



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

28 January 2025

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

Dear Sirs,

Shandong Hi-Speed New Energy Group Limited ("the Company") and its subsidiaries (the "Group")

Profit estimate for the ten months ended 31 October 2024

We refer to the following statements which constitute a profit estimate under Rule 10.6 of The Code on Takeovers and Mergers (the "Profit Estimate") as set out in the section headed ["4. MATERIAL CHANGE" of Appendix IIA] to the composite document dated 28 January 2025 jointly issued by Shandong Hi-Speed Holdings Group Limited and the Company :

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

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



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

The Profit Estimate is required to be reported on under Rule 10 of The Code on Takeovers and Mergers.

Directors' responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results of the Group as shown in the management accounts of the Group for the ten months ended 31 October 2024.

The Company's directors are solely responsible for the Profit Estimate.

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management ("HKSQM") 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Reporting accountants' responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors of the Company and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. For the avoidance of doubts, we have not performed any procedures on the commentary in relation to the Profit Estimate made by the Company. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.



Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2023.

Yours faithfully,


Certified Public Accountants
Hong Kong 