



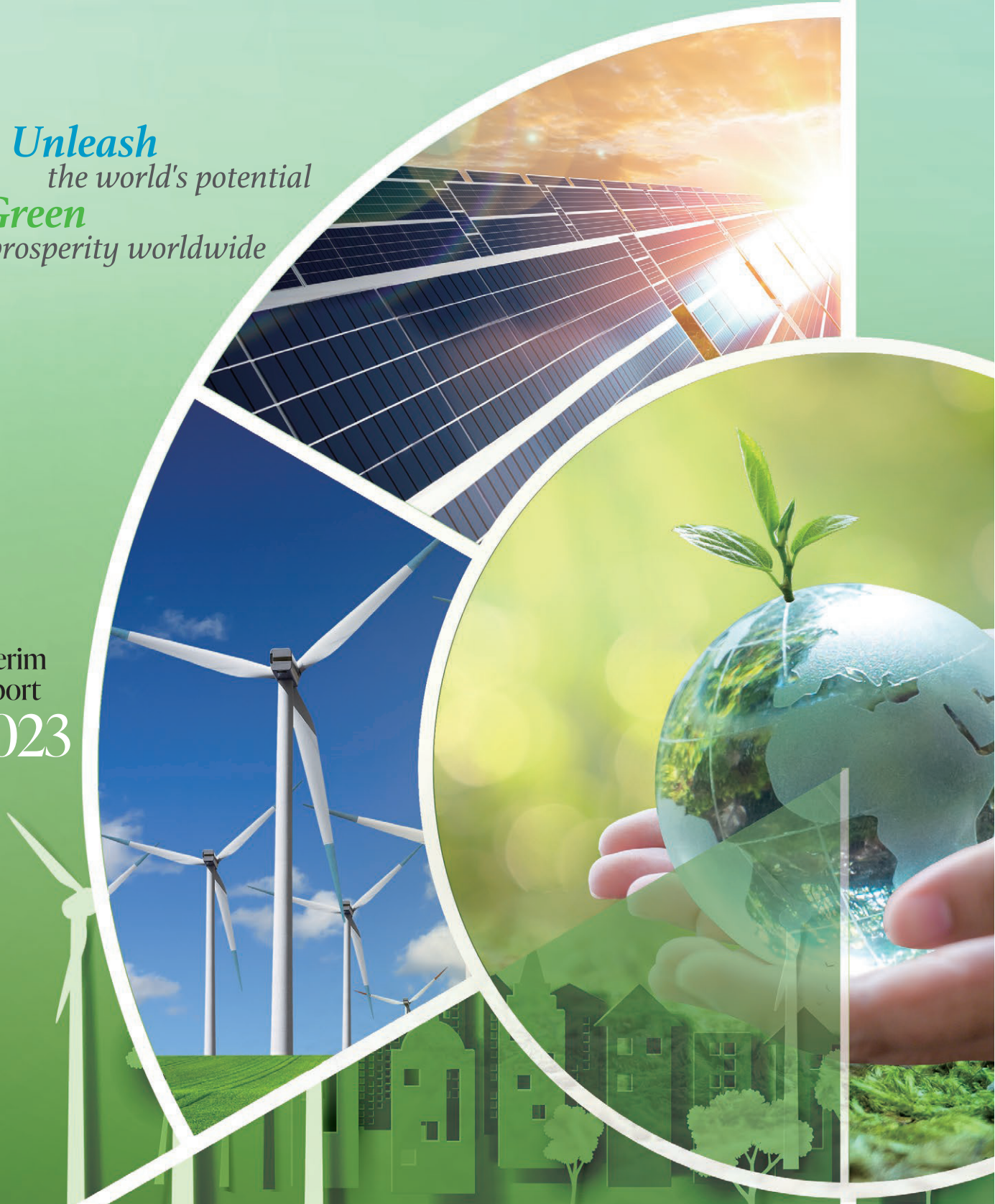
# 山高新能源集團有限公司

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

Interim  
Report  
2023





### **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.





## Contents

Corporate Information	2
Corporate Structure	4
Chairman's Statement	5
Management Discussion and Analysis	8
Condensed Consolidated Statement of Profit or Loss	32
Condensed Consolidated Statement of Comprehensive Income	33
Condensed Consolidated Statement of Financial Position	34
Condensed Consolidated Statement of Changes in Equity	36
Condensed Consolidated Statement of Cash Flows	37
Notes to the Condensed Consolidated Financial Statements	38
Disclosure Information	59
Corporate Governance	67
Definitions	69

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wang Xiaodong (*Chairman*)  
Mr. Zhu Jianbiao  
Mr. Wang Wenbo  
Mr. Sun Qingwei  
Ms. Liao Jianrong  
Mr. Li Li  
Mr. He Yongbing  
Mr. Wang Meng (*Appointed as an executive Director on 20 July 2023*)  
Ms. Ai Yan (*Retired as an executive Director on 20 June 2023*)

### Independent Non-executive Directors

Professor Qin Si Zhao (*Appointed as an independent non-executive Director on 20 July 2023*)  
Mr. Victor Huang  
Mr. Yang Xiangliang  
Mr. Chiu Kung Chik  
Professor Shen Zuojun (*Retired as an independent non-executive Director on 20 June 2023*)

## AUDIT COMMITTEE

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

## NOMINATION COMMITTEE

Mr. Wang Xiaodong (*Chairman*)  
Professor Qin Si Zhao (*appointed as a member of Nomination Committee on 20 July 2023*)  
Mr. Yang Xiangliang  
Professor Shen Zuojun (*Ceased to be a member of Nomination Committee on 20 June 2023*)

## 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

## WEBSITE

[www.shneg.com.hk](http://www.shneg.com.hk)

## INVESTOR RELATIONS CONTACT

Email Address: [ir@shneg.com.hk](mailto:ir@shneg.com.hk)

## REGISTERED OFFICE

Windward 3, Regatta Office Park  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

38th Floor, The Center  
99 Queen's Road Central  
Central  
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

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong

## AUDITOR

Ernst & Young  
Registered Public Interest Entity Auditor

## PRINCIPAL BANKERS

In Hong Kong:

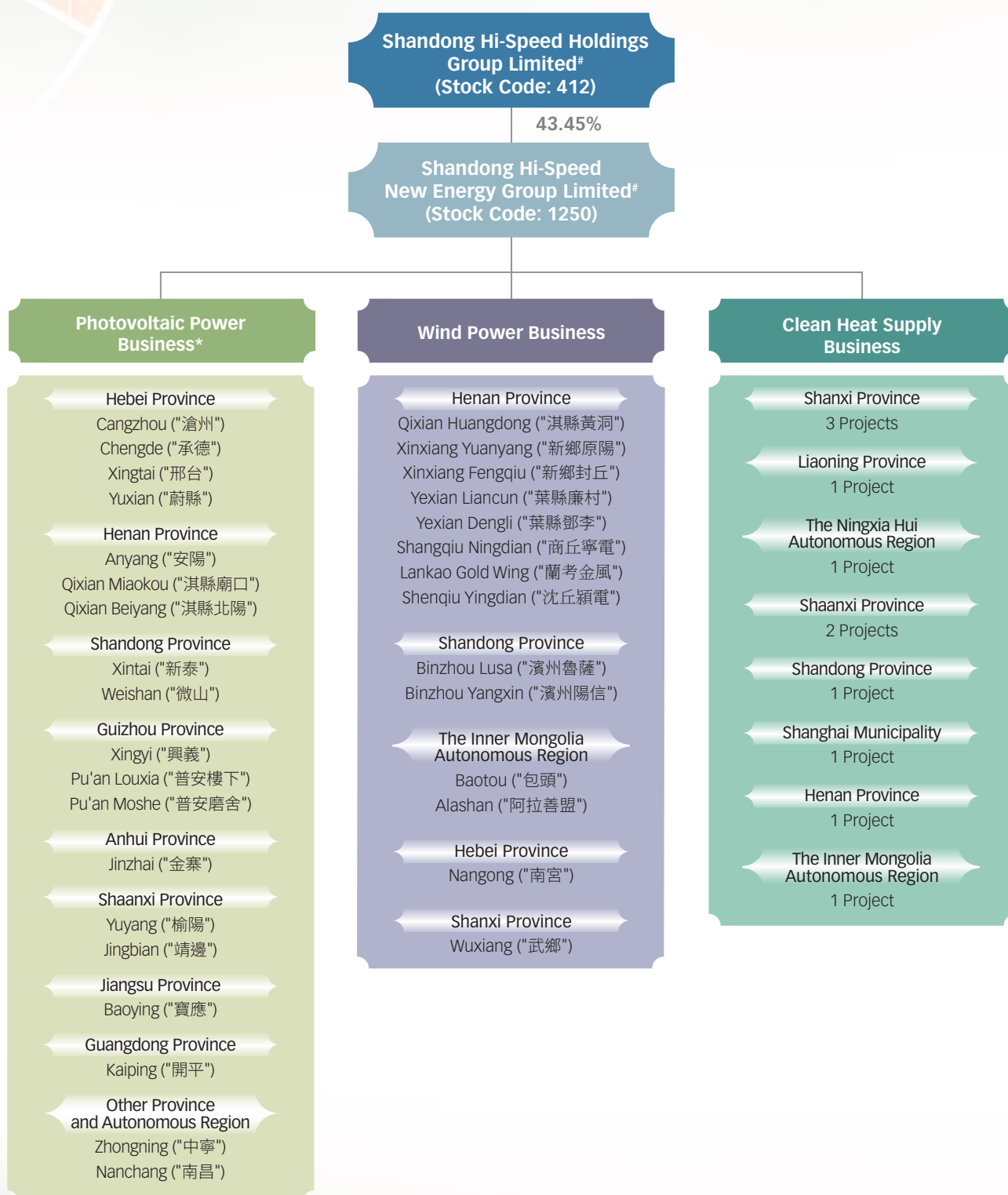
Bank of China (Hong Kong) Limited  
China Construction Bank (Asia) Corporation Limited  
China Everbright Bank Co., Ltd., Hong Kong Branch  
Chong Hing Bank Limited  
Credit Agricole Corporate and Investment Bank  
Hong Kong Branch  
DBS Bank Ltd., Hong Kong Branch  
Standard Chartered Bank (Hong Kong) Limited

In Mainland China:

Agricultural Bank of China Limited  
Bank of China Limited  
China CITIC Bank Corporation Limited  
China Construction Bank Corporation  
China Development Bank  
Everbright Bank  
China Guangfa Bank Co., Ltd.  
Industrial and Commercial Bank of China Limited  
Industrial Bank Co., Ltd.  
Ping An Bank Co., Ltd.  
Postal Savings Bank of China Co., Ltd.  
The Export-Import Bank of China

# Corporate Structure

30 June 2023



# 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.

Dear Shareholders,

2023 is the first full calendar year in which SDHG became a controlling shareholder of the Company. Since the beginning of year, the Company has been strongly empowered from multiple dimensions including capital, resources, brand and mechanism provided by SDHG Group to the Company, together with the strong support of our shareholders such as Beijing Enterprises Water Group Limited and CITIC Private Equity Funds Management Co., Ltd. With the enhanced corporate governance, development strategies, and under the correct strategic leadership of the Board, the Group has actively followed the national policy and situation, accurately grasped the clean energy development direction, firmly grasped the new opportunities arising from the green electricity, green certificates and carbon emissions trading markets. The Company adhered to integrity and innovation, focused on its core business, made conscientious and bold moves, and achieved targets and tasks with high quality and efficiency. The Company has reached a new level in terms of corporate governance and comprehensive strength, achieved new accomplishments in its project development and operation, further enhanced the safety production level and brand value of the Company which bring a new development pattern and new prospects to the Company.

In the first half of 2023, the Group's actual power generation and core financial indicators such as revenue and net profit all passed the half-year targets. Our shares had been successfully accepted into the Hang Seng Composite Index in February and were then added into the list of Southbound Stock Connect by the Shanghai Stock Exchange and the Shenzhen Stock Exchange, making the Company stand among the first batch of selected companies in China after the expansion of target scope of connect, and reflecting the full recognition by the capital market of the Company.

### PERFORMANCE

In the first half of 2023, the Group focused on the strong sustainable electricity sales business. The operation and maintenance standards of its own power stations are enhanced by means of informationization and refinement, and actively expanded the entrusted power operation and maintenance service and other electricity-related professional service projects, with a view to building an excellent operation brand. As of 30 June 2023, the Group recorded a revenue of approximately HK\$2,769.4 million and gross profit margin of 53.8%, representing an increase of approximately 7.2% in gross profit margin as compared to 46.6% for the corresponding period of the last year, respectively. The profit of the Group for the period was approximately HK\$355.4 million, representing an increase of approximately 4% compared to the corresponding period of the last year. In the first half of 2023, the profit attributable to the equity holders of the Company was approximately HK\$359.5 million, which was comparable to the corresponding period of the last year.

In the first half of 2023, the aggregate operating power generation (as hereinafter defined) of the projects held and/or managed by the Group, its associates and joint ventures was approximately 3.322 million megawatt-hour ("MWh"), representing an increase of approximately 8.5% compared to the corresponding period of the last year.

**In terms of the photovoltaic power related businesses**, in the first half of 2023, the photovoltaic power generation of the Group on a consolidated basis amounted to approximately 1.795 million MWh. In particular:

In terms of the centralised photovoltaic power related business, as of 30 June 2023, the aggregate on-grid installed capacity of the centralised photovoltaic power plants held by the Group reached approximately 2,362 megawatt ("MW"), mainly in Anhui Province, Shandong Province, Hebei Province, Henan Province and other provinces which are classified as photovoltaic resource areas II and III as promulgated by NDRC. The weighted average utilisation hours of centralised photovoltaic power plant projects held by the Group and in operation for the period reached 627 hours.



# Chairman's Statement

## **PERFORMANCE** *(Continued)*

In terms of the distributed photovoltaic power related business, as of 30 June 2023, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 800 MW, mainly located in photovoltaic resource area III as promulgated by the NDRC.

**In terms of the wind power related businesses**, in the first half of 2023, the wind power generation of the Group on a consolidated basis amounted to approximately 1.152 million MWh. The weighted average utilisation hours of the wind power plants which were held by the Group and in operation during the period reached 1,490 hours.

As of 30 June 2023, the aggregate installed capacity of on-grid wind power plants held by the Group was approximately 790 MW, which were located in Henan Province, Shandong Province and the Inner Mongolia Autonomous Region, and mainly situated in wind resource area IV as promulgated by the NDRC.

**In terms of the clean heat supply businesses**, as of 30 June 2023, the Group's clean heat supply area in operation reached approximately 33.45 million square meters. During the period, the number of clean heat supply service users was approximately 197,000 households, and the projects were located in Henan Province, Shanxi Province, Shaanxi Province, the Ningxia Hui Autonomous Region, Liaoning Province and other provinces and autonomous regions.

## **GROUP CONTROL AND SUSTAINABLE DEVELOPMENT**

The Group adhered to the steady growth and sustainable development, and its existing risk mitigation work had been concluded with satisfying effect. As the historical risk has been basically mitigated this year, the Group has properly dealt with the cumbersome historical burden in its operation and development, allowing itself to move forward with a lighter footprint.

The Group enhanced both quality and efficiency in its basic management and internal control. In accordance with the requirements of the state-owned assets supervision and regulation, the Listing Rules and the Corporate Governance Code, the Group has continuously strengthened its internal control and compliance management system, which have continuously improved the standardization, institutionalization and systematization of its management and strengthened its risk prevention capability. We strived to accelerate the progress of various works, such as the establishment of the business development joint meeting mechanism, the optimization of the investment decision-making system, the strengthening of collaborative empowerment effectiveness of the front, middle and back ends as well as the cultivation of the sustainable development capability of the Group. Besides, we achieved a better performance in the ESG scoring from the market with the establishment of the sustainable development committee of the Board.

The Group strictly implemented safety management production and operation and it is in good progress. We carried out relevant works by regarding the Group's appraisal system on safety production of "1,000-point system" as the benchmark, continuously strengthening the Company's safety management. In the first half of 2023, the Company maintained a steady situation in safety production, and effectively safeguarded a new development pattern with a new safety pattern.



### FUTURE OUTLOOK

Since the proposal of “dual carbon” (2030 Carbon Dioxide Emissions Peak and 2060 Carbon Neutrality) targets, China has issued a series of policies to support and standardise the development of new energy industry, among which, the “Implementation Plan on Promoting the High-Quality Development of New Energy in the New Era\*” (《關於促進新時代新能源高質量發展的實施方案》) has given a comprehensive guide regarding various aspects, including the development and utilisation mode of new energy, the acceleration of new types of power system construction, the improvement of the construction and management of new energy projects, the ensurance of demand for land and sea for new energy development, and the fiscal means to support the development of new energy. In June 2023, the National Energy Administration issued the “Blue Paper for the Development of New Power Systems\*” (《新型電力系統發展藍皮書》), which pointed out that by 2030, new energy will be promoted to become the main source of increase of power generation, and by 2045, new energy will become the main power of installed system; In July, the meeting of the Central Comprehensive Deepening Reform Committee of the PRC has reviewed and passed the “Guiding Opinions on Deepening the Reformation of Electric Power System and Accelerating the Construction of New Power Systems\*” (《關於深化電力體制改革加快構建新型電力系統的指導意見》), which focused on the market orientation, improved on-grid and reserve mechanisms of new energy and optimised allocation of power market. It will effectively guarantee the development and utilisation of new energy and increase the proportion of new energy in the power systems.

Since the beginning of the year, the installed capacity of renewable energy in the PRC has steadily expanded. In the first half of the year, the installed capacity of renewable energy in the PRC exceeded 1.3 billion kilowatts and reached 1.322 billion kilowatts, representing a year-on-year increase of 18.2%, which historically exceeded coal power, accounting for approximately 48.8% of China's total installed capacity; the newly added on-grid capacity of China's photovoltaics was 78.42 million kilowatts, representing a year-on-year increase of 154%.

Following the clean and low-carbon development becoming a global consensus, the transformation of energy structure is accelerating. The year-by-year increase in the proportion of the installment, absorption and consumption of clean energy has opened up a broad space for the Group's development and also brought rare industrial investment opportunities. By seizing the historic opportunity of new energy development, we can capture the high ground of future development.

The journey is never ending. By going forward, we shall move from victory to greater victory. Looking into the future, the Group will position itself as the main force of Shandong Hi-Speed Group's emerging industries and the flagship of new energy, and unswervingly take the development, investment and operation of wind power and photovoltaic new energy and urban clean heating services as its core business. The Group will fully utilise the new energy business as a green engine to promote the integration and development of infrastructure and energy network. The Company aims to become a domestic new energy integrated solutions provider which is fully market-oriented with core competitiveness and sustainable and high-quality development, and strives to become a leading player in the industry.

In closing, on behalf of the Board, I would like to express our sincere gratitude to the Shareholders, customers and business partners rendering trust and support to the Group, and our heartfelt thanks to all the employees for their arduous work.

**Wang Xiaodong**  
CHAIRMAN

Hong Kong, 29 August 2023

\* For identification purposes only

# Management Discussion and Analysis



# Management Discussion and Analysis

Locations	Centralised Photovoltaic Power Capacity	Wind Power Capacity
1 Jilin	30 MW	
2 Ningxia	100 MW	
3 Guizhou	209 MW	
4 Tianjin	30 MW	
5 Hebei	628 MW	100 MW
6 Shanxi	20 MW	50 MW
7 Shandong	243 MW	148 MW
8 Shaanxi	160 MW	
9 Henan	264 MW	373 MW
10 Anhui	190 MW	
11 Jiangsu	100 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

# Management Discussion and Analysis

## 1. BUSINESS REVIEW

The year of 2023 marked the first anniversary of the Group's new beginning and was an important milestone. In the past year, the Group underwent significant changes and development, becoming a subsidiary of SDHG. Empowered with the capital, resources and brand of SDHG, the Group's business has successfully returned to the development track and firmly grasped the opportunities of the new energy industry.

In the first half of 2023, the principal businesses of the Group remained steady growth, with an actual power generation reaching 3.322 million MWh, representing a year-on-year increase of 8.5%. Meanwhile, our core financial indicators such as revenue and net profit also achieved the expected targets. The market image of the Group continued to upgrade, as demonstrated by the fact that our stock has been included in the Hang Seng Composite Index and the Hong Kong Stock Connect and received recognition from the capital market.

In the second half of 2023, the Group is confident that it will strive to fully achieve its established operating targets while ensuring safe production. Look forward to the future development, the Group will continue to adhere to the concept of "lucid waters and lush mountains are invaluable assets". We strive to build ourselves as a flagship new energy enterprise under Shandong Hi-Speed Group anchoring the core businesses in photovoltaic and wind power. The Group will continue to be committed to promoting sustainable development and helping the country achieve the goals of Carbon Dioxide Peaking and Carbon Neutrality.

During the six months ended 30 June 2023, the Group was principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC. A summary of the results for the Reporting Period is set out below:

Financial highlights:

	For the six months ended 30 June		Change %
	2023 (unaudited) HK\$'000	2022 (unaudited, restated) HK\$'000	
Revenue	<b>2,769,414</b>	2,938,362	(6)
Gross profit	<b>1,489,031</b>	1,369,400	9
Gross profit margin (%)	<b>53.8</b>	46.6	7.2
Profit for the period	<b>355,418</b>	342,551	4
Profit attributable to the equity holders of the Company	<b>359,530</b>	360,914	–
Basic earnings per share (in HK cent(s))	<b>16.00</b>	23.91	(33)
EBITDA	<b>1,977,458</b>	1,971,834	–
Total assets	<b>50,334,385</b>	52,028,265	(3)
Total equity	<b>14,428,659</b>	15,091,724	(4)
Cash and cash equivalents	<b>3,178,265</b>	3,637,264	(13)

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

As a clean energy project owner and operator, the Group's revenue contribution from the sale of electricity and entrusted operations businesses remained stable. During the Reporting Period, the power generation of the Group on a consolidated basis amounted to approximately 2.898 million MWh (six months ended 30 June 2022: approximately 2.493 million MWh), representing an increase of approximately 16.2% compared with the corresponding period of 2022. The aggregate operating power generation<sup>#</sup> of the projects held and/or managed by the Group, its associates and joint ventures during the Reporting Period was approximately 3.322 million MWh (six months ended 30 June 2022: approximately 3.063 million MWh), representing an increase of approximately 8.5% compared with the corresponding period of 2022.

Through focusing on the power generation business with more sustainability, enhancing the quality and efficiency of the existing projects and further optimizing its business portfolios by implementing the cost reduction and efficiency enhancement policies, the Group has successfully optimized its revenue and business structure with a view to improving the Group's overall performance.

Profit for the six months ended 30 June 2023 of the Group was approximately HK\$355.4 million (six months ended 30 June 2022: approximately HK\$342.6 million), representing an increase of approximately 4% as compared to the corresponding period of the last year. Profit attributable to the equity holders of the Company was approximately HK\$359.5 million (six months ended 30 June 2022: approximately HK\$360.9 million), which was maintained a comparable level of the corresponding period of the last year.

Further details of the discussion of financial performance are set out in the section headed "2. Financial Performance" in "Management Discussion and Analysis". Analysis of the business performance is set out below.

### 1.1 Sale of Electricity and Entrusted Operation Services

During the six months ended 30 June 2023, the Group made steady progress in its principal businesses, and steadily and orderly developed its operating capacity through gradually increasing its efforts in the investment, development, construction, operation and management of clean energy power plant projects. The aggregate revenue in respect of the sale of electricity and the provision of entrusted operation services amounted to HK\$2,326.3 million (six months ended 30 June 2022: approximately HK\$2,143.3 million), representing an increase of approximately 9% as compared to the corresponding period of the last year. During the Reporting Period, the Group's aggregate capacity of on-grid, under-construction or approved-to-construct grid projects could reach over 720 MW, among which approximately 450MW were under construction and expected to be connected to the grid during the year.

<sup>#</sup> 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.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operation Services *(Continued)*

The guidance from national policy was further clarified, in June 2022, “the “14th Five-Year” Renewable Energy Development Plan” (《“十四五”可再生能源發展規劃》) was jointly issued by the NDRC and the other eight government authorities, which stated that by 2025, the annual power generation from renewable energy will reach about 3.3 trillion kilowatt hour, increasing by 50% compared to 2020. In April 2023, the National Energy Administration issued the “Guiding Opinions on Energy Work in 2023” (《2023年能源工作指導意見》), which clearly put forward a number of major works including further deepening the green and low-carbon transformation of energy, consolidating the development advantages of wind power and photovoltaic industry, and continuously expanding the supply of clean and low-carbon energy. It is advocated to vigorously develop wind and solar power generation, promote the grid-connection and operation of the first batch of large-scale wind power and photovoltaic base projects that were primarily located in the deserts, the Gobi regions and the wilderness regions, and build the second and the third batch of such projects to actively promote the large-scale development of solar thermal power generation. It is expected that the annual installed capacity of wind power and photovoltaic power plants will increase by about 160 million kilowatts. The management believes that the wind power and photovoltaic power generation industry is entering the fast lane with the support of national policies, and the Group will seize the national opportunities to return to the rapid development stage. Going forward, the Group will unswervingly focus on development with practical measures and management with strict measures, and accelerate the pace of development in the new energy industry through the two-pronged approach.

#### 1.1.1 Photovoltaic Power Plant Projects

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

During the six months ended 30 June 2023, the Group’s centralised photovoltaic power business operated steadily. The Group recorded revenue of approximately HK\$1,204.0 million (six months ended 30 June 2022: approximately HK\$1,233.9 million) from the sale of electricity from the Group’s centralised photovoltaic power plants, representing approximately 43% (six months ended 30 June 2022: approximately 42%) of the Group’s total revenue during the six months ended 30 June 2023.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW (Continued)

### 1.1 Sale of Electricity and Entrusted Operation Services (Continued)

#### 1.1.1 Photovoltaic Power Plant Projects (Continued)

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

As at 30 June 2023, 52 (30 June 2022: 52) centralised photovoltaic power plants, covering 13 provinces, 2 autonomous regions and 1 municipality in the PRC and 1 (30 June 2022: 1) centralized photovoltaic power plant in Whyalla, Southern Australia, Australia held by the Group were in operation, and the aggregate on-grid capacity of these photovoltaic power plants reached 2,362MW (30 June 2022: 2,306MW), details of which are set forth below:

Location	Photovoltaic resource area	30 June 2023			30 June 2022		
		Number of plants	Approximate total on-grid capacity (MW)	Approximate power generation (Note 1) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate power generation (Note 1) (MWh)
PRC-Subsidiaries:							
Hebei Province	II/III	18	628	435,327	17	602	394,211
Henan Province	III	3	264	147,953	3	264	171,668
Shandong Province	III	5	243	157,808	5	248	162,908
Guizhou Province	III	4	209	105,610	4	211	96,734
Anhui Province	III	6	190	108,244	6	191	117,426
Shaanxi Province	II	2	160	113,638	2	160	123,651
Jiangxi Province	III	3	125	60,648	3	125	55,720
Jiangsu Province	III	1	100	75,051	1	100	82,494
The Ningxia Hui Autonomous Region	I	1	100	72,255	1	100	80,760
Hubei Province	III	3	70	34,427	3	70	35,446
Guangdong Province	III	1	135	62,608	1	37	8,559
Jilin Province	II	1	30	19,941	1	30	21,938
The Tibet Autonomous Region	III	1	30	17,970	1	30	22,449
Tianjin Municipality	II	1	30	21,281	1	30	22,226
Yunnan Province	II	1	22	17,752	1	22	15,483
Shanxi Province	III	1	20	15,300	1	20	15,710
		52	2,356	1,465,813	51	2,240	1,427,383
PRC-Joint ventures (note 2):							
Anhui Province	III	-	-	25,660	1	60	41,008
PRC-Sub-total		52	2,356	1,491,473	52	2,300	1,468,391
Overseas-Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	1	6	1,975	1	6	3,349
Total		53	2,362	1,493,448	53	2,306	1,471,740

# Management Discussion and Analysis

## 1. BUSINESS REVIEW (Continued)

### 1.1 Sale of Electricity and Entrusted Operation Services (Continued)

#### 1.1.1 Photovoltaic Power Plant Projects (Continued)

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

The majority of the Group's projects in the PRC were situated in photovoltaic resource areas II and III as promulgated by the NDRC. Management considered such locations were favourable for the development of the Group's Photovoltaic Power Business. Set out below is the projects analysis by photovoltaic resource areas:

Photovoltaic resource area	30 June 2023			30 June 2022		
	Number of plants	Approximate total on-grid capacity (MW)	Approximate power generation (note 1) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate power generation (note 1) (MWh)
	PRC-Subsidiaries:					
I	1	100	72,255	1	100	80,760
II	12	447	326,958	12	449	342,766
III	39	1,809	1,066,600	38	1,691	1,003,857
	52	2,356	1,465,813	51	2,240	1,427,383
PRC-Joint ventures (note 2):						
III	-	-	25,660	1	60	41,008
Total	52	2,356	1,491,473	52	2,300	1,468,391

**Note 1:** It represented the approximate aggregate power generation of certain 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 does not reflect a full period performance of these operations.

**Note 2:** The Company's 60MW photovoltaic power project in Yingshang County, Fuyang City, Anhui Province (the "Yingshang Project"), located in Lukou Town, Yingshang County, Fuyang City, Anhui Province, the PRC, was completed and put into operation in 2016, with an installed capacity of 60MW (i.e., approximately 1.5% of the total installed capacity held by the Company). During the period of 30 June 2023, the Yingshang Project had completed all the compliance procedures in relation to the requirements of the grid integration, and had been included into the 2020 national subsidies list\* (二零二零年國補清單) and the 2022 national subsidies verification list for the first batch of compliant projects\* (二零二二年國補核査首批合規項目列表目錄).

In the second quarter of 2023, the Company received a notice from the Office of the Leadership Team of the Rectification Work of the Central and Provincial Ecological and Environmental Protection Inspectors of Yingshang County, which required the Yingshang Project to cease operation and be dismantled by 30 September 2023, and the Company immediately commenced discussions and meetings with the People's Government of Yingshang County on the arrangement of the Yingshang Project. Subsequent to the governmental meeting, the Company and the relevant governmental departments performed a series of assessments on the work of dismantling the Yingshang Project and mutually formulated rectification and work plans (the "Rectification Plan"), and maintained continuous dialogue with the People's Government of Yingshang County in relation to the rectification work. Based on the aforesaid assessments and the latest development of ongoing dialogue with the relevant governmental departments, during the period of 30 June 2023, the operation of the Yingshang Project had been ceased.

As at the date of this report, the Company has taken certain proactive measures, including filing an administrative review with the People's Government of Yingshang County, initiating the application process for off-site redevelopment of photovoltaic power generation and obtaining in-principle consents from various bureaus in Yingshang County, formulating corresponding plans for the reuse of the equipment and actively applying for various compensations or subsidies with the local government with a view to minimizing the impact of the dismantling of the Yingshang Project on the Company. The Company will make announcement(s) regarding the Rectification Plan or future material updates on the Yingshang Project if necessary.



## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operation Services *(Continued)*

#### 1.1.1 Photovoltaic Power Plant Projects *(Continued)*

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

	30 June 2023	30 June 2022	Changes
Weighted average utilisation ratio (%)	<b>92.80%</b>	94.70%	(1.90)%
Weighted average utilisation hours (hours)	<b>627</b>	651	(24)

During the six months ended 30 June 2023, the weighted average utilisation hours of the Group reached 627 hours, which was lower than the national average utilisation hours of photovoltaic power of 658 hours in the PRC. The weighted average utilisation ratio for the six months ended 30 June 2023 was lower than that of the corresponding period of the last year.

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

In respect of the distributed photovoltaic power business, as at 30 June 2023, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached 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. Revenue from the sale of electricity from the Group's distributed photovoltaic power plants reached approximately HK\$394.0 million during the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$338.8 million).

The strategy of the Group's distributed photovoltaic power business is mainly divided into three parts. Firstly, we will focus on and give priority to state-owned enterprises and leading enterprises in the industry when selecting rooftop resources, and work closely with quality owners with good reputation and load absorbing capacity. Secondly, by virtues of the Shareholders' resources, we strive to pioneer and build the first innovative "Photovoltaic + Sewage Treatment" model across the photovoltaic industry. Thirdly, we will utilise the resources endowments peculiar to various applications of expressways, resources such as ramp circles on expressways, toll stations, service areas, tunnels, slopes and logistics parks can all be served for planning, development and application of new energy.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operation Services *(Continued)*

#### 1.1.1 Photovoltaic Power Plant Projects *(Continued)*

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

On 18 September 2022, the Company and Shandong Hi-Speed Group entered into the non-legally binding “Memorandum of Cooperation of Shandong Hi-Speed Group Co., Ltd. supporting high-quality development of Shandong Hi-Speed New Energy Group Limited\*” (《山東高速集團有限公司支持山高新能源集團有限公司高質量發展合作備忘錄》). The Shandong Hi-Speed Group will use service areas, logistics parks and other areas with suitable conditions to support the Company in building low or zero carbon service areas, parks and cities constructions, and the Company will provide a series of integrated green energy solutions for the Shandong Hi-Speed Group. According to preliminary estimation, the installed capacity of potential scene applications may reach 4 gigawatt.

With the empowerment of Shandong Hi-Speed Group, the above strategy and development have begun to achieve success. The “Gushan Service Area Photovoltaic Storage and Charging Integrated Project”\* (嶺山服務區光儲充一體項目), the first project cooperated with Shandong Hi-Speed Group, has been completed and put into operation last year. The project is a pilot distributed project using the service area of expressways and other supporting facilities as the application site, which officially opened the prelude to the scene application of “Traffic Energy Integration” and “New Energy + New Infrastructure”. The Group will continue to promote the development work in an orderly manner. During the Reporting Period, the Group has been negotiating service area projects in certain regions and expects that more related projects will be implemented within this year.

In the long run, the Group will develop new business models based on its extensive transportation application landscape and territorial resources, including “Slope Photovoltaic” in expressway, “Sound Insulation Screen Photovoltaic”, “Toll Station + Distributed Photovoltaic or Distributed Wind Power”, “Service Area + Distributed Photovoltaic or Distributed Wind Power” and other forms, combined with the rational use of local resources, to develop the field of distributed comprehensive energy services. Meanwhile, in terms of development strategy, the Group focuses on acquiring, confirming, maintaining and expanding of high-quality major customers who own first-hand resources, maintaining and expanding existing high-quality major customer resources and actively exploring the acquisition and confirming of new high-quality major customer resources.

##### *(d) Entrusted management services*

In addition to the above-mentioned sale of electricity from the Group’s photovoltaic power plants, the Group provided entrusted management services for photovoltaic power plant projects in the PRC and revenue of approximately HK\$7.3 million (six months ended 30 June 2022: approximately HK\$9.0 million) was recognised during the six months ended 30 June 2023.

## 1. BUSINESS REVIEW (Continued)

### 1.1 Sale of Electricity and Entrusted Operation Services (Continued)

#### 1.1.2 Wind Power Plant Projects

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

During the six months ended 30 June 2023, the Group recorded revenue of approximately HK\$654.9 million (six months ended 30 June 2022: approximately HK\$508.1 million) from the sale of electricity from the wind power plants.

As at 30 June 2023, total 16 (30 June 2022: 13) wind power plants covering 4 provinces and 1 autonomous region in the PRC with an aggregate on-grid capacity of 790MW (30 June 2022: 588MW) were held by the Group and in operation. Details are set out below:

Location	Wind resource area	30 June 2023			30 June 2022		
		Number of Plants	Approximate total on-grid capacity	Approximate aggregate power generation	Number of Plants	Approximate total on-grid capacity	Approximate aggregate power generation
			(MW)	(MWh)		(MW)	(MWh)
PRC-Subsidiaries:							
Henan Province	IV	8	373	497,343	5	171	206,030
Shandong Province	IV	2	148	198,196	2	148	195,346
The Inner Mongolia Autonomous Region	I	4	119	224,800	4	119	179,874
Hebei Province	IV	1	100	163,271	1	100	155,918
Shanxi Province	IV	1	50	67,724	1	50	47,821
Total		16	790	1,151,334	13	588	784,989

The majority of the Group's wind power plant projects in the PRC were situated in wind resource area IV as promulgated by the NDRC, locations considered by the management to be favourable for the development of the Group's Wind Power Business. Set out below the projects analysis by wind resource areas:

Wind resource area	30 June 2023			30 June 2022		
	Number of Plants	Approximate total on-grid capacity	Approximate aggregate power generation	Number of Plants	Approximate total on-grid capacity	Approximate aggregate power generation
		(MW)	(MWh)		(MW)	(MWh)
PRC-Subsidiaries:						
I	4	119	224,800	4	119	179,874
IV	12	671	926,534	9	469	605,115
Total	16	790	1,151,334	13	588	784,989

*Note:* It represented the approximate aggregate power generation of the projects from the later of (i) the 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 does not reflect a full period performance of these operations.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operation Services *(Continued)*

#### 1.1.2 Wind Power Plant Projects *(Continued)*

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

	30 June 2023	30 June 2022	Changes
Weighted average utilisation ratio (%)	96.95%	97.34%	(0.39)%
Weighted average utilisation hours (hours)	1,490	1,362	128

During the six months ended 30 June 2023, the weighted average utilisation hours of the Group reached 1,490 hours, which was higher than the national average utilisation hours of wind power of 1,237 hours in the PRC. The Group's wind power plant projects are mainly located in wind resource area IV as promulgated by the NDRC and therefore with a higher average utilisation hours. The weighted average utilisation ratio for the six months ended 30 June 2023 was basically in line with the corresponding period of the last year.

**(c) Entrusted management services**

In addition to the above-mentioned sale of electricity from the Group's wind power plants, the Group provided entrusted management services for wind power plant projects in the PRC and revenue of approximately HK\$61.7 million (six months ended 30 June 2022: approximately HK\$45.9 million) was recognised during the six months ended 30 June 2023.

### 1.2 Engineering, Procurement and Construction and Related Services

The Group is engaged in the provision of engineering, procurement and construction services for clean energy businesses including photovoltaic and wind power-related projects and clean heat supply projects in the PRC, and has a couple of qualifications and extensive experience in the design, engineering and construction of power-related projects. Revenue of approximately HK\$60.7 million (six months ended 30 June 2022: approximately HK\$145.8 million) in aggregate arising from provision of engineering, procurement and construction and related services was recognized during the six months ended 30 June 2023, representing approximately 2% (six months ended 30 June 2022: approximately 5%) of the Group's total revenue during the six months ended 30 June 2023.

## 1. BUSINESS REVIEW *(Continued)*

### 1.3 Provision of Clean Heat Supply Services

In April 2023, the National Energy Administration issued the “Guiding Opinions on Energy Work in 2023\*” (《2023年能源工作指導意見》), stating that the active and steady promotion of green and low-carbon transformation shall be persisted. The opinions stated that the work of carbon peaking in energy field shall be further promoted, specifically, China shall accelerate the establishment of new power systems, vigorously develop non-fossil energy, so as to consolidate the basis of safe and reliable replacement of new energy; besides, it shall, with an aim of solidly promoting the adjustment and optimization of energy structure, strengthen the clean and efficient coal utilisation and especially focus on controlling fossil energy consumption. With existing supportive government policies issued, such as “The “14th Five-Year” Plan for a Modern Energy System\*” (《“十四五”現代能源體系規劃》) by the NDRC and the National Energy Administration in March 2022, which encouraged the local governments to actively support clean heat supply projects according to local conditions, and encouraged the use of geothermal energy for clean heat supply projects. In June 2022, “The “14th Five-Year” Renewable Energy Development Plan\*” (《“十四五”可再生能源發展規劃》) was jointly issued by the NDRC and the other eight government authorities, which promoted the use of large and medium-sized boilers for central heating in urban and other populated areas. As the national policies trend further indicated, the clean heat supply industry is full of development opportunities, and the Group will continue to actively respond to national policies, seize the opportunities arising from the new round of industrial revolution, vigorously develop our clean heat supply business, continuously increase our investments in technology research and development, actively explore green, low-carbon and environmentally friendly clean heat supply methods.

As at 30 June 2023, through development and business acquisitions, 12 projects (30 June 2022: 14 projects) held and/or managed by the Group and its joint ventures through the 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, located in Henan Province, Shanxi Province, Shaanxi Province, Ningxia Hui Autonomous Region, Liaoning Province and other provinces and autonomous regions, in operation with an aggregate actual clean heat supply area reached approximately 33.45 million square meters (“sq.m.”) (30 June 2022: approximately 45.34 million sq.m.), representing a year-on-year decrease of approximately 26%; and the number of clean heat supply services users of approximately 196,602 households (30 June 2022: approximately 296,881 households), representing a year-on-year decrease of approximately 34%. Revenue of approximately HK\$382.4 million (six months ended 30 June 2022: approximately HK\$649.3 million) arising from the provision of clean heat supply services was recognised by the Group during the six months ended 30 June 2023, representing a decrease of approximately 41% as compared to the corresponding period of the last year. Such decrease was mainly due to the effects of exit operations of certain projects held and/or managed in the last year.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.3 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:

Region	Approximate actual clean heat supply area			Approximate heat supply services users		
	30 June 2023 ('000 sq.m.)	30 June 2022 ('000 sq.m.)	Year-on-year change (%)	30 June 2023 (households)	30 June 2022 (households)	Year-on-year change (%)
North region, China	10,112	13,990	(27.7)	84,582	107,341	(21.2)
Northeast region, China	14,680	22,684	(35.3)	44,176	125,984	(64.9)
Northwest region, China	6,514	6,688	(2.6)	51,904	48,825	6.3
East region, China	2,146	1,973	8.8	15,940	14,731	8.2
Central region, China	-	-	0.0	-	-	0.0
	<b>33,452</b>	45,335	(26.2)	<b>196,602</b>	296,881	(33.8)

### 1.4 Other Clean Energy Business

The Group has been exploring other clean energy businesses such as multi-energy complement, hydropower, energy storage, hydrogen production, distribution and sales of electricity, power exchange and other business lines, and exploring alternative new energy utilization model, scene, and gradually developing international opportunities for strategic and synergistic development, with an aim to become a national leading integrated new energy service provider. The Group has also entered into several strategic framework agreements with certain local governments, well-established enterprises, authoritative institutions and industrial associations, and proactively established partnerships to seek joint development in the field of clean energy for the purpose of mutual benefits and complementarity.

In terms of energy storage business, as a pioneer in energy storage applications, the Group is promoting the development of the first pumped energy storage project in Guangdong Province, China. The pumped-storage project has a large volume and high energy efficiency, which becomes an indispensable green energy storage solution using physical quantities such as potential energy of water body and height difference as the power source of turbine units. Through project construction and actual operation, we play a significant role in maintaining the stability of local power grid systems, promoting local economic development, and providing green jobs.

## 1. BUSINESS REVIEW *(Continued)*

### 1.4 Other Clean Energy Business *(Continued)*

In terms of clean heat supply, we have been actively exploring to provide more convenient services related to livelihood and environmental protection through “cooling and heating generation” and others to more residents, industrial and commercial users, so as to foster green concept and culture, and clean heat deep-rooted into different industries and among all walks of life. In respect of solid waste and used oil treatment and processing operations, Shandong High Speed Renewable Energy Group Limited (a company established in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (Stock Code: SZ.000803)) (“SDHS Renewable”, an associate of the Group) has delivered renewable aviation fuel to customer mainly in European Union’s aviation industry by “turning waste to value”. As one of the first biomass diesel suppliers in the PRC, we have made contributions to green concept development of our country and also taken actions in promoting the transformation of global green energy.

For hydrogen energy business, we actively explore organic integrations including “Energy Storage through Hydrogen Production by Electrolysis of Water using Wind and Light” to realise the industrial transition upgrade from gray hydrogen and blue hydrogen to green hydrogen. Meanwhile, we will also expand into integrated energy management business including hydrogen powered heavy-duty trucks and battery powered heavy-duty trucks operations in order to achieve the dual carbon targets of “Energy Saving and Reducing Emissions” for local areas and the country as early as possible.

In terms of electricity and carbon trading, the Group makes advance arrangements and is actively adapting to new power systems for power market transactions in light of a rapid increase in the market shares of renewable energy, ensuring the dynamic balance between the development of the enterprises and the power system. The Group strives to enhance green production level of our existing projects by carrying out distinctive reforms, selecting suitable areas, pilot implementation and trial policies using refined, standardised management and intelligent approach. The Group places great emphasis on forward-looking research on both electricity trading and carbon trading markets and is developing carbon-related businesses focusing on basic adjustment of carbon information management, carbon asset development, carbon trading, and carbon finance. Having reviewed the Group’s own conditions, the Group’s renewable energy power generation projects and the waste oil project of SDHS Renewable, are in line with the support direction of China Certified Emission Reduction (CCER) policy. Hence, we shoulder the responsibilities of “building the 3060 dual-carbon goal and implementing green concept”, which aligns with the Group’s corporate culture of “Take on the Mission Bravely and Forge Ahead”.

# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE

### 2.1 Revenue and gross profit margin

The Group recorded revenue of approximately HK\$2,769.4 million (six months ended 30 June 2022: approximately HK\$2,938.4 million) during the six months ended 30 June 2023, representing a decrease of approximately 6% as compared to the corresponding period of the last year. For the six months ended 30 June 2023, (i) revenue from the sale of electricity and entrusted operation services reached approximately HK\$2,326.3 million (six months ended 30 June 2022: approximately HK\$2,143.3 million) in aggregate, representing an increase of approximately 9% as compared to the corresponding period of the last year, which was mainly due to the acquisition of three wind power companies during the period and the increase in power generation as compared to the corresponding period of the last year; (ii) revenue from construction and related services was approximately HK\$60.7 million (six months ended 30 June 2022: approximately HK\$145.8 million), representing a decrease of approximately 58% as compared to the corresponding period of the last year, which was mainly due to the optimization and adjustment of the Group's business structure; and (iii) revenue from heat supply reached approximately HK\$382.4 million (six months ended 30 June 2022: approximately HK\$649.3 million) in aggregate, representing a decrease of approximately 41% as compared to the corresponding period of the last year, which was mainly due to the cessation of heat supply resulting from the planned disposal of certain heat supply companies to the local government at the end of 2022.

	For the six months ended 30 June					
	2023			2022		
	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	1,598.0	63.0	1,007.5	1,572.7	63.3	995.9
Wind power business	654.9	58.3	381.5	508.1	58.7	298.3
Entrusted operations services	73.4	51.7	37.9	62.5	58.6	36.6
Construction and related services	60.7	5.5	3.3	145.8	5.4	7.9
Provision of clean heat supply services	382.4	15.4	58.8	649.3	4.7	30.7
<b>Total</b>	<b>2,769.4</b>	<b>53.8</b>	<b>1,489.0</b>	<b>2,938.4</b>	<b>46.6</b>	<b>1,369.4</b>

Analysis of the above businesses are set out in the section headed "1. Business Review" in "Management Discussion and Analysis".



## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.1 Revenue and gross profit margin *(Continued)*

Gross profit for the sale of electricity and entrusted operation services increased from approximately HK\$1,330.8 million for the six months ended 30 June 2022 to approximately HK\$1,426.9 million during the six months ended 30 June 2023, representing approximately 96% (six months ended 30 June 2022: approximately 97%) of the total gross profit of the Group. The contribution of sale of electricity and entrusted operation services to the Group's total gross profit remained stable 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 2022: approximately 2%) during the six months ended 30 June 2023.

The overall gross profit margin increased from 46.6% during the six months ended 30 June 2022 to 53.8% during the six months ended 30 June 2023, and the total gross profit for the six months ended 30 June 2023 increased by approximately 9% compared to the corresponding period of the last year. The increase was mainly due to the continuous optimization of our business structure as well as the cost reduction and efficiency enhancement.

### 2.2 Other income and gains, net

The Group's other income and gains, net amounted to approximately HK\$114.6 million (six months ended 30 June 2022: approximately HK\$53.2 million) during the six months ended 30 June 2023, which mainly comprised (i) interest income of approximately HK\$20.4 million (six months ended 30 June 2022: approximately HK\$6.6 million); (ii) government grants of approximately HK\$11.9 million (six months ended 30 June 2022: approximately HK\$19.1 million); and (iii) foreign exchange gains, net of approximately HK\$8.1 million (six months ended 30 June 2022: approximately HK\$4.8 million); and (iv) gains on bargain purchase of subsidiaries of approximately HK\$44.6 million (six months ended 30 June 2022: Nil).

### 2.3 Administrative expenses

The increase in administrative expenses to approximately HK\$228.7 million (six months ended 30 June 2022: approximately HK\$177.3 million) during the six months ended 30 June 2023 was mainly attributable to the increase in various expenses as a result of the increased business expansion efforts made by the Group and the increase in bank charges as compared to corresponding period of the last year as a result of the expansion of the financing scale.

# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.4 Other operating expenses, net

The Group's other operating expenses, net achieved approximately HK\$79.4 million (six months ended 30 June 2022: approximately HK\$51.2 million) during the six months ended 30 June 2023. The increase was mainly attributable to the fair value loss on financial assets of approximately HK\$58.0 million (six months ended 30 June 2022: Nil).

### 2.5 Finance costs

The decrease in finance costs of the Group by approximately HK\$24.3 million to approximately HK\$781.2 million (six months ended 30 June 2022: approximately HK\$805.5 million) for the six months ended 30 June 2023 was mainly attributable to the combined effect of (i) the replacement of high-cost financing with low-cost financing; and (ii) the fluctuations of exchange rates arising from the depreciation of RMB against HK\$ for the six months ended 30 June 2023.

### 2.6 Income tax expense

The Group conducted its principal activities in the PRC and the relevant standard corporate income tax rate was 25%. The Group's effective tax rate was lower than the standard corporate income tax rate in the PRC as certain of the Group's operating subsidiaries enjoyed tax concession benefits during the corresponding periods.

### 2.7 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 increase was mainly attributable to the net effect of (i) the development of clean energy projects; (ii) depreciation provided for the six months ended 30 June 2023; and (iii) the fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar during the six months ended 30 June 2023.

### 2.8 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.

### 2.9 Goodwill

Goodwill was attributable to the acquisition of subsidiaries since 2016.

### 2.10 Operating concessions and operating rights

Operating concessions represented the rights to operate certain photovoltaic power plants and clean heat supply projects under the 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 fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar during the six months ended 30 June 2023. The increase in operating rights was mainly attributable to (i) acquisition of subsidiaries; (ii) amortization provided for the six months ended 30 June 2023; and (iii) the fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar.

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.11 Investments in joint ventures

It 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 (i) a loss of HK\$89.41 million was recognized from Yanfa Beikong Xinneng (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership)\* (延發北控信能(天津)股權投資合夥企業(有限合夥))("Yanfa Xinneng"). Yanfa Xinneng held the Yingshang Project, which ceased operation before 30 June 2023, as set out in the section headed "1.1.1 Photovoltaic Power Plant Projects" under the "Management Discussion and Analysis"; and (ii) the fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar.

### 2.12 Investments in associates

It mainly represented (i) the Group's investment in SDHS Renewable, an associate owned as to 22.88% 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 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 effects of (i) the share of profit of associates; and (ii) the fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar during the six months ended 30 June 2023.

### 2.13 Other non-current assets

Other non-current assets represent the cost of equipment delivered to third party project companies, respectively, under certain contracts for wind power plant development. As of 30 June 2023, the Group has acquired those third-party project companies.

### 2.14 Contract assets

Contract assets as at 30 June 2023 of approximately HK\$710.8 million (31 December 2022: approximately HK\$1,086.7 million) represented (i) gross receivables of approximately HK\$69.0 million (31 December 2022: approximately HK\$514.9 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects; (ii) gross receivables of approximately HK\$657.1 million (31 December 2022: approximately HK\$587.8 million) in relation to the 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\$15.2 million (31 December 2022: approximately HK\$15.9 million). The decrease in contract assets was mainly attributable to the increase in the photovoltaic and wind power plant projects registered into the Project List during the six months ended 30 June 2023.

# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.15 Trade and bills receivables

Trade and bills receivables of approximately HK\$8,794.7 million (31 December 2022: approximately HK\$8,176.9 million) as at 30 June 2023 mainly comprised (i) gross receivables from the sale of electricity of the photovoltaic and wind power plant projects of approximately HK\$7,176.9 million (31 December 2022: approximately HK\$6,334.3 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\$989.3 million (31 December 2022: approximately HK\$1,248.3 million); and (iii) loss allowances of trade and bills receivables of approximately HK\$113.2 million (31 December 2022: approximately HK\$118.6 million).

As at 30 June 2023, gross trade receivables for the sale of electricity of the photovoltaic and wind power plant projects mainly comprised (i) receivables of approximately HK\$350.8 million (31 December 2022: approximately HK\$278.3 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\$6,764.5 million (31 December 2022: approximately HK\$5,943.1 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that have been registered into the Project List.

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

The decrease in prepayments, deposits and other receivables, other tax recoverables and financial assets at fair value through profit or loss by approximately HK\$751.8 million in aggregate (non-current portion decreased by approximately HK\$908.9 million and current portion increased by approximately HK\$157.1 million) to approximately HK\$5,505.0 million (31 December 2022: approximately HK\$6,256.8 million) in aggregate was mainly attributable to (i) the decreases in prepayments, deposits and other receivables for the acquisition and development of clean energy projects; and (ii) recover of prepayments, deposits and other receivables during the six months ended 30 June 2023.

### 2.17 Cash and cash equivalents

The decrease in cash and cash equivalents by approximately HK\$459.0 million to approximately HK\$3,178.3 million (31 December 2022: approximately HK\$3,637.3 million) was mainly attributable to net effect of (i) cash outflow on developing and operating clean energy projects; (ii) the net increase of interest-bearing bank borrowings and other loans; and (iii) net cash inflow from daily operating activities during the six months ended 30 June 2023.

### 2.18 Trade and bills payables

Trade and bills payables of approximately HK\$1,697.1 million (31 December 2022: approximately HK\$1,941.8 million) mainly represented trade and bills payables in relation to the provision of engineering, procurement and construction services for the development of clean energy projects.

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.19 Other payables and accruals

Other payables and accruals of approximately HK\$1,646.6 million (31 December 2022: approximately HK\$1,888.1 million) decreased by approximately HK\$241.5 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 six months ended 30 June 2023.

### 2.20 Other non-current liabilities

Other non-current liabilities represented the contracted selling price of equipment sold and delivered to and construction services and other services provided to third party project companies, respectively, under certain contracts for wind power plant development. As of 30 June 2023, the Group has acquired those third-party project companies.

### 2.21 Interest-bearing bank loans and other borrowings and corporate bonds (excluding operating leases)

Interest-bearing bank loans and other borrowings and corporate bonds of amounted to approximately HK\$31,087.1 million (31 December 2022: approximately HK\$30,077.8 million) in aggregate, representing an increase by approximately HK\$1,009.3 million in aggregate (non-current portion decreased by approximately HK\$1,496.6 million in aggregate and current portion increased by approximately HK\$2,505.9 million in aggregate), which was mainly attributable to (i) the increase in certain long-term bank loans and other borrowings to meet the demand for business expansion and liquidity flow; and (ii) the repayment of certain matured bank loans and other borrowings during the six months ended 30 June 2023.

### 2.22 Capital expenditures

During the six months ended 30 June 2023, the Group's total capital expenditures amounted to approximately HK\$1,064.6 million (six months ended 30 June 2022: approximately HK\$349.5 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects, and other property, plant and equipment of approximately HK\$777.1 million (six months ended 30 June 2022: approximately HK\$349.5 million) in aggregate; (ii) acquisition of other intangible assets of approximately HK\$6.0 million (six months ended 30 June 2022: Nil); and (iii) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates of approximately HK\$281.5 million (six months ended 30 June 2022: Nil).

### 2.23 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 2023, the Group's cash and cash equivalents amounted to approximately HK\$3,178.3 million (31 December 2022: approximately HK\$3,637.3 million).

Developments of the clean energy businesses require intensive initial capital investments and the Group funds such developments during the six months ended 30 June 2023 mainly by long-term bank loans and other borrowings (excluding operating leases), corporate bonds.

# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.23 Liquidity and financial resources *(Continued)*

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

As at 30 June 2023, the Group's total borrowings of approximately HK\$31,087.1 million (31 December 2022: approximately HK\$30,077.8 million) comprised (i) bank loans of approximately HK\$20,492.7 million (31 December 2022: approximately HK\$19,356.2 million); (ii) corporate bonds of approximately HK\$428.2 million (31 December 2022: approximately HK\$527.4 million); and (iii) lease liabilities under finance lease arrangements and other loans of approximately HK\$10,166.2 million (31 December 2022: approximately HK\$10,194.2 million). Approximately 72% (31 December 2022: approximately 80%) of the Group's borrowings are long-term borrowings.

As majority of the funding derives from equity fundings from Shareholders in prior years, long-term borrowings and corporate bonds, the Group recorded net current assets position of approximately HK\$4,328.5 million (31 December 2022: net current assets position of approximately HK\$6,423.0 million) as at 30 June 2023.

The Group obtains certain unutilised banking facilities to enable higher flexibility and stability on capital management. As at 30 June 2023, the Group had unutilised banking facilities of approximately HK\$8,822.2 million (31 December 2022: approximately HK\$6,254.6 million) in aggregate with terms ranging from repayable on demand to 20 years (31 December 2022: 15 years).

The Group's net debt to liability ratio, calculated as the net debt (defined as the corporate bonds, bank loans and other borrowings, net of cash and cash equivalents and other lease liabilities) divided by the sum of net debt and total equity, was approximately 66% (31 December 2022: approximately 64%) as at 30 June 2023. The increase in net debt to liability ratio was mainly due to the net effects of the increase in bank borrowings for the purpose of funding the development of the clean energy businesses and the fluctuations of exchange rates arising from the depreciation of RMB against HK\$ during the six months ended 30 June 2023.

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

### **Acquisitions of entire equity interest in Shangqiu Ningdian New Energy Co., Ltd.\* (商丘寧電新能源有限公司), Lankao Gold Wind Power New Energy Co., Ltd.\* (蘭考金風清電新能源有限公司) and Shenqiu Yingdian New Energy Co., Ltd.\* (沈丘穎電新能源有限公司)**

On 20 December 2022, (i) China Power Construction Henan Electric Power Co., Ltd.\* (中電建河南電力有限公司), Qingdian Green Energy Co., Ltd.\* (清電綠色能源有限公司), Tianjin Fuyi Enterprise Management Consulting Co., Ltd.\* (天津富驛企業管理諮詢有限公司) (the “Purchaser”), an indirect non-wholly owned subsidiary of the Company, entered into the equity transfer agreement (the “Equity Transfer Agreement-1”) in relation to the sale and purchase of entire equity interest in Shangqiu Ningdian New Energy Co., Ltd.\* (商丘寧電新能源有限公司) (the “Target Company-1”) at the consideration of RMB143,567,600 (the “Acquisition-1”); (ii) Henan Qingdian New Energy Co., Ltd.\* (河南清電新能源有限公司) and the Purchaser, entered into the equity transfer agreement (the “Equity Transfer Agreement-2”) in relation to the sale and purchase of entire equity interest in Lankao Gold Wind Power New Energy Co., Ltd.\* (蘭考金風清電新能源有限公司) (the “Target Company-2”) at the consideration of RMB55,928,800 (the “Acquisition-2”); (iii) Henan Qingdian New Energy Co., Ltd.\* (河南清電新能源有限公司), and the Purchaser, entered into the equity transfer agreement (the “Equity Transfer Agreement-3”, together with Equity Transfer Agreement-1 and Equity Transfer Agreement-2, the “Equity Transfer Agreements”) in relation to the sale and purchase of entire equity interest in Shenqiu Yingdian New Energy Co., Ltd.\* (沈丘穎電新能源有限公司) (the “Target Company-3”, together with the Target Company-1 and Target Company-2, the “Target Companies”) at the consideration of RMB43,226,300 (the “Acquisition-3”, together with Acquisition-1 and Acquisition-2, the “Acquisitions”). Pursuant to the terms and conditions of the Equity Transfer Agreements, completion of the Acquisitions took place on 1 January 2023, the Purchaser holds entire equity interests in each of the Target Companies and they become an indirect wholly-owned subsidiaries of the Company. Further details are set out in the announcement dated 20 December 2022 of the Company.

### **Discloseable transactions and connected transactions relating to SDHS Thermal**

As disclosed in the announcement of the Company dated 25 May 2023 (the “Announcement”), SDHS Thermal, being an indirect non-wholly owned subsidiary of the Company, and each of the Vendors, being minority shareholders of SDHS Thermal, entered into the repurchase agreements (the “Repurchase Agreements”) in March 2022, pursuant to which, SDHS Thermal agreed to repurchase approximately 10.52%, 7.29%, 5.52%, 2.92%, 2.71% and 1.04% equity interests in SDHS Thermal from each of the Vendors respectively, in the consideration of RMB45,500,000 plus certain interests amount, RMB45,540,000, RMB34,480,000, RMB18,220,000, RMB16,900,000 and RMB6,510,000 respectively. As mentioned in the Announcement, the Group received the Demand Letter in March 2023 which requested for completion of the Repurchase Agreements. As at the date of this report, completion of each of the Repurchase Agreements has not taken place and additional time is required for the Group to conduct the internal investigation for obtaining the relevant outstanding information (including certain background details and the reasons for the transaction) relating to the Repurchase Agreements, legal advice as well as other professional advice in relation to the validity and enforceability of the Repurchase Agreements. The Company will make further announcement(s) as and when appropriate or required in accordance with the Listing Rules if there are any material development(s) in relation to the Repurchase Agreements. Please refer to the Announcement for further details.

Save as disclosed above, the Group did not have significant investments, material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.



# Management Discussion and Analysis

## CHARGE ON THE GROUP'S ASSETS

The secured bank loans and other borrowings and bills payables of the Group as at 30 June 2023 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 and an associate;
- (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 2023, 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 2022: Nil).

## 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 six months ended 30 June 2023, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group (including joint ventures) employed 2,059 full-time employees (30 June 2022: 2,076 full-time employees) with total staff cost of approximately HK\$242.4 million incurred for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$194.4 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2023, the Group had no substantial future plans for material investments and capital assets.



## SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

On 12 May 2023, the Board proposed to implement the 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; and (b) the change of the board lot size from 20,000 pre-consolidated ordinary shares of the Company to 1,000 consolidated ordinary shares of the Company upon the Share Consolidation becoming effective (the “Change of Board Lot Size”). The Share Consolidation was approved by the Shareholders at the extraordinary general meeting of the Company held on 20 June 2023, and became effective on 26 June 2023.

The Company believes that the corresponding upward adjustment in the trading price per consolidated ordinary share of the Company as a result of the Share Consolidation will make investing in the shares of the Company more attractive to a broader range of investors, and thus further broaden the shareholder base of the Company. Details of the Share Consolidation and Change of Board Lot Size are set out in the announcements of the Company dated 12 May 2023, 19 May 2023, 20 June 2023 and 23 June 2023 and the circular of the Company dated 5 June 2023.

## EVENTS AFTER THE REPORTING PERIOD

### Changes of Addresses, Telephone and Facsimile Numbers of Head Office and Principal Place of Business in Hong Kong

With effect from 20 July 2023, the addresses, telephone and facsimile numbers of head office and principal place of business of the Company in Hong Kong has been changed to:

Address: 38th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong  
Telephone: (852) 3903 0990  
Facsimile: (852) 3749 5107

For details, please refer to the Company’s announcement dated 20 July 2023.

### Change in Directors

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

1. Mr. Wang Meng was appointed as an executive Director with effect from 20 July 2023.
2. Professor Qin Si Zhao was appointed as an independent non-executive Director and a member of the nomination committee of the Company (the “Nomination Committee”), with effect from 20 July 2023.

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 (unaudited) HK\$'000	2022 (unaudited, restated) HK\$'000
<b>REVENUE</b>	3	<b>2,769,414</b>	2,938,362
Cost of sales		<b>(1,280,383)</b>	(1,568,962)
Gross profit		<b>1,489,031</b>	1,369,400
Other income and gains, net	3	<b>114,589</b>	53,187
Selling and distribution expenses		<b>(2,235)</b>	(1,029)
Administrative expenses		<b>(228,714)</b>	(177,342)
Other operating expenses, net		<b>(79,438)</b>	(51,198)
Finance costs	5	<b>(781,168)</b>	(805,448)
Share of profits of:			
Joint ventures		<b>(86,510)</b>	5,641
Associates		<b>9,264</b>	24,019
<b>PROFIT BEFORE TAX</b>	4	<b>434,819</b>	417,230
Income tax expense	6	<b>(79,401)</b>	(74,679)
<b>PROFIT FOR THE PERIOD</b>		<b>355,418</b>	342,551
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>359,530</b>	360,914
Non-controlling interests		<b>(4,112)</b>	(18,363)
		<b>355,418</b>	342,551
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Basic	8	<b>HK16.00 cents</b>	HK23.91 cents
Diluted		<b>HK16.00 cents</b>	HK23.91 cents

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>355,418</b>	342,551
<b>OTHER COMPREHENSIVE LOSS</b>		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange fluctuation reserve:		
Translation of foreign operations	(937,741)	(1,003,426)
Share of other comprehensive loss of joint ventures	(16,841)	(22,413)
Share of other comprehensive loss of associates	(61,934)	(51,569)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<b>(1,016,516)</b>	(1,077,408)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(661,098)</b>	(734,857)
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the Company	(631,831)	(585,779)
Non-controlling interests	(29,267)	(149,078)
	<b>(661,098)</b>	(734,857)

# Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 (unaudited) HK\$'000	31 December 2022 (audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	25,483,282	25,045,556
Investment properties		162,000	162,000
Goodwill		482,222	461,630
Operating concessions		1,506,831	1,622,103
Operating rights		1,348,126	865,883
Other intangible assets		19,846	16,054
Investments in joint ventures		353,239	464,693
Investments in associates		1,299,797	1,332,662
Prepayments, deposits and other receivables	12	2,444,596	3,332,845
Other tax recoverables		335,837	356,426
Other non-current assets		–	1,385,240
Deferred tax assets		406,356	397,753
Total non-current assets		33,842,132	35,442,845
<b>CURRENT ASSETS</b>			
Inventories		74,525	95,003
Contract assets	10	710,841	1,086,746
Trade and bills receivables	11	8,794,657	8,176,926
Financial assets at fair value through profit or loss		570,438	411,916
Prepayments, deposits and other receivables	12	2,007,893	2,032,773
Other tax recoverables		146,258	122,808
Restricted cash and pledged deposits		270,074	247,454
Cash and cash equivalents		3,178,265	3,637,264
Assets classified as held for sale		15,752,951	15,810,890
		739,302	774,530
Total current assets		16,492,253	16,585,420

# Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 (unaudited) HK\$'000	31 December 2022 (audited) HK\$'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	1,697,088	1,941,813
Other payables and accruals	14	1,646,593	1,888,123
Interest-bearing bank loans and other borrowings	15	8,607,320	6,117,897
Corporate bonds	16	–	563
Income tax payables		212,771	213,979
Total current liabilities		12,163,772	10,162,375
<b>NET CURRENT ASSETS</b>		4,328,481	6,423,045
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		38,170,613	41,865,890
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other borrowings	15	22,996,639	24,454,824
Corporate bonds	16	428,245	526,803
Other non-current liabilities		12,466	1,555,456
Deferred tax liabilities		304,604	237,083
Total non-current liabilities		23,741,954	26,774,166
Net assets		14,428,659	15,091,724
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	17	112,329	112,329
Reserves		13,822,630	14,443,892
<b>Non-controlling interests</b>		13,934,959	14,556,221
		493,700	535,503
Total equity		14,428,659	15,091,724

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to equity holders of the Company								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	Total (unaudited) HK\$'000		
	At 1 January 2022	63,525	5,925,295	39,934	(14,456)	740,650	875,083	3,620,392		
Profit for the period	-	-	-	-	-	-	360,914	360,914	(18,363)	342,551
Other comprehensive income for the period:										
Share of other comprehensive income of joint ventures	-	-	-	-	-	(22,413)	-	(22,413)	-	(22,413)
Share of other comprehensive income of associates	-	-	-	-	-	(51,569)	-	(51,569)	-	(51,569)
Exchange differences related to foreign operations	-	-	-	-	-	(872,711)	-	(872,711)	(130,715)	(1,003,426)
Total comprehensive income for the period	-	-	-	-	-	(946,693)	360,914	(585,779)	(149,078)	(734,857)
Issue of shares	48,804	4,628,384	-	-	-	-	-	4,677,188	-	4,677,188
Further acquisition of subsidiaries	-	-	-	95,347	-	-	-	95,347	(95,347)	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(8,462)	(8,462)
Equity-settled share option arrangements	-	-	1,015	-	-	-	-	1,015	-	1,015
At 30 June 2022	112,329	10,553,679	40,949	80,891	740,650	(71,610)	3,981,306	15,438,194	578,744	16,016,938

	Attributable to equity holders of the Company								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	Total (unaudited) HK\$'000		
	At 1 January 2023	112,329	10,559,155*	41,965*	105,235*	740,650*	(881,741)*	3,878,628*		
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

\* These reserve accounts comprise the consolidated reserves of HK\$13,822,630,000 (unaudited) (31 December 2022: HK\$14,443,892,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2023.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash flows from operating activities	759,207	1,427,669
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	20,418	6,965
Purchases of items of property, plant and equipment	(994,347)	(347,687)
Proceeds from disposal of items of property, plant and equipment	–	1,422
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	–	356,904
Addition of operating concessions	(2,242)	–
Addition of other intangible assets	(5,996)	(19)
Investments in associates	(19,805)	–
Proceeds from disposal of joint ventures	2,455	–
Acquisition of subsidiaries	(261,688)	–
Disposal of subsidiaries	–	(6,649)
Increase in deposits for potential business acquisition	(240,846)	(39,683)
Change in loan and advances to suppliers, customers and former shareholders in relation to acquisitions	191,723	(25,449)
Decrease in payables in relation to development of clean energy projects	(80,413)	(944,333)
Increase in restricted cash and pledged deposits	(35,485)	(33,477)
Net cash flows used in investing activities	(1,657,597)	(1,032,006)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of non-controlling interests	(1,967)	–
Proceeds from issue of shares	–	4,677,188
New bank loans and other borrowings	4,659,742	6,976,372
Repayment of bank loans and other borrowings	(3,220,007)	(7,771,516)
Redemption of corporate bonds	(78,706)	(1,086,816)
Interest on bank loans and other borrowings and corporate bonds paid	(792,431)	(702,159)
Changes of deposits under leases	10,522	37,304
Net cash flows from financing activities	577,153	2,130,373
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(321,237)	2,526,036
Cash and cash equivalents at beginning of period	3,637,264	1,140,832
Effect of foreign exchange rate changes, net	(137,762)	(21,315)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	3,178,265	3,645,553



# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 1.1 CORPORATE AND GROUP INFORMATION

Shandong Hi-Speed New Energy Group Limited is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at 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 businesses (the "Clean Heat Supply Business") in the mainland ("Mainland China") of 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 2023 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 2022.

The financial information relating to the year ended 31 December 2022 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 2022 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 auditors have reported on the financial statements for the year ended 31 December 2022. The auditor's report was unqualified; and did not contain a statement under sections 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 2023

## 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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy of determining accounting policy aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 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 2023

## 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.

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2022

	Construction- related business (unaudited) HK\$'000	Operation of clean energy projects (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment revenue	145,805	2,792,557	2,938,362
Intersegment sales	–	–	–
	145,805	2,792,557	2,938,362
Segment results	13,125	536,003	549,128
Elimination of intersegment results			29,473
Corporate and other unallocated income and expenses, net			(20,188)
Share of profits of:			
Joint ventures			5,641
Associates			24,019
Finance costs			(170,843)
Profit before tax			417,230
Other segment information:			
Capital expenditure*			
– Operating segments	–	349,457	349,457
– Amount unallocated			12
			349,469
Depreciation and amortisation			
– Operating segments	12,190	736,289	748,479
– Amount unallocated			677
			749,156

\* 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 2023

## 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	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
<b>Revenue from contracts with customers</b>		
Sale of electricity and entrusted operation services		
Photovoltaic Power Business	1,598,036	1,572,655
Wind Power Business	654,934	508,096
Entrusted operation services	73,397	62,538
Construction and related services	60,647	145,805
Provision of clean heat supply services	382,400	649,268
	<b>2,769,414</b>	<b>2,938,362</b>

### Revenue from contracts with customers

#### Disaggregated revenue information

	For the six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
By timing of revenue recognition:		
Transferred at a point in time	2,743,295	2,874,931
Transferred over time	26,119	63,431
Total revenue from contracts with customers	<b>2,769,414</b>	<b>2,938,362</b>

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 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	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Bank interest income	7,272	2,894
Other interest income <sup>®</sup>	13,147	3,714
Government grants <sup>#</sup>	11,912	19,056
Gain on disposal of subsidiaries	–	707
Fair value gain on financial assets at fair value through profit or loss	–	8,932
Foreign exchange difference, net	8,091	4,835
Gains on bargain purchase of subsidiaries	44,556	–
Gains on debt that no need to be paid	11,313	–
Others	18,298	13,049
	<b>114,589</b>	<b>53,187</b>

<sup>®</sup> Other interest income represents interest income from advances to independent third parties for the development and operation of clean energy businesses.

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

## 4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Cost of sales of electricity and entrusted operation services	899,488	812,456
Cost of construction and related services	57,298	137,918
Cost of clean heat supply services	323,597	618,588
Depreciation of property, plant and equipment <sup>®</sup>	555,451	525,284
Depreciation of right-of-use assets recognised under property, plant and equipment <sup>®</sup>	128,273	146,281
Amortisation of operating concessions <sup>*</sup>	45,709	46,966
Amortisation of operating rights <sup>*</sup>	30,779	27,233
Amortisation of other intangible assets <sup>#</sup>	1,259	3,392
Foreign exchange differences, net	(8,091)	(4,835)

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 4. PROFIT BEFORE TAX (Continued)

- Ⓔ Depreciation for the period amounting to approximately HK\$680,438,000 and approximately HK\$3,286,000 (six months ended 30 June 2022: approximately HK\$665,462,000 and approximately HK\$6,103,000) 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.

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Interest on interest-bearing bank loans and other borrowings	650,185	519,601
Interest on lease liabilities	134,888	183,589
Interest on options granted to non-controlling interests	–	81,046
Interest on corporate bonds	7,358	22,994
Total interest expenses on financial liabilities not at fair value through profit or loss	792,431	807,230
Less: Interest capitalised	(11,263)	(1,782)
	781,168	805,448

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 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 2022: 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	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Current – Mainland China	106,174	133,248
Deferred	(26,773)	(58,569)
Total tax expense for the period	79,401	74,679

## 7. INTERIM DISTRIBUTION

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil). No 2022 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 2023 and 2022, 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.



# Notes to the Condensed Consolidated Financial Statements

30 June 2023

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

(Continued)

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

	For the six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
<b>Earnings</b>		
Profit for the period attributable to equity holders of the Company	359,530	360,914
Profit used in the basic and diluted earnings per share calculations	359,530	360,914
	For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited, restated)
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation and adjusted for share consolidation ( <i>note</i> )	2,246,588,726	1,508,957,365
Effect of dilution on weighted average number of ordinary shares – Share options which have dilutive effect	–	776,792
Weighted average number of ordinary shares, used in the diluted earnings per share calculation and adjusted for share consolidation ( <i>note</i> )	2,246,588,726	1,509,734,157
Basic earnings per share	HK16.00 cents	HK23.91cents
Diluted earnings per share	HK16.00 cents	HK23.91 cents

Note:

An ordinary resolution of the Company was passed at an extraordinary general meeting held on 20 June 2023, approving (i) the consolidation of every fifty (50) issued and unissued ordinary shares of par value of HK\$0.001 each in the share capital of the Company into one (1) consolidated ordinary share of par value of HK\$0.05 each; and (ii) every fifty (50) unissued preference shares of par value of HK\$0.001 each in the share capital of the Company into one (1) consolidated preference share of par value of HK\$0.05 each. The share consolidation became effective on 26 June 2023. As a result of share consolidation, basic earnings per share had been restated to be consistent with current period presentation.

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group had additions to property, plant and equipment of approximately HK\$1,018,852,000 (six months ended 30 June 2022: approximately HK\$440,032,000), excluding property, plant and equipment acquired in business combinations with an aggregate carrying amount of approximately HK\$1,527,028,000 (six months ended 30 June 2022: Nil).

## 10. CONTRACT ASSETS

	Notes	30 June 2023 (unaudited) HK\$'000	31 December 2022 (audited) HK\$'000
Tariff adjustment receivables	(a)	657,053	587,798
Construction contracts	(b)	63,166	456,015
Retention money	(b)	5,820	58,855
		<b>726,039</b>	1,102,668
Less: Impairment		<b>(15,198)</b>	(15,922)
Total		<b>710,841</b>	1,086,746

Notes:

- (a) Tariff adjustment receivables included in contract assets represented the 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 2023

## 11. TRADE AND BILLS RECEIVABLES

	<b>30 June 2023 (unaudited) HK\$'000</b>	31 December 2022 (audited) HK\$'000
Trade receivables	<b>2,113,397</b>	2,314,294
Bills receivable	<b>30,032</b>	38,124
	<b>2,143,429</b>	2,352,418
Tariff adjustment receivables ( <i>note</i> )	<b>6,764,459</b>	5,943,134
	<b>8,907,888</b>	8,295,552
Less: Impairment	<b>(113,231)</b>	(118,626)
Total	<b>8,794,657</b>	8,176,926

*Note:* Tariff adjustment receivables included in trade receivables represent the 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 2023

## 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:

	<b>30 June 2023 (unaudited) HK\$'000</b>	31 December 2022 (audited) HK\$'000
Within 3 months	403,051	706,278
4 to 6 months	176,700	322,461
7 to 12 months	748,357	260,807
1 to 2 years	310,740	390,180
Over 2 years	396,022	558,960
	<b>2,034,870</b>	2,238,686

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:

	<b>30 June 2023 (unaudited) HK\$'000</b>	31 December 2022 (audited) HK\$'000
Within 3 months	528,380	915,705
4 to 6 months	549,239	544,856
7 to 12 months	1,369,909	992,951
1 to 2 years	2,186,819	1,275,165
Over 2 years	2,125,440	2,209,563
	<b>6,759,787</b>	5,938,240

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2023 (unaudited) HK\$'000</b>	31 December 2022 (audited) HK\$'000
Prepayments	500,806	657,553
Deposits and other receivables	3,647,221	4,675,746
Due from joint ventures	554,489	293,643
Due from associates	335,417	361,359
	<b>5,037,933</b>	5,988,301
Less: Impairment	<b>(585,444)</b>	(622,683)
	<b>4,452,489</b>	5,365,618
Portion classified as current assets	<b>(2,007,893)</b>	(2,032,773)
	<b>2,444,596</b>	3,332,845

## 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:

	<b>30 June 2023 (unaudited) HK\$'000</b>	31 December 2022 (audited) HK\$'000
Within 3 months	81,609	152,310
4 to 6 months	160,646	145,828
7 to 12 months	137,585	245,366
1 to 2 years	280,661	285,510
2 to 3 years	1,036,587	1,112,799
	<b>1,697,088</b>	1,941,813

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

The Group's bills payables amounting to approximately HK\$21,067,000 (31 December 2022: approximately HK\$33,390,000) were secured by the pledged bank deposits as at 30 June 2023.

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 14. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2023 (unaudited) HK\$'000</b>	31 December 2022 (audited) HK\$'000
Deposits received	<b>12,732</b>	35,391
Other payables	<b>1,312,901</b>	1,385,091
Accruals	<b>34,111</b>	28,580
Contract liabilities	<b>286,849</b>	439,061
	<b>1,646,593</b>	1,888,123

## 15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	<b>30 June 2023 (unaudited)</b>		31 December 2022 (audited)	
	<b>Maturity</b>	<b>HK\$'000</b>	Maturity	HK\$'000
Current				
Lease liabilities	<b>2023-2024</b>	<b>557,882</b>	2023	532,363
Bank loans – unsecured	<b>2023-2024</b>	<b>4,991,408</b>	2023	2,934,036
Bank loans – secured	<b>2023-2024</b>	<b>1,645,170</b>	2023	1,463,397
Other loans – secured	<b>2023-2024</b>	<b>1,412,860</b>	2023	1,188,101
		<b>8,607,320</b>		6,117,897
Non-current				
Lease liabilities	<b>2024-2042</b>	<b>3,125,378</b>	2024-2036	2,917,441
Bank loans – unsecured	<b>2024-2027</b>	<b>4,006,276</b>	2024-2027	4,833,085
Bank loans – secured	<b>2024-2043</b>	<b>9,849,845</b>	2024-2042	10,125,667
Other loans – secured	<b>2024-2034</b>	<b>6,015,140</b>	2024-2034	6,578,631
		<b>22,996,639</b>		24,454,824
Total bank loans and other borrowings		<b>31,603,959</b>		30,572,721

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

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

	<b>30 June 2023 (unaudited) HK\$'000</b>	31 December 2022 (audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year	<b>6,636,578</b>	4,397,433
In the second year	<b>4,034,808</b>	3,562,719
In the third to fifth years, inclusive	<b>4,315,430</b>	5,850,436
Beyond five years	<b>5,505,883</b>	5,545,597
	<b>20,492,699</b>	19,356,185
Other borrowings repayable:		
Within one year	<b>1,970,742</b>	1,720,464
In the second year	<b>1,753,474</b>	1,780,448
In the third to fifth years, inclusive	<b>4,116,155</b>	4,615,446
Beyond five years	<b>3,270,889</b>	3,100,178
	<b>11,111,260</b>	11,216,536
Total bank loans and other borrowings	<b>31,603,959</b>	30,572,721

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 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:

	<b>30 June 2023 (unaudited) HK\$'000</b>	31 December 2022 (audited) HK\$'000
HK\$	<b>5,338,738</b>	4,643,956
RMB	<b>23,917,959</b>	23,604,798
US\$	<b>2,347,262</b>	2,323,967
	<b>31,603,959</b>	30,572,721

- (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; and/or
- (v) pledges over the Group's equity interests in certain subsidiaries and an associate.

- (c) The Group's lease liabilities, secured and unsecured bank loans and secured other loans as at 30 June 2023 bear interest at effective interest rates ranging from 3.82% to 8.23% (31 December 2022: from 4.97% to 8.23%) per annum, ranging from 2.60% to 5.23% (31 December 2022: from 2.60% to 5.23%) per annum and ranging from 4.69% to 8.01% (31 December 2022: from 4.69% to 8.01%) per annum respectively.

## 16. CORPORATE BONDS

	<b>30 June 2023 (unaudited) HK\$'000</b>	31 December 2022 (audited) HK\$'000
Total corporate bonds	<b>428,245</b>	527,366
Portion classified as current liabilities	–	(563)
Non-current portion	<b>428,245</b>	526,803

Corporate bonds of the Group as at 30 June 2023 and 31 December 2022 comprised:

- (i) On 29 April 2020, the Company issued a corporate bond with a principal amount of RMB900 million and an annual interest rate of 5.50%. As at 30 June 2023, the corporate bond has been fully repaid.



# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 16. CORPORATE BONDS (Continued)

- (ii) 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 guaranteed by trade receivables and repayable on 30 November 2025.

## 17. SHARE CAPITAL

	30 June 2023 (unaudited) HK\$'000	31 December 2022 (audited) HK\$'000
<b>Authorised:</b>		
Ordinary shares:		
9,332,742,302 shares of HK\$0.05 at 30 June 2023 and 466,637,115,100 shares of HK\$0.001 at 31 December 2022 ( <i>note</i> )	<b>466,637</b>	466,637
Convertible preference shares:		
667,257,698 shares of HK\$0.05 at 30 June 2023 and 33,362,884,900 shares of HK\$0.001 at 31 December 2022 ( <i>note</i> )	<b>33,363</b>	33,363
	<b>500,000</b>	500,000
<b>Issued and fully paid:</b>		
Ordinary shares:		
2,246,588,726 shares of HK\$0.05 at 30 June 2023 and 112,329,436,304 shares of HK\$0.001 at 31 December 2022 ( <i>note</i> )	<b>112,329</b>	112,329

*Note:*

An ordinary resolution of the Company was passed at an extraordinary general meeting held on 20 June 2023, approving (i) the consolidation of every fifty (50) issued and unissued ordinary shares of par value of HK\$0.001 each in the share capital of the Company consolidated into one (1) ordinary share of par value of HK\$0.05 each; and (ii) every fifty (50) unissued preference shares of par value of HK\$0.001 each in the share capital of the Company consolidated into one (1) preference share of par value of HK\$0.05 each. The share consolidation became effective on 26 June 2023.

## 18. CONTINGENT LIABILITIES

At 30 June 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 19. COMMITMENTS

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

	<b>30 June 2023 (unaudited) HK\$'000</b>	31 December 2022 (audited) HK\$'000
Contracted, but not provided for:		
Construction, material and equipment costs for development of clean energy projects	<b>332,445</b>	354,361
Capital contributions to joint ventures	<b>286,841</b>	320,883
	<b>619,286</b>	675,244

Save as disclosed above, at 30 June 2023, the Group did not have any significant commitments (31 December 2022: Nil).

## 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 2023 and 2022:

Name of related group/company	Nature of transactions	Notes	For the six months ended 30 June	
			<b>2023 (unaudited) HK\$'000</b>	2022 (unaudited) HK\$'000
BEWG <sup>#1</sup> and its subsidiaries	Sales of electricity	(i)	<b>8,311</b>	8,664
BEWG and its subsidiaries	Licence fee	(ii)	–	717
BEWG and its subsidiaries	Rental expenses	(ii)	<b>2,959</b>	5,747
BEWG and its subsidiaries	Interest costs		–	17,494
Joint ventures:	Interest income	(iii)	<b>10,883</b>	2,543
Joint ventures:	Entrusted operations		<b>596</b>	636
Associates:	Entrusted operations		<b>3,220</b>	3,438
China Railway Long Construction (中鐵隆工程) <sup>#2</sup>	Cost of construction and related services	(iv)	<b>36,514</b>	–

<sup>#1</sup> 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

<sup>#2</sup> 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 Shandong Hi-Speed Group

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 20. RELATED PARTY DISCLOSURES (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 licence fee and the rental expenses 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 Shandong Hi-Speed 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).

### (b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Short-term employee benefits	867	7,642
Equity-settled share option expenses	22	1,031
Pension scheme contributions	–	212
Total compensation paid to key management personnel	889	8,885

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

## 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:

# Notes to the Condensed Consolidated Financial Statements

30 June 2023

## 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

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 of the Group as at 30 June 2023 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 2022: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

## 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 29 August 2023.

## DISCLOSURE OF INTERESTS

### 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 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

#### 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 (Note 2)	0.02%

#### Notes:

- 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.
- 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 shares 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 exercise prices per Share were adjusted to HK\$4.00 for the grant of share options on 15 September 2020. For further details, please refer to the announcement of the Company dated 23 June 2023. Accordingly, the total number of shares to be issued upon exercise of the outstanding share options of the Company to Mr. Chiu Kung Chik from 10,000,000 to 200,000 shares of the Company with effect from 26 June 2023.

Save as disclosed above, as at 30 June 2023, 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 section headed "SHARE OPTION SCHEME" of this report, at no time during the period under review 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 period under review.

# Disclosure Information

## DISCLOSURE OF INTERESTS *(Continued)*

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

As at 30 June 2023, 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 an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under 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 <i>(Note 1)</i>	Approximate percentage of the Company's total issued shares <i>(Note 2)</i>
Shandong Hi-Speed Group <i>(Note 3)</i>	Long Position	Interest of controlled corporation	976,080,784	43.45%
Shandong Hi-Speed Holdings Group Limited <i>(Note 3)</i>	Long Position	Interest of controlled corporation	976,080,784	43.45%
Profit Plan Global Investment Limited ("Profit Plan") <i>(Note 3)</i>	Long Position	Interest of controlled corporation	976,080,784	43.45%
Beijing Enterprises Group Company Limited ("BE Group") <i>(Note 4)</i>	Long Position	Interest of controlled corporation	405,063,291	18.03%
Beijing Enterprises Holdings Limited ("BEHL") <i>(Note 4)</i>	Long Position	Interest of controlled corporation	405,063,291	18.03%
Beijing Enterprises Water Group Limited ("BEWG") <i>(Note 4)</i>	Long Position	Interest of controlled corporation	405,063,291	18.03%
CITIC Securities Company Limited <i>(Notes 5(i) and (ii))</i>	Long Position	Interest of controlled corporation	303,797,468	13.52%
Citron PE Holdings Limited <i>(Note 5(i))</i>	Long Position	Interest of controlled corporation	151,898,734	6.76%
Citron PE Associates II, L.P. <i>(Note 5(i))</i>	Long Position	Interest of controlled corporation	151,898,734	6.76%
CPEChina Fund II, L.P. <i>(Note 5(i))</i>	Long Position	Interest held jointly with another person	151,898,734	6.76%
CPEChina Fund IIA, L.P. <i>(Note 5(i))</i>	Long Position	Interest held jointly with another person	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)
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 5(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 5(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 5(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 2023, after the Share Consolidation effective from 26 June 2023.
- Shandong Hi-Speed 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
Profit Plan	Long position	976,080,784
SDHG	Long position	976,080,784
Shandong International (Hong Kong) Limited	Long position	976,080,784
Shandong Hi-Speed (Hong Kong) International Capital 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
Shandong Hi-Speed (BVI) Capital Management Limited	Long position	976,080,784

# 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)

Profit Plan, a wholly-owned subsidiary of SDHG, a company listed on the Main Board of the Stock Exchange (Stock Code: 412), beneficially holds 976,080,784 shares of the Company as at 30 June 2023. SDHG is directly held as to approximately 22.68% by Shandong Hi-Speed (Hong Kong) International Capital Limited and approximately 20.77% by Shandong International (Hong Kong) Limited. Shandong Hi-Speed (Hong Kong) International Capital Limited is wholly-owned by Shandong Hi-Speed (BVI) Capital Management Limited, and Shandong International (Hong Kong) Limited is wholly-owned by Shandong Rural Economic Development and Investment Company Limited. Shandong Hi-Speed (BVI) Capital Management Limited and Shandong Rural Economic Development and Investment Company Limited are wholly-owned by Shandong Hi-Speed Group respectively.

4. 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 is directly held as to approximately 41.03% by BE Environmental, approximately 0.42% by Beijing Holdings Limited ("BHL") and approximately 0.10% by BEHL as at 30 June 2023. The remaining shares of BEWG are held by public shareholders. BE Environmental is a wholly-owned subsidiary of BEHL, which is deemed to be interested in approximately 62.05% by BE BVI (by itself and through its subsidiaries) and approximately 0.36% by BHL. The remaining shares of BEHL are held by public shareholders. Both BE BVI and BHL are wholly-owned by BE Group.

5. CITIC Securities Company Limited (a company listed on the Stock Exchange and the Shanghai Stock Exchange) is deemed to be interested in an aggregate of 303,797,468 long position 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 position	Number of Shares held
	CTSL New Energy Investment Limited ("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 2023, the Company had not been notified by any persons (other than the Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## 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). The total number of the Shares which may be issued upon the exercise of the Share Options to be granted under the Share Option Scheme was 6,752,539,705 (including 993,000,000 outstanding share options) as at 1 January 2023. Subsequent to the expiry of the Share Option Scheme on 9 June 2023 and the Share Consolidation becoming effective on 26 June 2023, as at 30 June 2023, there were share options relating to 19,860,000 shares granted by the Company, representing approximately 0.88% of the total issued shares of the Company as at the date of this report pursuant to the Share Option Scheme which were valid and outstanding; while as at the date of this report, there are share options relating to 19,860,000 shares granted by the Company, representing approximately 0.88% of the total issued shares of the Company as at the date of this report pursuant to the Share Option Scheme which remained valid and outstanding. During the Reporting Period, no options were granted by the Company pursuant to the Share Option Scheme and no options were exercised. As at 30 June 2023, none of the options available for grant under the Share Option Scheme due to the expiry of the Share Option Scheme on 9 June 2023.

# Disclosure Information

## SHARE OPTION SCHEME (Continued)

Particulars of the outstanding Share Options granted under the Share Option Scheme and their movements during the six months ended 30 June 2023 were as follows:

Category of participants/Name	Grant date (Note 1) (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Exercise price HK\$ (Note 2)	Adjusted exercise price HK\$ (Note 3)	Number of share options					Adjusted as at 26 June 2023 (Note 3)	As at 30 June 2023
					As at 1 January 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period		
<b>Independent non-executive Directors</b>											
Mr. Chiu Kung Chik	15/09/2020	15/09/2023-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2024-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2025-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2026-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2027-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
<b>Ex-Executive Directors</b>											
Mr. Hu Xiaoyong (Resigned as an executive Director on 16 May 2022)	15/09/2020	15/09/2023-14/09/2030	0.08	4.00	80,000,000	-	-	-	-	1,600,000	1,600,000
	15/09/2020	15/09/2024-14/09/2030	0.08	4.00	80,000,000	-	-	-	-	1,600,000	1,600,000
	15/09/2020	15/09/2025-14/09/2030	0.08	4.00	80,000,000	-	-	-	-	1,600,000	1,600,000
	15/09/2020	15/09/2026-14/09/2030	0.08	4.00	80,000,000	-	-	-	-	1,600,000	1,600,000
	15/09/2020	15/09/2027-14/09/2030	0.08	4.00	80,000,000	-	-	-	-	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	0.08	4.00	68,000,000	-	-	-	-	1,360,000	1,360,000
	15/09/2020	15/09/2024-14/09/2030	0.08	4.00	68,000,000	-	-	-	-	1,360,000	1,360,000
	15/09/2020	15/09/2025-14/09/2030	0.08	4.00	68,000,000	-	-	-	-	1,360,000	1,360,000
	15/09/2020	15/09/2026-14/09/2030	0.08	4.00	68,000,000	-	-	-	-	1,360,000	1,360,000
	15/09/2020	15/09/2027-14/09/2030	0.08	4.00	68,000,000	-	-	-	-	1,360,000	1,360,000
<b>Ex-independent non-executive Directors</b>											
Mr. Li Fujun (Resigned as an independent non-executive Director on 19 May 2022)	15/09/2020	15/09/2023-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2024-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2025-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2026-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2027-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	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	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2024-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2025-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2026-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
	15/09/2020	15/09/2027-14/09/2030	0.08	4.00	2,000,000	-	-	-	-	40,000	40,000
<b>Sub-total</b>					770,000,000	-	-	-	-	15,400,000	15,400,000

## SHARE OPTION SCHEME (Continued)

Category of participants/Name	Grant date (Note 1) (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Exercise price HK\$ (Note 2)	Adjusted exercise price HK\$ (Note 3)	Number of share options							
					As at 1 January 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/forfeited during the period	Adjusted as at 26 June 2023 (Note 3)	As at 30 June 2023	
<b>Employees of the Group and associated corporations of the Group</b>												
In aggregate	15/09/2020	15/09/2023 – 14/09/2030	0.08	4.00	44,600,000	-	-	-	-	-	892,000	892,000
	15/09/2020	15/09/2024-14/09/2030	0.08	4.00	44,600,000	-	-	-	-	-	892,000	892,000
	15/09/2020	15/09/2025-14/09/2030	0.08	4.00	44,600,000	-	-	-	-	-	892,000	892,000
	15/09/2020	15/09/2026-14/09/2030	0.08	4.00	44,600,000	-	-	-	-	-	892,000	892,000
	15/09/2020	15/09/2027-14/09/2030	0.08	4.00	44,600,000	-	-	-	-	-	892,000	892,000
<b>Sub-total</b>					223,000,000	-	-	-	-	-	4,460,000	4,460,000
<b>Total</b>					993,000,000	-	-	-	-	-	19,860,000	19,860,000

### 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.
- 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 exercise prices per Share were adjusted to HK\$4.00 for the grant of share options on 15 September 2020. For further details, please refer to the announcement of the Company dated 23 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 2023.

## 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:

- On 28 June 2023, Mr. Zhu Jianbiao has been appointed as the chief executive officer of Shandong Hi-Speed Holdings Group Limited.
- Mr. Chiu Kung Chik has been appointed as a non-executive director on 2 May 2023 and the chairman of the nomination committee on 9 May 2023 of Link Holdings Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8237).

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 2022 and up to the date of this report.

# Disclosure Information

## 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 2023.

## SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

As at the date of this report, details of the agreements (the "Agreement(s)") with covenants relating to specific performance 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\$1,872 million and US\$60 million	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\$1,606.8 million and US\$144 million	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 Shandong Hi-Speed Group; (b) Shandong SASAC does not or ceases to (i) supervise Shandong Hi-Speed Group; and/or (ii) have management control over Shandong Hi-Speed Group; (c) Shandong Hi-Speed Group does not or ceases to (i) supervise SDHG; and/or (ii) have control over SDHG; (d) Shandong Hi-Speed 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 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 six months ended 30 June 2023 and up to the date of approval of this report.

Except as disclosed above, as at 30 June 2023, the Company did not have other disclosure obligations under Rule 13.21 of the Listing Rules.

## 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 Group 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. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to maximize return for Shareholders.

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 contained in Appendix 14 to the Listing Rules (the "CG Code") throughout the six months ended 30 June 2023 and up to the date of this report.

Professor Shen Zuojun retired as independent non-executive Director at the conclusion of the AGM held on 20 June 2023 and ceased to be a member of the Nomination Committee. As a result, the then total number of independent non-executive Directors was less than four and hence less than one-third of the Board as required under Rule 3.10A of the Listing Rules, and the Nomination Committee did not comprise a majority of independent non-executive Directors as required under rule 3.27A of the Listing Rules.

Following the appointment of Professor Qin Si Zhao as an independent non-executive Director and a member of Nomination Committee with effect from 20 July 2023, the Board comprises twelve Directors, four of whom are independent non-executive Directors, representing one-third of the Board as required under Rule 3.10A of the Listing Rules and the Nomination Committee comprises a majority members of independent non-executive Directors as required under Rule 3.27A of the Listing Rules. Accordingly, the Company is in compliance with the requirements under the Rules 3.10A and Rule 3.27A of the Listing Rules respectively.

Pursuant to 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 ("CEO") should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Wang Xiaodong is the Chairman and the office of the CEO was vacant since 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 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.



# Corporate Governance

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 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 2023.

## **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 2023 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.



## Definitions

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

“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
“Demand Letter”	A demand letter dated 16 March 2023 from a law firm in the PRC acting for the Vendors
“Director”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“NDRC”	the National Development and Reform Commission of the PRC
“PRC” or “China”	the People’s Republic of China
“Reporting Period”	the six months ended 30 June 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SDHG”	Shandong Hi-Speed Holdings Group Limited, 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 Thermal”	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



## Definitions

“Shandong Hi-Speed 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

“Shareholders”

the shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Vendors”

collectively, 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, 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, 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, Ningxia Zhucheng Investment Co., Ltd.\* (寧夏助誠投資有限公司), a limited liability company established in the PRC, 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, 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

\* For identification purposes only