9	53.8	decrease by 2.9 percentage points
Profit for the period	399,881	355,418	13
Profit attributable to the equity holders of the Company	298,981	359,530	(17)
Basic earnings per share (in HK cent(s))	13.31	16.00	(17)
EBITDA	2,139,190	1,977,458	8

	Change		
	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000	Change
Total assets	54,230,786	54,705,772	(1)
Total equity	21,135,401	19,291,012	10
Cash and cash equivalents	4,667,409	4,892,415	(5)

Profit for the Reporting Period of the Group was approximately HK\$399.9 million (six months ended 30 June 2023: approximately HK\$355.4 million), representing an increase of approximately 13% as compared to the corresponding period of the last year, which was mainly attributable to the combined effects of (i) the decrease in finance costs resulting from the replacement of high-cost financing with low-cost financing and advance repayment of high-cost overseas borrowings by the Group; (ii) the fluctuations in profit or loss generated by the non-recurring items from other income and gains, net, other operating expenses, net and share of profits of joint ventures and associates; and (iii) the above increases partially offset by the increase in income tax expenses. Profit attributable to the equity holders of the Company for the Reporting Period was approximately HK\$299.0 million (six months ended 30 June 2023: approximately HK\$359.5 million), representing a decrease of approximately 17% as compared to the corresponding period of the last year, which was mainly attributable to the combined effects of (i) the decrease in gross profit of the sale of electricity business as a result of greater grid curtailment; and (ii) the report conversion difference arising from the fluctuation of exchange rate due to RMB depreciation against HK\$.

Management Discussion and Analysis

4. FINANCIAL PERFORMANCE *(Continued)*

The Group's capital was further strengthened in 2024 with the cash inflow from the second payment for the capital increase by Ningbo Meishan Bonded Port Zone Chuangze Equity Investment Partnership (Limited Partnership)* (寧波梅山保稅港區創澤股權投資合夥企業(有限合夥)) (the "Investor") as a strategic investor and the funds raised from Industrial Bank Co., Ltd. ("Industrial Bank") through the establishment of a trust scheme. As at 30 June 2024, the Group recorded total assets of approximately HK\$54,230.8 million (31 December 2023: HK\$54,705.8 million) and total liabilities of approximately HK\$33,095.4 million (31 December 2023: HK\$35,414.8 million), resulting in net assets of approximately HK\$21,135.4 million (31 December 2023: HK\$19,291.0 million). The balance sheet performance has improved.

4.1 Revenue and gross profit margin

During the Reporting Period, the Group recorded revenue of approximately HK\$2,606.0 million (six months ended 30 June 2023: approximately HK\$2,769.4 million), representing a decrease of approximately 6% as compared to the corresponding period of the last year. The decrease in revenue was mainly attributable to the combined effects of (i) the optimization and adjustment of the Group's business structure, which in turn resulted in a decrease in revenue from construction and related services; and (ii) the report conversion difference arising from the fluctuation of exchange rate due to RMB depreciation against HK\$. During the Reporting Period, revenue from sale of electricity business reached approximately HK\$2,182.6 million (six months ended 30 June 2023: approximately HK\$2,252.9 million), representing a decrease of approximately 3.1% as compared to the corresponding period of the last year, and the revenue from the RMB-denominated sale of electricity business reached approximately RMB2,014.1 million (for the six months ended 30 June 2023: approximately RMB1,990.7 million), representing an increase of approximately 1.2% as compared to the corresponding period last year, which was mainly due to the combined effects of the acquisition of new power plants from July to December 2023 and the grid integration and commissioning of newly constructed power plants, as well as greater grid curtailment and the decrease in the consolidated tariffs of certain projects.

	For the six months ended 30 June					
	2024			2023		
	Revenue (HK\$ million)	Gross profit margin (%)	Gross profit (HK\$ million)	Revenue (HK\$ million)	Gross profit margin (%)	Gross profit (HK\$ million)
Sale of electricity and entrusted operation services						
Photovoltaic power business	1,453.6	58.6	851.6	1,598.0	63.0	1,007.5
Wind power business	729.0	55.8	406.6	654.9	58.3	381.5
Entrusted operations services	22.9	33.1	7.6	73.4	51.7	37.9
Construction and related services	26.9	6.9	1.9	60.7	5.5	3.3
Provision of clean heat supply services	373.6	15.8	59.0	382.4	15.4	58.8
Total	2,606.0	50.9	1,326.7	2,769.4	53.8	1,489.0

Analysis of the above businesses are set out in the section headed "3. Business Review" in "Management Discussion and Analysis" in this report.

Gross profit for the sale of electricity business amounted to approximately HK\$1,258.2 million during the Reporting Period, representing approximately 95% (six months ended 30 June 2023: approximately 93%) of the total gross profit of the Group. The contribution of sale of electricity business to the Group's total gross profit has increased compared to the corresponding period of the last year. On the other hand, contribution of provision of clean heat supply services to the Group's total gross profit was approximately 4% (six months ended 30 June 2023: approximately 4%) during the Reporting Period.

4. FINANCIAL PERFORMANCE *(Continued)*

4.1 Revenue and gross profit margin *(Continued)*

The overall gross profit margin decreased from 53.8% during the six months ended 30 June 2023 to 50.9% during the Reporting Period, representing a decrease of 2.9 percentage points. The decrease in overall gross profit margin was mainly attributable to the combined effects of (i) the decrease in gross profit margin of the sale of electricity business due to greater grid curtailment and the decrease in consolidated tariffs of certain projects; and (ii) the low gross profit margin of certain newly acquired power plants and self-built and commissioned power plants which will not be entitled to tariff subsidies in accordance with the policy in 2023.

4.2 Other income and gains, net

The Group's other income and gains, net amounted to approximately HK\$181.9 million (six months ended 30 June 2023: approximately HK\$114.6 million) during the Reporting Period, which mainly comprised (i) interest income of approximately HK\$32.5 million (six months ended 30 June 2023: approximately HK\$20.4 million); (ii) government grants of approximately HK\$7.2 million (six months ended 30 June 2023: approximately HK\$11.9 million); and (iii) foreign exchange gains, net of approximately HK\$52.8 million (six months ended 30 June 2023: approximately HK\$8.1 million); and (iv) gains on sums not required to be paid of approximately HK\$47.3 million (six months ended 30 June 2023: approximately HK\$11.3 million).

4.3 Administrative expenses

The increase in administrative expenses to approximately HK\$256.3 million (six months ended 30 June 2023: approximately HK\$228.7 million) during the Reporting Period was mainly attributable to the increase in bank charges as compared to corresponding period of the last year as a result of the increased scale of financing replacement of the Group.

4.4 Other operating expenses, net

The Group's other operating expenses, net achieved approximately HK\$15.8 million (six months ended 30 June 2023: approximately HK\$79.4 million) during the Reporting Period, which mainly comprised (i) loss on disposal of property, plant and equipment of approximately HK\$8.8 million (six months ended 30 June 2023: nil); and (ii) no fair value losses on financial assets at fair value through profit or loss (six months ended 30 June 2023: HK\$58.0 million).

4.5 Finance costs

The decrease in finance costs of the Group by approximately HK\$61.9 million to approximately HK\$719.3 million (six months ended 30 June 2023: approximately HK\$781.2 million) for the Reporting Period was mainly attributable to the combined effects of (i) a decrease in finance costs of approximately HK\$174 million resulting from the replacement of high-cost financing with low-cost financing and advance repayment of high-cost overseas borrowings; (ii) an increase in finance costs of approximately HK\$57 million resulting from the acquisition of new power plants; (iii) an increase in finance costs of approximately HK\$65 million resulting from the new financing from the development of clean energy businesses; and (iv) the report conversion difference arising from the fluctuation of exchange rate due to RMB depreciation against HK\$.

4.6 Income tax expense

The Group conducted its principal activities in the PRC and the relevant standard corporate income tax rate was 25%. The increase in income tax expense for the Reporting Period was mainly due to the combined effects of the increase in the Group's profits and the expiry of tax concession benefits for certain operating subsidiaries.

4.7 Property, plant and equipment

Property, plant and equipment mainly represented the carrying amounts of clean energy projects held by the Group and in operation or under construction, and the decrease was mainly attributable to the net effect of (i) the development of clean energy projects; (ii) depreciation provided for the Reporting Period; and (iii) the report conversion difference arising from the fluctuation of exchange rate due to RMB depreciation against HK\$.

Management Discussion and Analysis

4. FINANCIAL PERFORMANCE *(Continued)*

4.8 Investment properties

The Group's investment properties mainly represented the fair value of an office and four parking spaces in Hong Kong and were leased to an independent third party.

4.9 Goodwill

Goodwill was attributable to the acquisition of subsidiaries since 2016.

4.10 Operating concessions and operating rights

Operating concessions represented the rights to operate certain photovoltaic power plants and clean heat supply projects under the Build-Operate-Transfer (BOT) basis, and operating rights represented the operating rights arising from the acquisition of clean energy businesses with reference to HKFRS 3 (Revised) Business Combinations. The decrease in operating concessions was mainly attributable to the effects of (i) amortization provided; and (ii) the report conversion difference arising from the fluctuation of exchange rate due to RMB depreciation against HK\$ during the Reporting Period. The decrease in operating rights was mainly attributable to the effects of (i) amortization provided; and (ii) the fluctuation of exchange rate due to RMB depreciation against HK\$ during the Reporting Period.

4.11 Investments in joint ventures

Investments in joint ventures mainly represented the capital contributions made by the Group to the limited partnerships established in the PRC and joint ventures established for conducting the clean energy businesses. The change in the Group's investment in joint ventures was mainly due to the net effect of (i) share of profit and loss of joint ventures; and (ii) the report conversion difference arising from the fluctuation of exchange rate due to RMB depreciation against HK\$ during the Reporting Period.

It mainly represented (i) the Group's investment in Shandong High Speed Renewable Energy Group Limited (山高環能集團股份有限公司) (formerly known as BECE Legend Group Co., Ltd* (北清環能集團股份有限公司)) (a company established in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (Stock Code: SZ.000803)), an associate owned as to 23.94% interest by the Group and was principally engaged in the organic waste hazard-free treatment and high-value resource utilisation business, the clean heat supply business and the energy performance contracting business; (ii) the Group's investment in Beisheng Xinheng Technology Group Co., Ltd.* (北晟鑫恒科技集團有限公司) (formerly known as Beijing Enterprises City Investment Holdings Group Co., Ltd* (北控城投控股集團有限公司)), an associate owned as to 15% interest by the Group and was principally engaged in the investment, development and operation of infrastructural and properties-related businesses in the PRC; and (iii) the Group's investment in Tianjin Yili New Energy Technology Company Limited* (天津屹立新能源科技有限公司), an associate owned as to 35% interest by the Group and was principally engaged in the sales of solar thermal power generation products, research and development of emerging energy technologies, and engineering management services in the PRC. The decrease was mainly attributable to the net effect of (i) the share of profit and loss of associates; and (ii) the report conversion difference arising from the fluctuation of exchange rate due to RMB depreciation against HK\$ during the Reporting Period.

4. FINANCIAL PERFORMANCE *(Continued)*

4.12 Equity investments designated at fair value through other comprehensive income

Equity investments designated at fair value through other comprehensive income represented the Group's investment in Guangzhou Greater Bay Technology Co., Ltd. (廣州巨灣技研有限公司), being 2.70% equity interests owned by the Group. The company primarily engages in the research and development, production, sales, and services of power batteries, next-generation breakthrough energy storage devices and their related systems. The Group anticipates holding this investment for the long term.

4.13 Contract assets

Contract assets as at 30 June 2024 of approximately HK\$886.0 million (31 December 2023: approximately HK\$844.9 million) represented (i) gross receivables of approximately HK\$109.8 million (31 December 2023: approximately HK\$137.8 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects; (ii) gross receivables of approximately HK\$783.9 million (31 December 2023: approximately HK\$714.9 million) in relation to the PRC central government renewable energy subsidy for photovoltaic and wind power plant projects that will be billed and settled upon registering into the list of national renewable energy power generation subsidies for the renewable energy power generation projects (the "Project List"); and (iii) loss allowances of contract assets of approximately HK\$7.7 million (31 December 2023: approximately HK\$7.8 million). The increase in contract assets was mainly attributable to the recognition of the PRC central government renewable energy subsidy for photovoltaic and wind power plant projects during the Reporting Period.

4.14 Trade and bills receivables

Trade and bills receivables of approximately HK\$9,410.0 million (31 December 2023: approximately HK\$8,595.6 million) as at 30 June 2024 mainly comprised (i) gross receivables from the sale of electricity of the photovoltaic and wind power plant projects of approximately HK\$8,236.8 million (31 December 2023: approximately HK\$7,341.1 million); (ii) gross receivables with certain milestones completed, accepted and recognised by customers from the provision of engineering, procurement and construction services for clean energy businesses of approximately HK\$921.0 million (31 December 2023: approximately HK\$919.8 million); and (iii) loss allowances of trade and bills receivables of approximately HK\$116.5 million (31 December 2023: approximately HK\$119.2 million).

As at 30 June 2024, gross trade receivables for the sale of electricity of the photovoltaic and wind power plant projects mainly comprised (i) receivables of approximately HK\$431.2 million (31 December 2023: approximately HK\$316.5 million) from the sale of electricity mainly to State Grid Corporation of China, a state-owned enterprise principally engaged in the development and operation of nationwide power network; and (ii) receivables of approximately HK\$7,686.4 million (31 December 2023: approximately HK\$6,900.1 million) in relation to the PRC central government renewable energy subsidy for photovoltaic and wind power plant projects that have been registered into the Project List.

4.15 Prepayments, deposits and other receivables, other tax recoverables and financial assets at fair value through profit or loss

The increase in prepayments, deposits and other receivables, other tax recoverables and financial assets at fair value through profit or loss by approximately HK\$336.2 million in aggregate (non-current portion increased by approximately HK\$254.9 million and current portion increased by approximately HK\$81.3 million) to approximately HK\$4,693.6 million (31 December 2023: approximately HK\$4,357.4 million) in aggregate was mainly attributable to (i) the increases in prepayments, deposits and other receivables for the development and construction of clean energy projects; and (ii) recovery of prepayments, deposits and other receivables during the Reporting Period.

Management Discussion and Analysis

4. FINANCIAL PERFORMANCE *(Continued)*

4.16 Cash and cash equivalents

The decrease in cash and cash equivalents by approximately HK\$225.0 million to approximately HK\$4,667.4 million (31 December 2023: approximately HK\$4,892.4 million) was mainly attributable to net effect of (i) cash inflow from the second payment for the capital increase by the Investor as a strategic investor and the funds raised from Industrial Bank through the establishment of a trust scheme; (ii) the net decrease of interest-bearing bank loans and other borrowings; (iii) cash outflow on constructing, developing and operating clean energy projects; and (iv) net cash inflow from daily operating activities during the Reporting Period.

4.17 Trade and bills payables

Trade and bills payables of approximately HK\$1,091.1 million (31 December 2023: approximately HK\$1,485.8 million) as at 30 June 2024 mainly represented trade and bills payables in relation to the provision of engineering, procurement and construction services for the development of clean energy projects.

4.18 Other payables and accruals

Other payables and accruals of approximately HK\$1,408.9 million (31 December 2023: approximately HK\$1,362.0 million) increased by approximately HK\$46.9 million, which was mainly due to the net effect of (i) increase in construction and equipment payables to contractors and suppliers in relation to the projects held by the Group; and (ii) settlement of the construction and equipment payables of projects acquired or under development by the Group during the Reporting Period.

4.19 Interest-bearing bank loans and other borrowings, corporate bonds (excluding operating leases)

Interest-bearing bank loans and other borrowings and corporate bonds amounted to approximately HK\$28,767.7 million (31 December 2023: approximately HK\$30,665.5 million) in aggregate, representing a decrease by approximately HK\$1,897.8 million in aggregate (non-current portion increased by approximately HK\$872.9 million in aggregate and current portion decreased by approximately HK\$2,770.7 million in aggregate), which was mainly attributable to the net effect of (i) the increase in certain long-term bank loans and other borrowings to meet the demand for business expansion and liquidity flow; (ii) the repayment of bank loans and other borrowings; and (iii) the redemption of partial portions of corporate bonds during the Reporting Period.

4.20 Capital expenditures

During the Reporting Period, the Group's total capital expenditures amounted to approximately HK\$255.7 million (six months ended 30 June 2023: approximately HK\$1,064.6 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects, and other property, plant and equipment of approximately HK\$147.7 million (six months ended 30 June 2023: approximately HK\$777.1 million) in aggregate; (ii) acquisition of other intangible assets of approximately HK\$1.2 million (six months ended 30 June 2023: approximately HK\$6.0 million); and (iii) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates of approximately HK\$106.8 million (six months ended 30 June 2023: approximately HK\$281.5 million).

4.21 Liquidity and financial resources

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB"). Surplus cash is generally placed in short-term deposits denominated in HK\$ and RMB.

As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately HK\$4,667.4 million (31 December 2023: approximately HK\$4,892.4 million).

Developments of the clean energy businesses require intensive initial capital investments and the Group funded such developments during the Reporting Period mainly by long-term bank loans and other borrowings (excluding operating leases), corporate bonds, the introduction of strategic investor and the establishment of a trust scheme to raise funds.

4. FINANCIAL PERFORMANCE *(Continued)*

4.21 Liquidity and financial resources *(Continued)*

(a) Long-term bank loans and other borrowings, corporate bonds (excluding operating leases)

As at 30 June 2024, the Group's total borrowings including interest-bearing bank loans and other borrowings and corporate bonds (excluding operating leases) amounted to approximately HK\$28,767.7 million (31 December 2023: approximately HK\$30,665.5 million) comprised (i) bank loans of approximately HK\$21,711.1 million (31 December 2023: approximately HK\$20,478.3 million); (ii) corporate bonds of approximately HK\$283.9 million (31 December 2023: approximately HK\$366.2 million); and (iii) lease liabilities under finance lease arrangements and other borrowings of approximately HK\$6,772.7 million (31 December 2023: approximately HK\$9,821.0 million). Approximately 79% (31 December 2023: approximately 71%) of the Group's borrowings are long-term borrowings.

The debt ratio (total liabilities divided by total assets) of the Group as at the end of the Report Period has been further reduced to approximately 61% (31 December 2023: approximately 65%) after the second payment for the capital increase by the Ping An Introduction Strategy and the establishment of a trust scheme to raise funds from Industrial Bank. Meanwhile, cash and cash equivalents of the Group amounted to approximately HK\$4,667.4 million, with a current ratio of 2.14. The Group has sufficient financial reserves to provide for business development.

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK\$, the Group would record a(n) increase/decrease in the Group's net asset value. During the Reporting Period, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

CHARGE ON THE GROUP'S ASSETS

The secured bank loans and other borrowings and bills payables of the Group as at 30 June 2024 are secured by:

- (i) pledges over certain of the Group's property, plant and equipment and operating concessions;
- (ii) pledges over certain of the Group's trade receivables and contract assets;
- (iii) pledges over the Group's equity interests in certain subsidiaries;
- (iv) guarantees given by the Company and/or its subsidiaries; and/or
- (v) pledges over certain of the Group's bank balances.

Save as disclosed above, as at 30 June 2024, the Group did not have any charges on the Group's assets.

CONTINGENT LIABILITIES

As at the end of the Reporting Period, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

Management Discussion and Analysis

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

During the Reporting Period, details of the agreements (the "Agreement(s)") with covenants relating to specific performance obligations of the controlling shareholder which constitute disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount	Final Maturity	Specific performance obligations
30 April 2021, 21 December 2022 and 29 June 2023	Term loan facility with a syndicate of banks	HK\$992.16 million and US\$31.8 million (for the period from 1 January 2024 to 30 April 2024, being the date of termination of the relevant Agreements)	April 2024	Note 1
19 November 2021, 2 March 2022, 21 December 2022 and 29 June 2023	Term loan facility with a syndicate of banks	HK\$844.72 million and US\$75.7 million (for the period from 1 January 2024 to 16 May 2024, being the date of termination of the relevant Agreements)	November 2024	Note 1

Note:

- (a) The State-owned Assets Supervision and Administration Commission of Shandong Provincial Government* (山東省人民政府國有資產監督管理委員會, "Shandong SASAC") does not or ceases to own, directly or indirectly, more than 51% of the beneficial shareholding, carrying more than 51% of the voting rights in SDHS Group; (b) Shandong SASAC does not or ceases to (i) supervise SDHS Group; and/or (ii) have management control over SDHS Group; (c) SDHS Group does not or ceases to (i) supervise SDHG; and/or (ii) have control over SDHG; (d) SDHS Group does not or ceases to own, directly or indirectly, at least 40% of the beneficial shareholding, carrying at least 40% of the voting rights, in SDHG, or is not or ceases to be the single largest shareholder of SDHG, free from any security; (e) SDHG does not or ceases to directly or indirectly, (i) supervise the Company; and/or (ii) have control over the Company; and (f) the Company does not or ceases to be a subsidiary of SDHG directly or indirectly.

According to the respective terms and conditions of the Agreements, the banks may declare any commitment under the Agreements to be cancelled and/or declare all outstanding amounts together with interest accrued thereon and all others sums to be immediately due and payable or payable on demand for any breach of the above specific performance obligations.

Within the best knowledge of the Directors, none of the above events took place during the Reporting Period and up to the date of approval of this report.

In April 2024, the term loan facility under the Agreements dated 30 April 2021, 21 December 2022 and 29 June 2023 has matured and all the outstanding amounts thereunder have been repaid. In May 2024, all the outstanding amounts under the Agreements dated 19 November 2021, 2 March 2022, 21 December 2022 and 29 June 2023 have also been fully repaid. As such, all the abovementioned Agreements have been terminated before 30 June 2024 and the Company had no more disclosure obligations pursuant to Rule 13.21 of the Listing Rules as at 30 June 2024 and the date of this report.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Discloseable Transactions and Connected Transactions in relation to the Repurchase of An Aggregate of 30% Equity Interest in Thermal Co

As stated in the supplemental announcement of the Company dated 6 February 2024, Thermal Co and each of the Vendors entered into the Supplemental Agreements on 6 February 2024, in relation to, among others, (a) the consideration of RMB49,982,500 paid by Thermal Co under the Repurchase Agreement A has been confirmed and fully discharged; and (b) the consideration under each of Repurchase Agreement B, Repurchase Agreement C, Repurchase Agreement D, Repurchase Agreement E and Repurchase Agreement F, has been reduced to RMB35,000,000, RMB30,243,800, RMB14,000,000, RMB13,000,000 and RMB5,705,400 respectively, as a result of the Group's continuous efforts and the further negotiation between the Board and each of the Vendors. The completion of the Repurchases took place in April 2024. Upon completion of the Repurchases, the registered capital of Thermal Co was reduced from RMB960,000,000 to RMB672,000,000. Thermal Co became an indirect wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the Company's financial statements.

For further details relating to the Supplemental Agreements, please refer to the announcements of the Company dated 25 May 2023, 4 December 2023, 1 February 2024, 6 February 2024, 12 March 2024 and 30 May 2024.

Very Substantial Disposal in relation to the Ping An Capital Increase Agreement

On 24 October 2023, Beijing Smart, SDHS Group, the Company, the Investor and Tianjin Clean Energy Investment Company Limited* (天津富歡企業管理諮詢有限公司) ("Tianjin Clean Energy"), an indirect wholly-owned subsidiary of the Company, entered into the capital increase agreement (the "Ping An Capital Increase Agreement"), pursuant to which the Investor has conditionally agreed to make cash contribution of RMB5,000,000,000 (equivalent to approximately HK\$5,450,000,000) to Tianjin Clean Energy, of which RMB3,441,580,300 and RMB1,558,419,700 are to increase its registered capital and capital reserve respectively (the "Ping An Capital Increase"). To the best knowledge, information and belief of the Directors, the Investor is an insurance private fund initiated and established by Ping An Trendwin, where Ping An Trendwin is ultimately owned by Ping An Insurance (Group) Company of China, Ltd (中國平安保險(集團)股份有限公司).

The Investor paid RMB4,000,000,000 and RMB1,000,000,000 to Tianjin Clean Energy on 1 December 2023 and 3 January 2024 respectively. The completion of the Ping An Capital Increase took place on 3 January 2024 in accordance with the terms and conditions of the Ping An Capital Increase Agreement (the "Completion of Ping An Capital Increase"). Upon the Completion of the Ping An Capital Increase, Tianjin Clean Energy is held as to approximately 55.54% by Beijing Smart and approximately 44.46% by the Investor. Tianjin Clean Energy continues to be accounted as a subsidiary of the Company. For further details on the Ping An Capital Increase which enabled the Group to raise fund of an aggregate of RMB5,000,000,000 through introduction of the Investor as a strategic investor, please refer to the joint announcement of the Company and SDHG dated 24 October 2023, the announcements of the Company dated 30 November 2023 and 13 December 2023 and the circular of the Company dated 15 November 2023.

Management Discussion and Analysis

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(Continued)*

Discloseable Transaction in relation to Acquisition of the Entire Equity Interest in Nanyang Qingdian

On 5 January 2024, Beiqing Smart, an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement (the "Cooperation Agreement") with Qingdian Technology Group Co., Limited* (清電科技集團有限公司) ("Qingdian Technology"), Henan Huachuang Guoxin Engineering Co. Ltd.* (河南省華創國信工程有限公司) and Nanyang Qingdian New Energy Co., Ltd.* (南陽清電新能源有限公司) ("Nanyang Qingdian"), pursuant to which Beiqing Smart shall, subject to the terms and conditions of the Cooperation Agreement, (i) acquire from the Qingdian Technology the entire equity interest in Nanyang Qingdian (the "Equity Transfer") which owns all the assets in respect of the 100 MW wind power and smart energy storage project located in Sheqi County (社旗縣), Henan Province of the PRC (the "Target Project"); and (ii) repay the liabilities of Nanyang Qingdian, at the consideration of RMB800,000,000, comprising the aggregate amount of the consideration for the entire equity interest in Nanyang Qingdian of RMB200,000,000 and the aggregate amount of liabilities of Nanyang Qingdian 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. Upon the completion of the Cooperation Agreement, Beiqing Smart shall hold the entire equity interest in Nanyang Qingdian and Nanyang Qingdian shall become an indirect wholly-owned subsidiary of the Company. For further details relating to the Cooperation Agreement, please refer to the announcement of the Company dated 5 January 2024.

Discloseable Transactions in relation to Subscription of the Trust Scheme

On 30 April 2024, Beiqing Smart (an indirect wholly-owned subsidiary of the Company, as the subordinate entrustor and subordinate beneficiary), entered into a trust contract with Industrial Bank (as the superior entrustor and superior beneficiary) and Northern International Trust Co., Ltd. (as the trustee) ("Trust Contract"). Pursuant to the Trust Contract, Beiqing Smart and Industrial Bank agreed to subscribe for the trust units of Jingye No.9 Collective Fund Trust Scheme (the "Trust Scheme") of closed-end collective funds with no fixed term set from the date of its establishment at a consideration of RMB670 million and RMB1 billion respectively. The completion of the subscription by Beiqing Smart took place on 30 April 2024. Upon completion of the subscription by Beiqing Smart, the Trust Scheme was consolidated as a non-wholly owned subsidiary of the Group. For further details, please refer to the announcement of the Company dated 30 April 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group had no substantial future plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed 2,051 full-time employees (30 June 2023: 2,197 full-time employees) with total staff cost of approximately HK\$210.4 million incurred for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$242.4 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group actively recruits talents and builds a strong team to sustain the overall business growth of the Group. In order to retain and motivate employees, the Group has formulated internal remuneration policies. When selecting and promoting employees, the Group will make reference to their qualifications, experience and suitability for the position. The performance of employees is also taken as the basis for reviewing their remuneration packages during the annual appraisals. At the same time, the Group will offer competitive remuneration packages to its employees with reference to the prevailing market level and individual expertise.

EMPLOYEES AND REMUNERATION POLICIES *(Continued)*

In addition, the Group also provides a series of welfare policies to its employees to enhance their sense of belonging and work enthusiasm, so as to jointly promote the sustainable development of the enterprise. In order to motivate employees to work hard, the Group will grant bonuses and incentives to employees with outstanding performance. The Group sets the working hours of its employees in accordance with relevant laws and regulations and provides transportation reimbursement and leave to its employees who work overtime. Moreover, the Group provides its employees with benefits such as social insurance, housing provident fund and mandatory provident fund.

In addition to statutory holidays and regular paid annual leave, employees are also entitled to additional leave benefits such as sick leave, marriage leave, maternity leave, paternity leave and compassionate leave.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

Change in Directors

Set out below the following changes in Directors from the end of the Reporting Period and up to the date of this report:

1. Mr. Wang Xiaodong resigned as an executive Director, the chairman of the Board and a member and the chairman of the nomination committee of the Company with effect from 2 August 2024; and
2. Mr. Li Tianzhang was appointed as an executive Director, the chairman of the Board and a member and the chairman of the nomination committee of the Company with effect from 2 August 2024.

Disclosure Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such positions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code were as below:

Interests in underlying shares of the Company

Name of Director	Interests in underlying shares under equity derivatives (Note 1)	% of total issued shares
Mr. Chiu Kung Chik	200,000	0.02%

Notes:

1. The interests in underlying shares under equity derivatives represent the share options of the Company granted by the Company on 15 September 2020. For details, please refer to the section headed "SHARE OPTION SCHEME" of this report.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in the shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the SFO.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed "DISCLOSURE INFORMATION – Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" and "SHARE OPTION SCHEME" of this report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children under the age of 18, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed under the section headed "RELATED PARTY DISCLOSURES" in note 20 to the condensed consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Reporting Period.

DISCLOSURE OF INTERESTS

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 30 June 2024, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company as disclosed above) had, or were deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly interested in 5% or more of the issued voting shares of any other member of the Group or held any option in respect of such shares and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Long position in the shares and/or underlying shares of the Company

Name of shareholders	Long/Short position	Capacity in which shares are held	Number of shares held (Note 1)	Approximate percentage of the Company's total issued shares (Note 2)
SDHS Group (Note 3)	Long position	Interest of controlled corporation	976,080,784	43.45%
SDHG (Note 3)	Long position	Beneficial owner	976,080,784	43.45%
Citigroup Inc. (Note 4)	Long position	Interest of controlled corporation	724,400	0.03%
		Beneficiary of a trust (other than a discretionary interest)	976,080,784	43.45%
		Approved lending agent	6,662,282	0.29%
Sub-total			983,467,466	43.77%
Beijing Enterprises Group Company Limited ("BE Group") (Note 5)	Long position	Interest of controlled corporation	405,063,291	18.03%
Beijing Enterprises Holdings Limited ("BEHL") (Note 5)	Long position	Interest of controlled corporation	405,063,291	18.03%
Beijing Enterprises Water Group Limited ("BEWG") (Note 5)	Long position	Interest of controlled corporation	405,063,291	18.03%
CITIC Securities Company Limited (Notes 6(i) and (ii))	Long position	Interest of controlled corporation	303,797,468	13.52%
Citron PE Holdings Limited (Note 6(i))	Long position	Interest of controlled corporation	151,898,734	6.76%
Citron PE Associates II, L.P. (Note 6(i))	Long position	Interest of controlled corporation	151,898,734	6.76%

Disclosure Information

DISCLOSURE OF INTERESTS (Continued)

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares (Continued)

Long position in the shares and/or underlying shares of the Company (Continued)

Name of shareholders	Long/Short position	Capacity in which shares are held	Number of shares held (Note 1)	Approximate percentage of the Company's total issued shares (Note 2)
CPEChina Fund II, L.P. (Note 6(i))	Long position	Interest held jointly with another person	151,898,734	6.76%
CPEChina Fund IIA, L.P. (Note 6(i))	Long position	Interest held jointly with another person	151,898,734	6.76%
中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd.*) ("CITIC Private Equity Funds") (Note 6(ii))	Long position	Interest of controlled corporation	151,898,734	6.76%
北京宥德投資管理中心(有限合夥) (Beijing Youde Investment Management Centre (Limited Partnership)*) ("Beijing Youde Investment") (Note 6(ii))	Long position	Interest of controlled corporation	151,898,734	6.76%
北京信聿投資中心(有限合夥) (Beijing Xinyu Investment Centre (Limited Partnership)*) ("Beijing Xinyu Investment") (Note 6(ii))	Long position	Interest of controlled corporation	151,898,734	6.76%

Notes:

- Number of shares held by relevant Shareholders were adjusted upon Share Consolidation effective from 26 June 2023, where every fifty (50) issued ordinary shares of the Company of par value of HK\$0.001 each in the share capital of the Company were consolidated into one (1) consolidated ordinary share of the Company of par value of HK\$0.05 each.
- The approximate percentage was calculated on the basis of 2,246,588,726 shares of the Company in issue as at 30 June 2024.
- SDHS Group is deemed to be interested in an aggregate of 976,080,784 shares of the Company as a result of its indirect holding of such shares through the following entities:

Name	Long/Short position	Number of Shares held
SDHG	Long position	976,080,784
Shandong International (Hong Kong) Limited	Long position	976,080,784
山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*)	Long position	976,080,784

DISCLOSURE OF INTERESTS (Continued)

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares (Continued)

Long position in the shares and/or underlying shares of the Company (Continued)

Notes: (Continued)

SDHG, a company listed on the Main Board of the Stock Exchange (Stock Code: 412), beneficially holds 976,080,784 shares of the Company. SDHG is directly held as to approximately 22.68% by SDHS Group and approximately 20.77% by Shandong International (Hong Kong) Limited. Shandong International (Hong Kong) Limited is wholly owned by 山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*). 山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*) is wholly-owned by SDHS Group.

4. Based on the filings under Part XV of the SFO retrieved by the Company from public records, Citigroup Inc. is deemed to be interested in an aggregate of 983,467,466 shares of the Company, of which: (i) 724,400 shares of the Company are held by Citigroup Global Markets Limited, a non-wholly owned subsidiary of Citigroup Inc.; (ii) security over a total number of 976,080,784 shares of the Company held by SDHG had been granted in favour of China Construction Bank (Asia) Corporation Limited ("CCBA"), who holds those shares as security agent on behalf of, among others, the trustee (which is also CCBA) of the floating rate notes issued by SDHG (the "Notes"), who in turn holds such interest on behalf of the holders of the Notes (including but not limited to Citigroup Global Markets Hong Kong Limited ("Citigroup Global Markets HK")). Due to the above security arrangement and the fact that Citigroup Global Markets HK is wholly owned by Citigroup Inc., each of Citigroup Global Markets HK and Citigroup Inc. was deemed to be interested in the security interest over 976,080,784 shares of the Company under Part XV of SFO; and (iii) 6,662,282 shares of the Company (long position) are in a lending pool. Citigroup Inc. also holds 193,000 (long position) cash settled unlisted derivatives.

Citigroup Inc. is deemed to be interested in an aggregate of 983,467,466 shares of the Company as a result of its indirect holding of such shares through the following entities:

Name	Long/Short position	Number of Shares held
Citicorp LLC	Long position	6,662,282
Citibank, N.A.	Long position	6,662,282
Citigroup Global Markets Holdings Inc.	Long position	976,805,184
Citigroup Financial Products Inc.	Long position	976,805,184
Citigroup Global Markets HK	Long position	976,080,784
Citigroup Global Markets Holdings Bahamas Limited	Long position	724,400
Citigroup Global Markets Limited	Long position	724,400

Disclosure Information

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares *(Continued)*

Long position in the shares and/or underlying shares of the Company *(Continued)*

Notes: *(Continued)*

5. BE Group is deemed to be interested in an aggregate of 405,063,291 shares of the Company as a result of its indirect holding of such shares through the following entities:

Name	Long/Short position	Number of Shares held
Fast Top Investment Limited ("Fast Top")	Long position	405,063,291
BEWG	Long position	405,063,291
Beijing Enterprises Environmental Construction Limited ("BE Environmental")	Long position	405,063,291
BEHL	Long position	405,063,291
Beijing Enterprises Group (BVI) Company Limited ("BE BVI")	Long position	405,063,291

Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 405,063,291 shares of the Company. BEWG, a company listed on the Main Board of the Stock Exchange (Stock Code: 371), is directly held as to approximately 41.03% by BE Environmental, approximately 0.41% by Beijing Holdings Limited ("BHL") and approximately 0.10% by BEHL. The remaining shares of BEWG are held by public shareholders. BE Environmental is a wholly-owned subsidiary of BEHL, a company listed on the Main Board of the Stock Exchange (Stock Code: 392), which is deemed to be held as approximately 62.16% by BE BVI (by itself and through its subsidiaries) and approximately 0.37% by BHL. The remaining shares of BEHL are held by public shareholders. Both BE BVI and BHL are wholly-owned by BE Group.

6. CITIC Securities Company Limited, a company listed on the Stock Exchange (Stock Code: 6030) and the Shanghai Stock Exchange (Stock Code: 600030), is deemed to be interested in an aggregate of 303,797,468 long positions in the shares of the Company as a result of its indirect holding of such shares through the following entities:

(i) Name	Long/Short position	Number of Shares held
CTSL Green Power Investment Limited ("CTSL Green Power")	Long position	151,898,734
CPEChina Fund II, L.P.	Long position	151,898,734
CPEChina Fund IIA, L.P.	Long position	151,898,734
Citron PE Associates II, L.P.	Long position	151,898,734
Citron PE Funds II Limited	Long position	151,898,734
Citron PE Holdings Limited	Long position	151,898,734
CLSA Global Investments Management Limited ("CLSA Global")	Long position	151,898,734
CITIC Securities International Company Limited ("CITIC Securities International")	Long position	151,898,734

CTSL Green Power, a company jointly-controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., beneficially holds 151,898,734 shares of the Company. CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. are two exempted limited partnerships registered under the laws of the Cayman Islands. The general partner of CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. is Citron PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of Citron PE Associates II, L.P. is Citron PE Funds II Limited. Citron PE Funds II Limited is wholly-owned by Citron PE Holdings Limited, which is owned as to 35% by CLSA Global. CLSA Global is wholly-owned by CITIC Securities International, which is in turn wholly-owned by CITIC Securities Company Limited.

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares *(Continued)*

Long position in the shares and/or underlying shares of the Company *(Continued)*

Notes: *(Continued)*

(ii)	Name	Long/Short position	Number of Shares held
	CTSL New Energy Investment Ltd ("CTSL New Energy")	Long position	151,898,734
	Beijing Xinyu Investment	Long position	151,898,734
	Beijing Youde Investment	Long position	151,898,734
	上海磐諾企業管理服務有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*) ("Shanghai Pannuo")	Long position	151,898,734
	CITIC Private Equity Funds	Long position	151,898,734

CTSL New Energy, a wholly-owned subsidiary of Beijing Xinyu Investment, beneficially holds 151,898,734 shares of the Company. Beijing Xinyu Investment is a limited partnership registered under the laws of the PRC. The general partner of Beijing Xinyu Investment is Beijing Youde Investment, a limited partnership registered under the laws of the PRC whose general partner is Shanghai Pannuo, a limited liability company incorporated in the PRC. Shanghai Pannuo is wholly-owned by CITIC Private Equity Funds, which is in turn owned as to 35% by CITIC Securities Company Limited.

Save as disclosed above, as at 30 June 2024, no other interests or short positions in the shares or underlying shares of the Company were notified to the Company and the Stock Exchange required to be recorded in the register kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2024.

Corporate Governance

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on maintaining high standards of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board and the management of the Company strive for adhering to the principles of corporate governance and have adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, risk management, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Group. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard shareholders' interests.

In the opinion of the Board, save as disclosed below, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "Code Provision") contained in Appendix C1 (the "CG Code") of the Listing Rules throughout the Reporting Period.

- (a) Pursuant to the Code Provision C.2.1 of the CG Code, the roles of the chairman of the Board (the "Chairman") and chief executive officer of the Company (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly established and set out in writing.

Mr. Wang Xiaodong has been the Chairman since 19 May 2022 to 2 August 2024 and Mr. Li Tianzhang has been the Chairman since 2 August 2024. The office of the CEO was vacant since Mr. Yang Guang resigned as an executive Director and CEO on 19 May 2022. The Company has been actively identifying a suitable candidate to fill the vacancy of CEO.

To ensure the balance of power and authority, the day-to-day management of business of the Group has been delegated to other executive Directors and management of the Group with the clear directions on the corporate actions that must be reported to and approved by the Board and the executive committees of the Company before making any decisions or entering into any commitments on behalf of the Company. The Board, with the assistance of the nomination committee of the Company, shall review the structure, size and composition of the Board from time to time and further announcement(s) will be made by the Company in relation to the appointment of CEO when required in accordance with the Listing Rules.

- (b) As disclosed in the announcements of the Company dated 4 December 2023 and 12 March 2024 and the section headed "Corporate Governance Report – Thermal Co's internal control mechanism at the time of entering into the Repurchase Agreements" in the annual report of the Company for the year ended 31 December 2023 (the "Annual Report 2023"), there were deficiencies of the internal control mechanism on the execution of the Repurchase Agreements at the level of Thermal Co, which resulted in the Company's failure to publish an announcement in relation to the discloseable transactions and connected transactions under the Repurchase Agreements in accordance with the Listing Rules in a timely manner, and the failure to obtain complete information on the transactions. As such, the Group has conducted an internal investigation and engaged an internal control consultant (the "IC Consultant") to identify the relevant deficiencies of the internal control mechanism on the execution of the Repurchase Agreements at the level of Thermal Co and review the internal control mechanism of the Group as a whole. For further details, please refer to the aforementioned section in the Annual Report 2023 and the announcement of the Company dated 12 March 2024. The IC Consultant has completed the internal control follow-up review and confirmed that all previously identified internal control deficiencies of the Group have been rectified.

In addition, the Group has conducted its internal training for the senior management of the Group on the Listing Rules compliance and internal control, minimizing the risks of having non-compliance incidents in the future. Furthermore, the Group has conducted external trainings for its directors on 19 August 2024 which has been performed by lawyer and Ernst & Young (China) Advisory Limited, further strengthening the Board's understanding of the best practices of the Listing Rules compliance and internal control. To the best knowledge, information and belief of the Directors, save as disclosed above, there is no other change which was not reported in the Annual Report 2023 for the said deficiencies.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to the Shareholders' resolution passed on 11 June 2013 and update to the terms of the Share Option Scheme was adopted by the Shareholders' resolution passed on 8 June 2021 and expired on 9 June 2023 (close of business on the business day immediately preceding the tenth anniversary thereof). Subsequent to the expiry of the Share Option Scheme on 9 June 2023, every fifty (50) issued Shares were consolidated into one (1) Share on 26 June 2023. As a result of the Share Consolidation, adjustments were made to the number of Shares subject to, and exercise price of, the share options under the Share Option Scheme (the "Share Options") which were then outstanding, with effect from 26 June 2023. The exercise price per Shares was adjusted from HK\$0.08 to HK\$4.00 for the outstanding Share Options and the number of Shares to be issued upon exercise of the outstanding Share Options were adjusted from 993,000,000 to 19,860,000, on 26 June 2023.

During the Reporting Period, 590,000 outstanding Share Options lapsed. As at the date of this report, the total number of Shares subject to the outstanding Share Options available for issue under the Share Option Scheme is 19,010,000, representing approximately 0.85% of the Company's total number of issued Shares. The maximum number of Shares in respect of which Share Options may be granted under the Share Option Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other scheme shall not exceed 10% of the Company's issued share capital on the date of adoption of the Share Option Scheme, being 135,050,794 after the Share Consolidation (representing approximately 6.01% of the issued Shares as at the date of this report). Following the expiry of the Share Option Scheme on 9 June 2023, no further Share Option can be granted, but the provisions of the Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any Share Options granted prior thereto or otherwise as may be required in accordance with the Share Option Scheme.

Particulars of the outstanding Share Options granted under the Share Option Scheme and their movements during the Reporting Period were as follows:

Category of participants/Name	Date of grant (Note 1) (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Adjusted exercise price HK\$ (Note 2)	Number of share options					As at 30 June 2024
				As at 1 January 2024 (Note 3)	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/forfeited during the period	
Independent non-executive Directors									
Mr. Chiu Kung Chik	15/09/2020	15/09/2023-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2024-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2025-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2026-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2027-14/09/2030	4.00	40,000	-	-	-	-	40,000

Corporate Governance

SHARE OPTION SCHEME (Continued)

Category of participants/Name	Date of grant (Note 1) (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Adjusted exercise price HK\$ (Note 2)	Number of share options					As at 30 June 2024
				As at 1 January 2024 (Note 3)	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period	
Former Executive Directors									
Mr. Hu Xiaoyong (Resigned as an executive Director on 16 May 2022)	15/09/2020	15/09/2023-14/09/2030	4.00	1,600,000	-	-	-	-	1,600,000
	15/09/2020	15/09/2024-14/09/2030	4.00	1,600,000	-	-	-	-	1,600,000
	15/09/2020	15/09/2025-14/09/2030	4.00	1,600,000	-	-	-	-	1,600,000
	15/09/2020	15/09/2026-14/09/2030	4.00	1,600,000	-	-	-	-	1,600,000
	15/09/2020	15/09/2027-14/09/2030	4.00	1,600,000	-	-	-	-	1,600,000
Mr. Tan Zaixing (Resigned as an executive Director on 16 May 2022)	15/09/2020	15/09/2023-14/09/2030	4.00	1,360,000	-	-	-	-	1,360,000
	15/09/2020	15/09/2024-14/09/2030	4.00	1,360,000	-	-	-	-	1,360,000
	15/09/2020	15/09/2025-14/09/2030	4.00	1,360,000	-	-	-	-	1,360,000
	15/09/2020	15/09/2026-14/09/2030	4.00	1,360,000	-	-	-	-	1,360,000
	15/09/2020	15/09/2027-14/09/2030	4.00	1,360,000	-	-	-	-	1,360,000
Former Independent non-executive Directors									
Mr. Li Fujun (Resigned as an independent non-executive Director on 19 May 2022)	15/09/2020	15/09/2023-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2024-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2025-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2026-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2027-14/09/2030	4.00	40,000	-	-	-	-	40,000
Mr. Xu Honghua (Resigned as an independent non-executive Director on 19 May 2022)	15/09/2020	15/09/2023-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2024-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2025-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2026-14/09/2030	4.00	40,000	-	-	-	-	40,000
	15/09/2020	15/09/2027-14/09/2030	4.00	40,000	-	-	-	-	40,000
Sub-total				15,400,000	-	-	-	-	15,400,000

SHARE OPTION SCHEME (Continued)

Category of participants/Name	Date of grant (Note 1) (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Adjusted exercise price HK\$ (Note 2)	Number of share options					As at 30 June 2024
				As at 1 January 2024 (Note 3)	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/forfeited during the period	
Employees of the Group and associated corporations of the Group									
In aggregate	15/09/2020	15/09/2023-14/09/2030	4.00	840,000	-	-	-	118,000	722,000
	15/09/2020	15/09/2024-14/09/2030	4.00	840,000	-	-	-	118,000	722,000
	15/09/2020	15/09/2025-14/09/2030	4.00	840,000	-	-	-	118,000	722,000
	15/09/2020	15/09/2026-14/09/2030	4.00	840,000	-	-	-	118,000	722,000
	15/09/2020	15/09/2027-14/09/2030	4.00	840,000	-	-	-	118,000	722,000
Sub-total				4,200,000	-	-	-	590,000	3,610,000
Total				19,600,000	-	-	-	590,000	19,010,000

Notes:

- The share options granted on 15 September 2020 are subject to a vesting scale in five tranches of 20% each per annum starting from the third anniversary and will be fully vested on the seventh anniversary of the date of grant. Apart from the aforesaid vesting dates, each tranche of the share options shall be vested and exercisable on the condition that each participant has passed the cultural values and performance assessment of the Company.
- The closing price per ordinary share as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 14 September 2020 was HK\$0.039. As a result of the Share Consolidation, the exercise prices per Share were adjusted to HK\$4.00 for the grant of share options on 15 September 2020.
- Pursuant to the terms of the Share Option Scheme, adjustments are required to be made to the exercise price and the number of Shares that can be subscribed for under the outstanding share options as a result of the completion of Share Consolidation of the Company that every fifty (50) issued and unissued ordinary shares of the Company be consolidated into one consolidated ordinary share with effect from 26 June 2023. The number of Shares to be issued upon exercise of the outstanding Share Options were adjusted from 993,000,000 to 19,860,000 on 26 June 2023.

Save as disclosed above, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme and no share option was granted to other eligible participants who are not Directors of the Company or employees of the Group and associated corporations of the Group during the six months ended 30 June 2024.

Corporate Governance

CHANGE IN INFORMATION OF DIRECTOR(S) UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Director(s) required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) is as follows:

1. Mr. Wang Wenbo was appointed as a non-independent director of Zhongtai Securities Co., Ltd., a company listed on Shanghai Stock Exchange (Stock Code: 600918) with effect from 29 April 2024.
2. Mr. Victor Huang was appointed as an independent non-executive director of Giordano International Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 709) with effect from 3 April 2024. He retired as an independent non-executive director of Qingdao Haier Biomedical Co., Ltd., a company listed on Shanghai Stock Exchange (Stock Code: 688139) with effect from 19 July 2024.
3. Mr. Li Tianzhang was appointed as an executive director, the chairman of the board of directors, a member and the chairman of each of executive committee and nomination committee of SDHG with effect from 2 August 2024.

Save as disclosed above, after having made all reasonable enquiry, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the annual report of the Company for the year ended 31 December 2023 and up to the date of this report.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Victor Huang (the chairman of the Audit Committee), Mr. Yang Xiangliang and Mr. Chiu Kung Chik. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and risk management and internal control systems of the Company. The unaudited interim results of the Group for the six months ended 30 June 2024 and this report have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
REVENUE	3	2,606,014	2,769,414
Cost of sales		(1,279,278)	(1,280,383)
Gross profit		1,326,736	1,489,031
Other income and gains, net	3	181,853	114,589
Selling and distribution expenses		(1,978)	(2,235)
Administrative expenses		(256,259)	(228,714)
Other operating expenses, net		(15,774)	(79,438)
Finance costs	5	(719,307)	(781,168)
Share of profits of:			
Joint ventures		3,004	(86,510)
Associates		(10,924)	9,264
PROFIT BEFORE TAX	4	507,351	434,819
Income tax expense	6	(107,470)	(79,401)
PROFIT FOR THE PERIOD		399,881	355,418
ATTRIBUTABLE TO:			
Equity holders of the Company		298,981	359,530
Non-controlling interests		100,900	(4,112)
		399,881	355,418
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK13.31 cents	HK16.00 cents
Diluted		HK13.31 cents	HK16.00 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
PROFIT FOR THE PERIOD	399,881	355,418
OTHER COMPREHENSIVE LOSS		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange fluctuation reserve:		
Translation of foreign operations	(505,238)	(937,741)
Share of other comprehensive loss of joint ventures	(8,290)	(16,841)
Share of other comprehensive loss of associates	(28,353)	(61,934)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(541,881)	(1,016,516)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(142,000)	(661,098)
ATTRIBUTABLE TO:		
Equity holders of the Company	(132,983)	(631,831)
Non-controlling interests	(9,017)	(29,267)
	(142,000)	(661,098)

Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	26,259,627	27,295,692
Investment properties		162,000	162,000
Goodwill		493,177	504,727
Operating concessions		1,453,044	1,524,591
Operating rights		2,819,711	2,965,794
Other intangible assets		19,763	20,826
Investments in joint ventures		408,482	415,047
Investments in associates		1,203,838	1,243,115
Equity investments designated at fair value through other comprehensive income		322,303	329,852
Prepayments, deposits and other receivables	12	1,007,256	740,433
Other tax recoverables		509,374	521,304
Deferred tax assets		474,664	482,990
Total non-current assets		35,133,239	36,206,371
CURRENT ASSETS			
Inventories		46,941	71,424
Contract assets	10	886,028	844,857
Trade and bills receivables	11	9,410,001	8,595,600
Financial assets at fair value through profit or loss		384,174	542,514
Prepayments, deposits and other receivables	12	2,622,999	2,379,424
Other tax recoverables		169,794	173,770
Restricted cash and pledged deposits		175,030	247,008
Cash and cash equivalents		4,667,409	4,892,415
Assets classified as held for sale		18,362,376	17,747,012
		735,171	752,389
Total current assets		19,097,547	18,499,401

Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
CURRENT LIABILITIES			
Trade and bills payables	13	1,091,079	1,485,817
Other payables and accruals	14	1,408,863	1,362,037
Interest-bearing bank loans and other borrowings	15	6,030,975	8,814,415
Corporate bonds	16	184,082	166,110
Income tax payables		214,445	193,200
Total current liabilities		8,929,444	12,021,579
NET CURRENT ASSETS			
		10,168,103	6,477,822
TOTAL ASSETS LESS CURRENT LIABILITIES			
		45,301,342	42,684,193
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	15	23,603,451	22,682,087
Corporate bonds	16	99,863	200,046
Other non-current liabilities		9,698	9,924
Deferred tax liabilities		452,929	501,124
Total non-current liabilities		24,165,941	23,393,181
Net assets			
		21,135,401	19,291,012
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	17	112,329	112,329
Reserves		14,107,371	14,281,677
Non-controlling interests			
		14,219,700	14,394,006
		6,915,701	4,897,006
Total equity		21,135,401	19,291,012

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2024

	Attributable to equity holders of the Company							Total (unaudited) HK\$'000	Non- controlling interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
	Ordinary shares (unaudited) HK\$'000	Share premium account (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Special reserves (unaudited) HK\$'000	Statutory surplus reserve (unaudited) HK\$'000	Exchange fluctuation reserve (unaudited) HK\$'000	Retained earnings (unaudited) HK\$'000			
	At 1 January 2023	112,329	10,559,155	41,965	105,235	740,650	(881,741)			
Profit for the period	-	-	-	-	-	-	359,530	359,530	(4,112)	355,418
Other comprehensive loss for the period:										
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(16,841)	-	(16,841)	-	(16,841)
Share of other comprehensive loss of associates	-	-	-	-	-	(61,934)	-	(61,934)	-	(61,934)
Exchange differences related to foreign operations	-	-	-	-	-	(912,586)	-	(912,586)	(25,155)	(937,741)
Total comprehensive income for the period	-	-	-	-	-	(991,361)	359,530	(631,831)	(29,267)	(661,098)
Further acquisition of subsidiaries	-	-	-	10,569	-	-	-	10,569	(12,536)	(1,967)
At 30 June 2023	112,329	10,559,155	41,965	115,804	740,650	(1,873,102)	4,238,158	13,934,959	493,700	14,428,659

	Attributable to equity holders of the Company							Total (unaudited) HK\$'000	Non- controlling interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
	Ordinary shares (unaudited) HK\$'000	Share premium account (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Special reserves (unaudited) HK\$'000	Statutory surplus reserve (unaudited) HK\$'000	Exchange fluctuation reserve (unaudited) HK\$'000	Retained earnings (unaudited) HK\$'000			
	At 1 January 2024	112,329	10,559,155*	41,959*	110,195*	740,650*	(1,427,108)*			
Profit for the period	-	-	-	-	-	-	298,981	298,981	100,900	399,881
Other comprehensive loss for the period:										
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(8,290)	-	(8,290)	-	(8,290)
Share of other comprehensive loss of associates	-	-	-	-	-	(28,353)	-	(28,353)	-	(28,353)
Exchange differences related to foreign operations	-	-	-	-	-	(395,321)	-	(35,321)	(109,917)	(505,238)
Total comprehensive income for the period	-	-	-	-	-	(431,964)	298,981	(132,983)	(9,017)	(142,000)
Further acquisition of subsidiaries	-	-	-	(41,127)	-	-	-	(41,127)	(119,184)	(160,311)
Capital contributions from non-controlling equity holders	-	-	-	-	-	-	-	-	1,083,658	1,083,658
Deemed disposal of partial interests in a subsidiary	-	-	-	(196)	-	-	-	(196)	1,083,855	1,083,659
Dividend paid to non-controlling equity holders	-	-	-	-	-	-	-	-	(20,617)	(20,617)
At 30 June 2024	112,329	10,559,155*	41,959*	68,872*	740,650*	(1,859,072)*	4,555,807*	14,219,700	6,915,701	21,135,401

* These reserve accounts comprise the consolidated reserves of HK\$14,107,371,000 (unaudited) (31 December 2023: HK\$14,281,677,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2024.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from operating activities	661,250	759,207
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	32,490	20,418
Purchases of items of property, plant and equipment	(465,413)	(994,347)
Proceeds from disposal of items of property, plant and equipment	1,269	–
Addition of financial assets at fair value through profit or loss	–	(231,371)
Proceeds from disposal of financial assets at fair value through profit or loss	148,383	–
Increase in investments in joint ventures	(704)	–
Addition of operating concessions	(1,592)	(2,242)
Addition of other intangible assets	(1,178)	(5,996)
Investments in associates	–	(19,805)
Proceeds from disposal of joint ventures	–	2,455
Distribution from joint ventures	1,700	–
Acquisition of subsidiaries	–	(261,688)
Increase in deposits for potential business acquisition	–	(240,846)
Changes in loan and advances to suppliers, customers and former shareholders in relation to acquisitions	(577,535)	191,723
Changes in payables in relation to development of clean energy projects	114	(80,413)
Decrease/(increase) in restricted cash and pledged deposits	66,901	(35,485)
Net cash flows used in investing activities	(795,565)	(1,657,597)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions by non-controlling equity holders	2,167,317	–
Acquisition of non-controlling interests	(106,143)	(1,967)
Dividends paid to non-controlling equity holders	(20,617)	–
New bank loans and other borrowings	6,104,152	4,659,742
Repayment of bank loans and other borrowings	(7,332,873)	(3,220,007)
Redemption of corporate bonds	(74,472)	(78,706)
Interest on bank loans and other borrowings and corporate bonds paid	(722,595)	(792,431)
Changes of deposits under leases	9,076	10,522
Net cash flows from financing activities	23,845	577,153
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	4,892,415	3,637,264
Effect of foreign exchange rate changes, net	(114,536)	(137,762)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,667,409	3,178,265

Notes to the Condensed Consolidated Financial Statements

30 June 2024

1.1 CORPORATE AND GROUP INFORMATION

Shandong Hi-Speed New Energy Group Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company in Hong Kong is located at 38th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong with effect from 20 July 2023.

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses (the “Photovoltaic Power Business”), wind power businesses (the “Wind Power Business”) and clean heat supply service businesses (the “Clean Heat Supply Service Business”) in the People’s Republic of China (the “PRC”).

1.2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standards (“HKASs”) 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The financial information relating to the year ended 31 December 2023 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows: The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company’s auditor has reported on the financial statements for the year ended 31 December 2023. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee (“Audit Committee”).

Notes to the Condensed Consolidated Financial Statements

30 June 2024

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Statements

30 June 2024

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of another operating segment. Particulars of the Group's reportable operating segments are summarised as follows: (a) the construction-related business segment engages in the provision of construction and related services of the clean energy business and (b) the operation of clean energy projects segment engages in the investment and development of the Photovoltaic Power Business, the Wind Power Business and provision of clean heat supply services.

The Group has expanded significantly in the past few years mainly through acquisitions on businesses of the sale of electricity and provision of clean heat supply services. During the period, management has separately reviewed and evaluated for management-related purposes under the above-mentioned segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment results represent the profit earned by each segment before corporate and other unallocated income and expenses, finance costs and share of profits and losses of joint ventures and associates. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Notes to the Condensed Consolidated Financial Statements

30 June 2024

2. OPERATING SEGMENT INFORMATION *(Continued)* Six months ended 30 June 2024

	Construction-related business (unaudited) HK\$'000	Operation of clean energy projects (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment revenue	127,514	2,579,119	2,706,633
Intersegment sales	(100,619)	–	(100,619)
	26,895	2,579,119	2,606,014
Segment results	3,516	753,461	756,977
Elimination of intersegment results			(1,661)
Corporate and other unallocated income and expenses, net			(25,874)
Share of profits of:			
Joint ventures			3,004
Associates			(10,924)
Finance costs			(214,171)
Profit before tax			507,351
Other segment information:			
Capital expenditure*			
– Operating segments	–	254,240	254,240
– Amount unallocated			1,425
			255,665
Depreciation and amortisation			
– Operating segments	6,122	906,221	912,343
– Amount unallocated			189
			912,532

* Capital expenditure consists of additions to property, plant and equipment, operating concessions and other intangible assets, excluding additions of right-of-use assets under property, plant and equipment and assets from the acquisition of subsidiaries.

Notes to the Condensed Consolidated Financial Statements

30 June 2024

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2023

	Construction- related business (unaudited) HK\$'000	Operation of clean energy projects (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment revenue	290,625	2,708,767	2,999,392
Intersegment sales	(229,978)	–	(229,978)
	60,647	2,708,767	2,769,414
Segment results	19,625	785,179	804,804
Elimination of intersegment results			(6,069)
Corporate and other unallocated income and expenses, net			(49,710)
Share of profits of:			
Joint ventures			(86,510)
Associates			9,264
Finance costs			(236,960)
Profit before tax			434,819
Other segment information:			
Capital expenditure*			
– Operating segments	–	777,016	777,016
– Amount unallocated			79
			777,095
Depreciation and amortisation			
– Operating segments	9,482	751,960	761,442
– Amount unallocated			29
			761,471

* Capital expenditure consists of additions to property, plant and equipment, operating concessions and other intangible assets, excluding additions of right-of-use assets under property, plant and equipment and assets from the acquisition of subsidiaries.

No segment assets and liabilities are disclosed as they are not regularly provided to the chief operating decision makers.

Notes to the Condensed Consolidated Financial Statements

30 June 2024

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of segment geographical information would provide no additional useful information to the users of these unaudited interim condensed consolidated financial statements.

3. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of the Group's revenue is as follows:

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Revenue from contracts with customers		
Sale of electricity and entrusted operation services		
Photovoltaic Power Business	1,453,638	1,598,036
Wind Power Business	728,969	654,934
Entrusted operation services	22,916	73,397
Construction and related services	26,895	60,647
Provision of clean heat supply services	373,596	382,400
	2,606,014	2,769,414

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
By timing of revenue recognition:		
Transferred at a point in time	2,602,327	2,743,295
Transferred over time	3,687	26,119
Total revenue from contracts with customers	2,606,014	2,769,414

Notes to the Condensed Consolidated Financial Statements

30 June 2024

3. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

Revenue from contracts with customers *(Continued)*

An analysis of the Group's other income and gains, net is as follows:

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Bank interest income	18,871	7,272
Other interest income [Ⓐ]	13,619	13,147
Government grants [#]	7,158	11,912
Fair value gain on financial assets at fair value through profit or loss	4,784	–
Foreign exchange difference, net	52,819	8,091
Gains on bargain purchase of subsidiaries	–	44,556
Gains on debt that no need to be paid	47,324	11,313
Reversal of impairment of financial assets included in prepayments, deposits and other receivables	8,669	–
Others	28,609	18,298
	181,853	114,589

[Ⓐ] Other interest income represents interest income from advances to related parties and independent third parties for the development and operation of clean energy businesses.

[#] The government grants mainly represent government subsidies and value-added tax refunds. There are no unfulfilled conditions or contingencies relating to these grants.

Notes to the Condensed Consolidated Financial Statements

30 June 2024

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Cost of sales of electricity and entrusted operation services	939,626	899,488
Cost of construction and related services	25,040	57,298
Cost of clean heat supply services	314,612	323,597
Depreciation of property, plant and equipment [Ⓔ]	675,926	555,451
Depreciation of right-of-use assets recognised under property, plant and equipment [Ⓔ]	117,374	128,273
Amortisation of operating concessions [*]	38,569	45,709
Amortisation of operating rights [*]	78,893	30,779
Amortisation of other intangible assets [#]	1,770	1,259
Foreign exchange differences, net	(52,819)	(8,091)

[Ⓔ] Depreciation for the period amounting to approximately HK\$790,893,000 and approximately HK\$2,407,000 (six months ended 30 June 2023: approximately HK\$680,438,000 and approximately HK\$3,286,000) are included in "Cost of sales" and "Administrative expenses" on the face of the condensed consolidated statement of profit or loss, respectively.

^{*} Amortisation of operating concessions and operating rights for the period are included in "Cost of sales" in the condensed consolidated statement of profit or loss.

[#] Amortisation of other intangible assets for the period is included in "Administrative expenses" in the condensed consolidated statement of profit or loss.

Notes to the Condensed Consolidated Financial Statements

30 June 2024

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Interest on interest-bearing bank loans and other borrowings	593,255	650,185
Interest on lease liabilities	125,249	134,888
Interest on corporate bonds	4,091	7,358
Total interest expenses on financial liabilities not at fair value through profit or loss	722,595	792,431
Less: Interest capitalised	(3,288)	(11,263)
	719,307	781,168

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2023: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on the prevailing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Mainland China, a number of the Company's subsidiaries enjoy income tax exemptions and reductions because (i) these companies are engaged in the operation of photovoltaic and wind power plants; and (ii) they have operations in certain regions of the PRC that are qualified for certain concessionary corporate income tax rates for a prescribed period of time.

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Current – Mainland China	146,741	106,174
Deferred	(39,271)	(26,773)
Total tax expense for the period	107,470	79,401

Notes to the Condensed Consolidated Financial Statements

30 June 2024

7. INTERIM DISTRIBUTION

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil). No 2023 final dividend was declared during the interim period.

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit attributable to the equity holders of the Company for the six months ended 30 June 2024 and 2023, and the number of ordinary shares in issue during the periods.

The calculation of the diluted earnings per share amounts for the periods is based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share amounts are based on the following data:

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Earnings		
Profit for the period attributable to equity holders of the Company	298,981	359,530
Profit used in the basic and diluted earnings per share calculations	298,981	359,530

	For the six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation and adjusted for share consolidation	2,246,588,726	2,246,588,726
Effect of dilution on weighted average number of ordinary shares – Share options which have dilutive effect	–	–
Weighted average number of ordinary shares, used in the diluted earnings per share calculation and adjusted for share consolidation	2,246,588,726	2,246,588,726
Basic earnings per share	HK13.31 cents	HK16.00 cents
Diluted earnings per share	HK13.31 cents	HK16.00 cents

Notes to the Condensed Consolidated Financial Statements

30 June 2024

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group had additions to property, plant and equipment of approximately HK\$175,704,000 (six months ended 30 June 2023: approximately HK1,018,852,000), excluding property, plant and equipment acquired in business combinations with an aggregate carrying amount of approximately Nil (six months ended 30 June 2023: HK\$1,527,028,000).

10. CONTRACT ASSETS

	Notes	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Tariff adjustment receivables	(a)	783,856	714,892
Construction contracts	(b)	102,773	131,001
Retention money	(b)	7,053	6,798
		893,682	852,691
Less: Impairment		(7,654)	(7,834)
Total		886,028	844,857

Notes:

- (a) Tariff adjustment receivables included in contract assets represented the PRC central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that are to be billed and settled upon entering into the list of national renewable energy power generation subsidies for the renewable energy power generation projects (the "Project List"). In the opinion of the Directors, the registration procedures of the Project List for the Group's photovoltaic and wind power plant projects are of administrative in nature and the Group will comply with the related procedures stipulated by the current government policy in Mainland China and all other attaching conditions, if any.
- (b) Contract assets are initially recognised for revenue earned from construction and related services as the receipt of consideration is conditional on construction progress. Included in contract assets for construction and related services are retention receivables. Upon completion of certain milestone as agreed with customers and such being accepted by them, the amounts recognised as contract assets are reclassified to trade receivables.

Notes to the Condensed Consolidated Financial Statements

30 June 2024

11. TRADE AND BILLS RECEIVABLES

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Trade receivables	1,829,203	1,802,558
Bills receivable	10,890	12,103
	1,840,093	1,814,661
Tariff adjustment receivables (note)	7,686,439	6,900,094
	9,526,532	8,714,755
Less: Impairment	(116,531)	(119,155)
Total	9,410,001	8,595,600

Note: Tariff adjustment receivables included in trade receivables represent the PRC central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that have been registered into the Project List.

- (a) The Group's trading terms with its customers are mainly on credit, except for certain new customers where payment in advance is normally required. The Group generally allows credit periods of 30 days to 90 days to its customers, and generally accepts settlement of certain trade receivables by bank and commercial bills with maturity periods ranging from 90 days to 180 days.

Management seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade receivables are non-interest-bearing.

- (b) Certain subsidiaries engaging in the operation of clean energy businesses have pledged trade receivables to secure certain bank loans and other borrowings (note 15(b)(ii)).

Notes to the Condensed Consolidated Financial Statements

30 June 2024

11. TRADE AND BILLS RECEIVABLES (Continued)

- (c) The ageing analysis of trade and bills receivables (excluding tariff adjustment receivables, net of loss allowance) as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Within 3 months	395,128	519,255
4 to 6 months	140,578	93,581
7 to 12 months	185,426	82,743
1 to 2 years	408,366	433,628
Over 2 years	599,303	571,661
	1,728,801	1,700,868

The ageing analysis of the tariff adjustment receivables as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Within 3 months	588,582	531,375
4 to 6 months	459,202	562,161
7 to 12 months	528,751	1,618,168
1 to 2 years	2,606,485	1,749,621
Over 2 years	3,498,180	2,433,407
	7,681,200	6,894,732

Notes to the Condensed Consolidated Financial Statements

30 June 2024

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Prepayments	783,400	574,680
Deposits and other receivables	2,437,550	2,130,277
Due from joint ventures	682,393	594,511
Due from associates	260,022	365,984
	4,163,365	3,665,452
Less: Impairment	(533,110)	(545,595)
	3,630,255	3,119,857
Portion classified as current assets	(2,622,999)	(2,379,424)
	1,007,256	740,433

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Within 3 months	128,594	131,519
4 to 6 months	63,554	101,631
7 to 12 months	172,665	244,518
1 to 2 years	120,793	106,589
Over 2 years	605,473	901,560
	1,091,079	1,485,817

The trade payables are non-interest-bearing. Trade and bills payables are normally settled on terms of 30 days to 180 days.

Notes to the Condensed Consolidated Financial Statements

30 June 2024

14. OTHER PAYABLES AND ACCRUALS

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Deposits received	10,169	11,664
Other payables	1,143,419	834,313
Accruals	14,095	27,016
Contract liabilities	241,180	489,044
	1,408,863	1,362,037

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2024 (unaudited)		31 December 2023 (audited)	
	Maturity	HK\$'000	Maturity	HK\$'000
Current				
Lease liabilities	2024-2025	439,960	2024	668,902
Bank loans – unsecured	2024-2025	2,851,521	2024	4,594,393
Bank loans – secured	2024-2025	1,786,912	2024	2,397,058
Other loans – secured	2024-2025	952,582	2024	1,154,062
		6,030,975		8,814,415
Non-current				
Lease liabilities	2025-2043	2,114,770	2025-2042	3,408,425
Bank loans – unsecured	2025-2026	5,650,264	2025-2026	1,579,484
Bank loans – secured	2025-2043	11,422,367	2025-2043	11,907,402
Other loans – secured	2025-2037	4,416,050	2025-2036	5,786,776
		23,603,451		22,682,087
Total bank loans and other borrowings		29,634,426		31,496,502

Notes to the Condensed Consolidated Financial Statements

30 June 2024

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS *(Continued)*

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year	4,638,433	6,991,451
In the second year	4,997,691	4,099,352
In the third to fifth years, inclusive	5,031,644	3,501,781
Beyond five years	7,043,296	5,885,753
	21,711,064	20,478,337
Other borrowings repayable:		
Within one year	1,392,542	1,822,964
In the second year	1,362,810	1,904,922
In the third to fifth years, inclusive	2,449,749	4,034,260
Beyond five years	2,718,261	3,256,019
	7,923,362	11,018,165
Total bank loans and other borrowings	29,634,426	31,496,502

Notes to the Condensed Consolidated Financial Statements

30 June 2024

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS *(Continued)*

Notes:

(a) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
HK\$	1,230,892	3,277,921
RMB	28,403,534	27,380,505
US\$	–	838,076
	29,634,426	31,496,502

(b) Certain of the Group's bank loans and other borrowings are secured by:

- (i) guarantees given by the Company and/or its subsidiaries;
- (ii) pledges over the trade receivables and contract assets of certain subsidiaries;
- (iii) pledges over certain of the Group's property, plant and equipment;
- (iv) pledges over the Group's certain operating concessions;
- (v) pledges over the Group's equity interests in certain subsidiaries; and/or
- (vi) pledges over certain of the Group's bank balances.

(c) The Group's lease liabilities, secured and unsecured bank loans and secured other loans as at 30 June 2024 bear interest at effective interest rates ranging from 3% to 7.65% (31 December 2023: from 3.74% to 8.15%) per annum, ranging from 2.24% to 5% (31 December 2023: from 2.24% to 5.76%) per annum and ranging from 2.24% to 5% (31 December 2023: from 4.43% to 8.11%) per annum respectively.

16. CORPORATE BONDS

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Total corporate bonds	283,945	366,156
Portion classified as current liabilities	184,082	166,110
Non-current portion	99,863	200,046

Corporate bonds of the Group as at 30 June 2024 and 31 December 2023 comprised:

- (i) Corporate bonds with an aggregate principal amount of RMB465 million were issued by a subsidiary of the Company to certain institutional investors on 20 December 2022, with interest rates ranging from 4.20% to 4.90% per annum. The corporate bonds are secured by trade receivables HK\$484,017,000 and repayable on 12 December 2025.

Notes to the Condensed Consolidated Financial Statements

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17. SHARE CAPITAL

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Authorised:		
Ordinary shares: 9,332,742,302 shares of HK\$0.05 at 30 June 2024 and 31 December 2023	466,637	466,637
Convertible preference shares: 667,257,698 shares of HK\$0.05 at 30 June 2024 and 31 December 2023	33,363	33,363
	500,000	500,000
Issued and fully paid:		
Ordinary shares: 2,246,588,726 shares of HK\$0.05 at 30 June 2024 and 31 December 2023	112,329	112,329

18. CONTINGENT LIABILITIES

At 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Contracted, but not provided for:		
Construction, material and equipment costs for development of clean energy projects	138,511	242,770
Capital contributions to joint ventures	285,239	291,919
	423,750	534,689

Save as disclosed above, at 30 June 2024, the Group did not have any significant commitments (31 December 2023: Nil).

Notes to the Condensed Consolidated Financial Statements

30 June 2024

20. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2024 and 2023:

Name of related group/company	Nature of transactions	Notes	For the six months ended 30 June	
			2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
BEWG ^{#1} and its subsidiaries	Sales of electricity	(i)	8,181	8,311
SDHS ^{#2} and its subsidiaries	Sales of electricity	(i)	300	–
BEWG and its subsidiaries	Rental expenses	(ii)	–	2,959
Joint ventures:	Interest income	(iii)	5,294	10,883
Joint ventures:	Entrusted operations		–	596
Associates:	Entrusted operations		3,125	3,220
China Railway Long Construction ^{#3}	Cost of construction services	(iv)	29,393	36,514
SDHS Road&Bridge Group ^{#4}	Cost of construction services	(v)	16,224	–
Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd. ^{#5}	Transfer the account receivables and receive resource factoring finance service under the factoring agreement	(ii)	236,481	–

^{#1} Beijing Enterprises Water Group Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited, a substantial shareholder of the Company.

^{#2} SDHS Group, a company established in the PRC with limited liability, an indirect controlling shareholder of the Company.

^{#3} China Railway Long Construction Group Limited (中鐵隆工程集團有限公司), a company established in the PRC with limited liability and a subsidiary of SDHS Group.

^{#4} Shandong Hi-Speed Road & Bridge Group Co., Ltd. (山東高速路橋集團股份有限公司), a company established in the PRC with limited liability and a subsidiary of SDHS Group.

^{#5} Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd. (山高雲創(山東)商業保理有限公司), a company established in the PRC with limited liability and a subsidiary of SDHS Group.

Notes to the Condensed Consolidated Financial Statements

30 June 2024

20. RELATED PARTY DISCLOSURES (Continued)

- (a) In addition to the transactions detailed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2024 and 2023: (Continued)

Notes:

- (i) The sales to a related group were made according to the published prices and conditions offered to customers of the Group. The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) The rental expenses and fees for transferring the account receivables and receiving resource factoring finance service under the factoring agreement were charged on a mutually agreed basis. The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (iii) The interest income was generated from the interest-bearing loan to joint ventures, with interest rates ranging from 8% to 10% per annum.
- (iv) On 20 October 2022, an indirect non-wholly owned subsidiary of the Group, entered into a construction contract with Zhonggong Wuda Design Group Limited ("Zhonggong Wuda") and China Railway Long Construction, subsidiaries of SDHS Group, pursuant to which Zhonggong Wuda and China Railway Long Construction agreed to act as the contractors at an aggregate contracting fee of RMB149,171,000 (inclusive of all taxes).
- (v) On 4 January 2023, Yangzhou Baoying Beiqing Photovoltaic New Energy Co., Ltd.* (揚州寶應北清光伏新能源有限公司), an indirect wholly-owned subsidiary of the Group, entered into a procurement and construction contract with China Power Construction Group Shandong Electric Power Construction First Engineering Co., Ltd.* (中國電建集團山東電力建設第一工程有限公司) ("China Power Construction Group") and Shandong Luqiao Group Co., Ltd.* (山東省路橋集團有限公司) ("Shandong Luqiao"), pursuant to which China Power Construction Group and Shandong Luqiao agreed to act as the contractors for the construction work with an aggregate contracting fee of RMB46,622,000 (inclusive of all taxes).

(b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Short-term employee benefits	895	867
Equity-settled share option expenses	10	22
Total compensation paid to key management personnel	905	889

In the opinion of the Directors, the Directors represent the key management personnel of the Group.

Notes to the Condensed Consolidated Financial Statements

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21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of financial assets and liabilities which are due to be received or settled within one year approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of deposits and other receivables, interest-bearing bank loans and other borrowings and corporate bonds has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the Directors, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

Fair value hierarchy

Financial asset designated at fair value through profit or loss and equity investments designated at fair value through other comprehensive income of the Group as at 30 June 2024 was measured at fair value and its fair value was measured using significant unobservable inputs (Level 3 of fair value hierarchy) as defined in HKFRS 13.

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 for both financial assets and financial liabilities. There were also no transfers into or out of Level 3 for financial assets and financial liabilities (31 December 2023: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

22. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation.

23. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorized for issue by the Directors on 19 August 2024.

Definitions

In this report, the following terms or expressions shall have the following meanings unless otherwise specified:

“Beiqing Smart”	Tianjin Beiqing Electric Smart Energy Co., Ltd.* (天津北清電力智慧能源有限公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“Company”	Shandong Hi-Speed New Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1250)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director”	the directors of the Company
“Group”	the Company and its subsidiaries
“GW”	gigawatt
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“kWh”	kilowatt hour
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt
“MWh”	megawatt-hour
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“NDRC”	the National Development and Reform Commission of the PRC
“Ping An Introduction Strategy”	the fund raising of an aggregate of RMB5,000,000,000 through introduction of the Investor as a strategic investor under the Ping An Capital Increase
“Ping An Trendwin”	Ping An Trendwin Capital Management Co., Ltd.* (平安創贏資本管理有限公司), a company established in the PRC with limited liability
“PRC” or “China”	the People’s Republic of China
“Reporting Period”	the six months ended 30 June 2024

Definitions

“Repurchase Agreement A”	the agreement executed on 4 March 2022 and entered into between Thermal Co and Vendor A in relation to, among others, the repurchase of approximately 10.52% equity interest in Thermal Co in the total consideration of RMB45,500,000 plus certain interests amount
“Repurchase Agreement B”	the agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor B in relation to, among others, the repurchase of approximately 7.29% equity interest in Thermal Co in the consideration of RMB45,540,000
“Repurchase Agreement C”	the agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor C in relation to, among others, the repurchase of approximately 5.52% equity interest in Thermal Co in the consideration of RMB34,480,000
“Repurchase Agreement D”	the agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor D in relation to, among others, the repurchase of approximately 2.92% equity interest in Thermal Co in the consideration of RMB18,220,000
“Repurchase Agreement E”	the agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor E in relation to, among others, the repurchase of approximately 2.71% equity interest in Thermal Co in the consideration of RMB16,900,000
“Repurchase Agreement F”	the agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor F in relation to, among others, the repurchase of approximately 1.04% equity interest in Thermal Co in the consideration of RMB6,510,000
“Repurchase Agreements”	collectively, Repurchase Agreement A, Repurchase Agreement B, Repurchase Agreement C, Repurchase Agreement D, Repurchase Agreement E, Repurchase Agreement F
“Repurchases”	the repurchase of approximately 10.52%, 7.29%, 5.52%, 2.92%, 2.71% and 1.04% equity interests in Thermal Co from Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“SDHG”	Shandong Hi-Speed Holdings Group Limited (山高控股集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 412)
“SDHG Group”	SDHG and its subsidiaries
“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 and an indirectly controlling shareholder of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

Definitions

“Share Consolidation”	the share consolidation on the basis that (a) (i) every fifty (50) issued and unissued existing ordinary shares of the Company of HK\$0.001 each in the share capital of the Company be consolidated into one (1) consolidated ordinary share of the Company of HK\$0.05 each; and (ii) every fifty (50) unissued existing preference shares of the Company of HK\$0.001 each in the share capital of the Company be consolidated into one (1) consolidated preference share of the Company of HK\$0.05 each
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	supplemental agreements entered into between Thermal Co with each of the Vendors, respectively, on 6 February 2024
“Thermal Co”	Shandong Hi-Speed Thermal Group Company Limited* (山高熱力集團有限公司), a limited liability company established in the PRC, and an indirect non-wholly owned subsidiary of the Company
“Vendor A”	Tibet Fengtai Nuohong Venture Capital Partnership (Limited Partnership)* (西藏風泰諾宏創業投資合夥企業(有限合夥)), a limited partnership established in the PRC, being the minority shareholder of Thermal Co
“Vendor B”	Fuzhou Yuze Phase I Investment Partnership (Limited Partnership)* (福州禹澤一期投資合夥企業(有限合夥)), a limited partnership established in the PRC, being the minority shareholder of Thermal Co
“Vendor C”	Beijing Yingtong Subway Energy Saving Technology Co., Ltd.* (北京營通地鐵節能技術有限公司), a limited liability company established in the PRC, being the minority shareholder of Thermal Co
“Vendor D”	Ningxia Zhucheng Investment Co., Ltd.* (寧夏助誠投資有限公司), a limited liability company established in the PRC, being the minority shareholder of Thermal Co
“Vendor E”	Tibet Yuze Investment Management Co., Ltd.* (西藏禹澤投資管理有限公司), a limited liability company established in the PRC, being the minority shareholder of Thermal Co
“Vendor F”	Xi’an Huayu Kangneng Electronic Technology Partnership (Limited Partnership)* (西安華宇康能電子科技合夥企業(有限合夥)), a limited partnership established in the PRC, being the minority shareholder of Thermal Co
“Vendors”	collectively, Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F

* For identification purposes only