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SHANDONG HI-SPEED HOLDINGS GROUP LIMITED

山高控股集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 412)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Shandong Hi-Speed Holdings Group Limited (formerly known as China Shandong Hi-Speed Financial Group Limited) (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021 (the “**Corresponding Period**”), as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
REVENUE	4	1,216,778	540,396
COST OF SALES AND SERVICES		(535,861)	(198,537)
Gross profit		680,917	341,859
Other income		28,660	13,542
Other gains and losses, net	5	1,152,140	152,607
Impairment losses on financial assets recognised, net of reversal	6	(355,828)	(99,646)
Fair value (losses)/gains on financial assets at fair value through profit or loss, net	8	(686,844)	151,982
Selling and distribution expenses		(337)	–
Administrative expenses		(223,078)	(225,097)
Finance costs	7	(386,274)	(128,185)
Share of results of:			
Joint ventures		13,558	–
Associates		8,537	55,138

		For the six months ended 30 June	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
PROFIT BEFORE TAX	8	231,451	262,200
Income tax credit/(expense)	9	69,470	(3,707)
PROFIT FOR THE PERIOD		<u>300,921</u>	<u>258,493</u>
Profit/(loss) for the period attributable to:			
Owners of the Company		75,863	115,388
Holders of perpetual capital instrument		193,654	158,147
Non-controlling interests		31,404	(15,042)
		<u>300,921</u>	<u>258,493</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			(Restated)
Basic	10	<u>HK1.26 cents</u>	<u>HK1.92 cents</u>
Diluted	10	<u>HK1.26 cents</u>	<u>HK1.91 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	300,921	258,493
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes on equity instrument classified as financial assets at fair value through other comprehensive income	(81,023)	(8,008)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value changes on debt instruments classified as financial assets at fair value through other comprehensive income	(209,241)	(61,312)
Release of FVTOCI reserve upon disposal of debt instruments classified as financial assets at fair value through other comprehensive income	9,856	16,668
Share of other comprehensive income of joint ventures	1,333	–
Share of other comprehensive income of associates	1,126	–
Exchange difference arising on translation of foreign operations	(38,486)	39,111
TOTAL OTHER COMPREHENSIVE LOSS FOR THE PERIOD	(316,435)	(13,541)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(15,514)	244,952
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	(240,471)	97,535
Holder of perpetual capital instrument	193,654	158,147
Non-controlling interests	31,303	(10,730)
	(15,514)	244,952

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022	31 December 2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		26,313,539	104,218
Investment properties		1,043,700	890,000
Intangible assets		1,659,339	1,132,480
Operating concessions		1,996,862	–
Interests in joint ventures		480,388	–
Interests in associates	<i>12</i>	3,298,177	2,176,644
Financial assets at fair value through other comprehensive income	<i>13</i>	1,656,350	2,356,830
Financial assets at fair value through profit or loss	<i>14</i>	7,144	43,195
Finance lease receivables	<i>15</i>	111,475	366,996
Loans receivables	<i>16</i>	–	733,863
Other receivables	<i>18</i>	3,131,276	–
Other tax recoverables		175,868	–
Other non-current assets		1,272,593	–
Deferred tax assets		360,821	14,977
		<hr/>	<hr/>
Total non-current assets		41,507,532	7,819,203
CURRENT ASSETS			
Inventories		105,078	–
Contract assets	<i>17</i>	1,133,969	–
Financial assets at fair value through other comprehensive income	<i>13</i>	3,001,858	3,081,963
Financial assets at fair value through profit or loss	<i>14</i>	5,192,338	6,188,427
Finance lease receivables	<i>15</i>	467,875	501,751
Loans receivables	<i>16</i>	3,238,244	2,957,870
Trade and other receivables	<i>18</i>	14,072,416	1,048,184
Other tax recoverables		76,175	–
Restricted cash and pledged deposits		248,946	3,638
Cash held on behalf of clients		13,339	15,115
Cash and cash equivalents		8,588,232	1,334,300
		<hr/>	<hr/>
Total current assets		36,138,470	15,131,248

		30 June	31 December
		2022	2021
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and bills payables	19	2,343,900	–
Other payables and accruals		1,717,248	199,041
Lease liabilities		651,165	15,676
Borrowings	20	20,157,424	10,383,810
Other current liabilities		1,549,710	–
Tax payables		240,689	1,738
		<u>26,660,136</u>	<u>10,600,265</u>
Total current liabilities		26,660,136	10,600,265
NET CURRENT ASSETS		9,478,334	4,530,983
TOTAL ASSETS LESS CURRENT LIABILITIES		50,985,866	12,350,186
NON-CURRENT LIABILITIES			
Borrowings	20	26,720,034	3,563,413
Lease liabilities		4,001,615	31,207
Other non-current liabilities		2,693,501	–
Other payables and accruals		12,866	22,652
Deferred tax liabilities		337,422	120,411
		<u>33,765,438</u>	<u>3,737,683</u>
Total non-current liabilities		33,765,438	3,737,683
Net assets		17,220,428	8,612,503
CAPITAL AND RESERVES			
Issued capital		6,022	6,022
Reserves		1,163,175	1,402,629
		<u>1,169,197</u>	<u>1,408,651</u>
Equity attributable to owners of the Company		1,169,197	1,408,651
Perpetual capital instrument		7,160,979	7,118,083
Non-controlling interests		8,890,252	85,769
		<u>17,220,428</u>	<u>8,612,503</u>
Total equity		17,220,428	8,612,503

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. CORPORATE INFORMATION

Shandong Hi-Speed Holdings Group Limited (formerly known as China Shandong Hi-Speed Financial Group Limited) (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and the principal place of business in Hong Kong of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 17/F., Agricultural Bank of China Tower, 50 Connaught Road Central, Hong Kong, respectively.

Following the passing of the special resolution at the annual general meeting of the Company held on 11 July 2022, the English name of the Company has been changed from “China Shandong Hi-Speed Financial Group Limited” to “Shandong Hi-Speed Holdings Group Limited”, and to change the secondary name of the Company from “中國山東高速金融集團有限公司” to “山高控股集團有限公司”. The above-mentioned change of Company name became effective from 15 July 2022, which was the date on which the Registrar of Companies in Bermuda registered the new English name and the new secondary name of the Company as set out in the certificate of change of name and the certificate of secondary name issued by the Registrar of Companies in Bermuda respectively.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed consolidated financial statements for the six months ended 30 June 2022 (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Interim Financial Statements are presented in Hong Kong Dollar (“HK\$”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousands (HK\$’000) except when otherwise indicated.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

Except for the accounting policies arisen from acquisition of subsidiaries as described below and those that related to new and revised standards effective for the first time for periods beginning on or after 1 January 2022, the Group’s accounting policies applied in preparing these Interim Financial Statements are consistent with those policies applied in preparing the annual financial statements for the year ended 31 December 2021.

i) Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 Non-Current Assets Held for Sale and Discontinued Operations . Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. Under the equity method, investments in associate and joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. Changes in net assets of the associate and joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Investments in associate and joint venture are accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

At each reporting date, the Group assesses whether there is objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate or joint venture.

When the Group reduces its ownership interest in an associate or joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

ii) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

iii) Revenue from contracts with customers

Sale of electricity, provision of clean heat supply services and trading income

Revenue from the sale of electricity, provision of clean heat supply services and trading income is recognised at the point of time when control of the asset is transferred to the customer, generally on delivery of the electricity or goods. Payment is generally due within 30 days from date of billing for the sale of electricity. For trading income, payment is generally due within 30 days to 90 days from delivery of goods. Payment in advance is normally required for the provision of clean heat supply services.

Tariff adjustment

Tariff adjustment, which represents subsidies received and receivable from the government authorities in respect of the Group's photovoltaic and wind power plant operations, is recognised at the point of time when control of the asset is transferred to the customer, generally on delivery of the electricity, and when the Group assessed that it has complied with all conditions to qualify to be registered into the list of national renewable energy power generation subsidies for the renewable energy power generation projects ("Projects List"). Payment is generally made upon registering into the Project List.

Construction services

Revenue from the provision of construction services, including construction revenue under Build-Operate-Transfer (the "BOT") contracts, is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Revenue from the construction of photovoltaic power plants and clean heat supply facilities under the terms of the BOT contracts (service concession agreements) is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered in the PRC, and is recognised over time, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

The Group's entitlement to the final payment on the provision of construction services is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Entrusted operations

Revenue from the entrusted operations is recognised at the point in time generally upon completion of delivery of services. The services are billed based on the services performed. Payment is generally due within 30 days to 90 days from the date of billing.

(b) Application of New and Revised HKFRSs

The Group has adopted the following revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Interim Financial Statements.

Amendments to HKFRS 3	Reference to the conceptual framework
Annual improvements to HKFRSs	Annual improvements to HKFRSs 2018-2020
Amendments to HKAS 16	Property, plant and equipment – proceeds before intended use
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract

The adoption of the revised HKFRSs has had no significant financial effect on these Interim Financial Statements.

The Group has not early adopted any standards, interpretations or amendments that has been issued but not yet effective.

(c) Judgements and estimates

In preparing these Interim Financial Statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Except for the key sources of estimation uncertainty disclosed in Note 4 of the Group's consolidated financial statements for the year ended 31 December 2021, new judgement and key sources of estimation uncertainty for current period are arisen from acquisition of subsidiaries, as below:

i) Classification of investments in limited partnerships

The Group has invested in limited partnerships as a junior limited partner. The directors of the Company assessed whether or not the Group has control, joint control or significant influence over these limited partnerships based on whether the Group has the practical ability to direct the relevant activities of these limited partnerships to affect the returns. In making the judgement, the directors considered whether the Group has the power to the relevant activities of the limited partnerships (e.g., investment and operation decisions, approval of budget, etc.) in the limited partnerships' partners meeting, investment committee meetings or any other management committee (if any), and the Group's exposure to variable returns from its involvement in the limited partnerships. After the assessment, the directors concluded that the Group has joint control over the limited partnerships.

ii) Purchase price allocations of the Photovoltaic Power Business, the Wind Power Business and the Clean Heat Supply Business

The Group engaged independent external valuers to perform the valuation of the identifiable assets acquired and liabilities assumed of the significant subsidiaries acquired. The accounting for business combinations using the acquisition method relied on a significant amount of management's estimates and judgements in respect of the fair value measurement and allocation of the purchase price.

3. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the Group's chief operating decision maker ("CODM"). For the year ended 31 December 2021, the Group had five reportable operating segments.

Based on the adjustment of development strategy, the Group is steadily promoting its transformation from a financial investment group to an industrial investment group. During the six months ended 30 June 2022, CODM revisited the reporting operating segments and considered the presentation of new reportable segments better reflects the Group's allocation of resources and assessment of performance.

The Group acquired 43.45% interest in Shandong Hi-Speed New Energy Group Limited (formerly known as Beijing Enterprises Clean Energy Group Limited) ("SDHS New Energy"), a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. SDHS New Energy 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 People's Republic of China (the "PRC"). Its result was grouped in a newly segment, industrial investment. License business segment has been renamed to licensed financial services segment. The business related to the financial leasing previously reported in financial leasing segment has been transferred to licensed financial services segment. For the six months ended 30 June 2022, the Group had four reportable operating segments. Comparative figures are re-presented to conform with changes in presentation in the current period.

Details are as follows:

- (i) Industrial investment segment engages in operations of industrial investment-related business;
- (ii) Standard investment segment engages primarily in the trading of listed securities and listed bonds primarily for interest income, dividend income and capital appreciation;
- (iii) Non-standard investment segment engages in direct investment business including investment in debts instruments, unlisted bonds, notes, unlisted equity investments and investment funds; and
- (iv) Licensed financial services segment engages primarily in provision of money lending services, securities brokerage services, asset management services, financial leasing, advisory services and asset trading platform.

Financial technology segment engages primarily in online investment and technology-enabled lending services and online new media services. During the six months ended 30 June 2022, the financial technology segment was ceased in operations.

In addition to the above reportable segments, other segments that do not meet the quantitative thresholds for the reporting segments in both current and prior year were grouped in "Unallocated".

CODM monitors the results of the Group's operating segments separately as described above, for the purpose of making decisions about resource allocation and assessment of the Group's performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that unallocated income, unallocated finance costs, unallocated expenses and share of results of joint ventures and associates are excluded from such measurement.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments except corporate assets; and
- all liabilities are allocated to reportable segments except corporate liabilities, deferred tax liabilities, certain borrowings and certain other payables and accruals.

	Industrial investment		Standard investment		Non-standard investment		Licensed financial services		Financial technology		Unallocated		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<i>HKS'000</i>	<i>HKS'000</i>												
	(Unaudited)	(Unaudited)												
							(Restated)							
Segment revenue:														
Revenue from external customers	938,622	-	164,585	158,344	41,064	225,622	72,507	137,759	-	18,671	-	-	1,216,778	540,396
Segment results	1,946,652	-	(234,969)	188,171	(788,189)	91,559	(633,792)	(122,067)	-	(4,804)	-	-	289,702	152,859
Reconciliations:														
Unallocated income													4,211	171,137
Unallocated finance costs													(148)	(349)
Unallocated expenses*													(84,409)	(116,585)
Share of results of														
- Joint ventures													13,558	-
- Associates													8,537	55,138
Profit before tax													231,451	262,200
Other segment information:														
Finance costs	(266,068)	-	(71,729)	(51,608)	(41,904)	(74,954)	(6,425)	(1,190)	-	(84)	(148)	(349)	(386,274)	(128,185)
Amortisation	(24,891)	-	-	-	-	-	(289)	(228)	-	(1,299)	(144)	(145)	(25,324)	(1,672)
Depreciation														
- property, plant and equipment	(93,948)	-	-	-	-	-	(2,384)	(1,220)	-	(276)	(1,018)	(1,323)	(97,350)	(2,819)
- right-of-use assets	(39,166)	-	-	-	-	-	(2,452)	(3,153)	-	-	(4,313)	(4,564)	(45,931)	(7,717)
Fair value (losses)/gains on financial assets at fair value through profit or loss	6,809	-	(392,086)	116,660	(299,111)	34,987	(2,456)	335	-	-	-	-	(686,844)	151,982
Loss on disposal of debt instruments at fair value through other comprehensive income	-	-	(9,856)	(16,668)	-	-	-	-	-	-	-	-	(9,856)	(16,668)
Impairment losses recognised in respect of														
- goodwill	-	-	-	-	-	-	(13,228)	(21,478)	-	-	-	-	(13,228)	(21,478)
- intangible assets	-	-	-	-	-	-	(400,279)	-	-	-	-	-	(400,279)	-
- finance lease receivables	-	-	-	-	-	-	(105,269)	13,879	-	-	-	-	(105,269)	13,879
- loans receivables	-	-	-	-	(250,059)	(2,265)	(87,995)	(111,713)	-	-	-	-	(338,054)	(113,978)
- trade and other receivables	34,829	-	208,620	(177)	7,484	(408)	81	1,038	-	-	(11)	-	251,003	453
- contract assets	257	-	-	-	-	-	-	-	-	-	-	-	257	-
- financial assets at fair value through other comprehensive income	-	-	-	-	(163,765)	-	-	-	-	-	-	-	(163,765)	-
Gain on bargain purchase from acquisition of subsidiaries	1,601,839	-	-	-	-	-	-	-	-	-	-	-	1,601,839	-
Capital expenditure**	193,686	-	-	-	-	-	2,192	55,764	-	52	2,471	103	198,349	55,919

Notes:

- * Unallocated expenses mainly included employee benefit expenses of approximately HK\$42,921,000 (six months ended 30 June 2021: HK\$68,897,000), lease payment of approximately HK\$1,184,000 (six months ended 30 June 2021: HK\$1,188,000), exchange loss of approximately HK\$N/A (six months ended 30 June 2021: HK\$1,418,000), legal and professional fee of approximately HK\$9,799,000 (six months ended 30 June 2021: HK\$4,958,000) and depreciation of approximately HK\$5,331,000 (six months ended 30 June 2021: HK\$5,887,000).
- ** Capital expenditure consists of additions to property, plant and equipment and intangible assets and excluding those assets acquired from acquisition of subsidiaries.

The following is an analysis of the Group's assets and liabilities by reportable operating segments:

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited) (Restated)
Segment assets:		
Industrial investment	54,998,384	–
Standard investment	7,498,988	7,882,794
Non-standard investment	9,108,597	7,712,935
Licensed financial services	2,902,019	4,299,840
	74,507,988	19,895,569
Unallocated assets	3,138,014	3,054,882
	77,646,002	22,950,451
Segment liabilities:		
Industrial investment	42,534,164	–
Standard investment	6,123,406	6,055,762
Non-standard investment	9,206,659	5,719,418
Licensed financial services	2,496,239	2,462,041
	60,360,468	14,237,221
Unallocated liabilities	65,106	100,727
	60,425,574	14,337,948

Geographical information

The Group's operations are mainly located in Hong Kong, the PRC, Singapore and Australia. The geographical information about the Group's revenue based on the locations of the operations is set out below:

	Revenue from external customers	
	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	200,197	411,491
The PRC	994,923	121,634
Singapore	20,738	7,271
Australia	920	–
	<u>1,216,778</u>	<u>540,396</u>

No customer of the Group has contributed over 10% of the total revenue of the Group for the current period and prior period.

Over 90% of the Group's non-current assets were located in the PRC, no geographical segment is presented in accordance with HKFRS 8 Operating Segments.

4. REVENUE

Disaggregation of revenue from contracts with customers

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of electricity with tariff adjustment*	807,270	–
Construction services	79,404	–
Technical consultancy services	5,664	–
Entrusted operation	25,918	–
Provision of clean heat supply services	20,366	–
Consultancy services income	11,108	67,645
Handling fee income	2,434	25,068
Income from brokerage business	10,801	23,587
Income from asset management and performance	7,394	30
Online new media services income	–	6,301
	<u>970,359</u>	<u>122,631</u>
Timing of revenue recognition		
Recognised at a point in time	942,739	50,223
Recognised over time	27,620	72,408
	<u>970,359</u>	<u>122,631</u>

Note:

- * Tariff adjustment represents subsidies from the government authorities in respect of the Group's photovoltaic and wind power businesses.

Set out below is the reconciliation of the revenue from contracts with customers with the amounts:

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total revenue from contracts with customers	970,359	122,631
Financial leasing income	8,452	34,769
Interest income from money lending operations	19,679	21,831
Interest income from debt investments	50,451	111,953
Dividend income from financial assets at fair value through profit or loss	19,858	54,811
Interest income from financial assets at fair value through profit or loss	75,146	85,267
Interest income from financial assets at fair value through other comprehensive income	72,833	109,134
	1,216,778	540,396

5. OTHER GAINS AND LOSSES, NET

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Impairment losses recognised in respect of		
– Goodwill	(13,228)	(21,478)
– Intangible assets	(400,279)	–
Gain on early termination of lease	3,038	–
Foreign exchange (loss)/gain, net	(28,630)	2,950
Gain on disposal of subsidiaries	–	171,135
Loss on disposal of other receivables	(10,600)	–
Gain on bargain purchase from acquisition of subsidiaries	1,601,839	–
	1,152,140	152,607

6. IMPAIRMENT LOSSES ON FINANCIAL ASSETS RECOGNISED, NET OF REVERSAL

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Impairment losses on financial assets recognised, net of reversal, in respect of:		
– Finance lease receivables	(105,269)	13,879
– Loans receivables	(338,054)	(113,978)
– Trade and other receivables	251,003	453
– Contract assets	257	–
– Debt instruments at fair value through other comprehensive income	(163,765)	–
	<u>(355,828)</u>	<u>(99,646)</u>

7. FINANCE COSTS

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on bank borrowings wholly repayable within five years	238,320	38,656
Interest on other borrowings	15,334	9,796
Interest on bonds	155,337	209,200
Interest on lease liabilities	82,801	966
	<u>491,792</u>	<u>258,618</u>
Less: Finance costs included in cost of sales and services	(105,518)	(130,433)
	<u>386,274</u>	<u>128,185</u>

8. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Employee benefit expenses:		
Directors' remuneration:		
– Fees	750	700
– Salaries, allowances and benefits in kind	12,832	13,811
– Retirement benefit scheme contributions (defined contribution scheme) *	<u>39</u>	<u>45</u>
Sub-total	<u>13,621</u>	<u>14,556</u>
Other staff's costs:		
– Salaries, allowances and benefits in kind	108,259	98,886
– Retirement benefit scheme contributions (defined contribution scheme) *	<u>5,698</u>	<u>5,235</u>
Sub-total	<u>113,957</u>	<u>104,121</u>
Total employee benefit expenses	<u>127,578</u>	<u>118,677</u>
Realised losses/(gains) from financial assets at fair value through profit or loss (note 14(iv))	334,219	(269,396)
Unrealised losses from financial assets at fair value through profit or loss (note 14(iii))	<u>352,625</u>	<u>117,414</u>
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	<u>686,844</u>	<u>(151,982)</u>
Realised losses on debt instruments at fair value through other comprehensive income#	9,856	16,668
Cost of sales of electricity	232,037	–
Cost of construction services	76,890	–
Cost of technical consultancy services	293	–
Cost of sales and services in relation to entrusted operations	22,495	–
Cost of clean heat supply services	34,724	–
Cost of other services provided	169,422	198,537
Amortisation of operating concessions^	14,725	–
Amortisation of operating rights^	7,852	–
Amortisation of other intangible assets#	2,747	1,672
Depreciation of property, plant and equipment®	97,350	2,819
Depreciation of right-of-use assets®	45,931	7,717
Expenses relating to short term leases	<u>4,805</u>	<u>2,797</u>

Notes:

- * As at 30 June 2022, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (31 December 2021: nil).
- # These items are included in “Administrative expenses” on the face of the condensed consolidated income statement.
- ^ Amortisation of operating concessions and operating rights for the period are included in “Cost of sales and services” on the face of the condensed consolidated income statement.
- @ Depreciation for the period amounting to approximately HK\$131,377,000 and approximately HK\$11,904,000 (six months ended 30 June 2021: approximately HK\$nil and approximately HK\$10,536,000) are included in “Cost of sales and services” and “Administrative expenses” on the face of the condensed consolidated income statement, respectively.

9. INCOME TAX (CREDIT)/EXPENSE

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
– PRC Enterprise Income Tax	73,192	3,707
– Singapore Corporate Income Tax	2,309	–
	75,501	3,707
Deferred tax	(144,971)	–
Total income tax (credit)/expense recognised in the condensed consolidated income statement	(69,470)	3,707

No provision for current Hong Kong Profits Tax had been made for the six months ended 30 June 2022 and 2021 as the Group did not generate any assessable profits arising in Hong Kong during the period.

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.

The Singapore Corporate Income Tax for the Singapore subsidiaries are calculated at the Singapore Corporate Income Tax rate of 17% for the six months ended 30 June 2022. No provision for taxation in Singapore as the Group did not generate any assessable profits for the purpose of calculating Singapore Corporate Income Tax for the six months ended 30 June 2021.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited) (Restated)
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>75,863</u>	<u>115,388</u>
Number of share ('000)		
Weighted average number of ordinary shares	24,089,384	24,089,384
Effect of share consolidation subsequent to the end of the reporting period (note 22)	<u>(18,067,038)</u>	<u>(18,067,038)</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>6,022,346</u>	<u>6,022,346</u>
Basic earnings per share (in HK cents)	<u>1.26</u>	<u>1.92</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$75,863,000 (six months ended 30 June 2021: HK\$115,388,000) and the weighted average number of ordinary shares in issue adjusted for the potential dilutive effect caused by the share options granted by the Company:

Weighted average number of ordinary shares (diluted):

	For the six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited) (Restated)
Number of share ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,022,346	6,022,346
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	83,732	24,815
Effect of share consolidation subsequent to the end of the reporting period (note 22)	<u>(62,799)</u>	<u>(18,611)</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>6,043,279</u>	<u>6,028,550</u>
Diluted earnings per share (in HK cents)	<u>1.26</u>	<u>1.91</u>

11. DIVIDEND

The Board does not declare the payment of any interim dividend in respect of the current period (six months ended 30 June 2021: Nil).

12. INTERESTS IN ASSOCIATES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Cost of investments	3,187,084	2,098,824
Share of post-acquisition gains and other comprehensive income	87,790	78,127
Exchange realignment	23,303	(307)
	<u>3,298,177</u>	<u>2,176,644</u>
Amounts due from associates (note 18)	<u>383,912</u>	–

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current assets		
Unlisted equity investment		
– In elsewhere (Note (ii))	180,000	211,000
Listed equity investments		
– In Hong Kong (Note (ii))	219,058	269,082
Listed bonds		
– In Hong Kong	21,474	243,358
– In the PRC	–	53,422
– In elsewhere	669,780	689,769
Unlisted bonds		
– In elsewhere	370,000	662,421
Investment fund		
– In the PRC	187,124	195,906
– In elsewhere	8,914	31,872
Sub-total	<u>1,656,350</u>	<u>2,356,830</u>
Current assets		
Notes		
– In elsewhere	550,641	627,393
Listed bonds		
– In Hong Kong	–	109,830
– In elsewhere	379,945	783,436
Unlisted bonds		
– In elsewhere	2,071,272	1,561,304
Sub-total	<u>3,001,858</u>	<u>3,081,963</u>
Total	<u>4,658,208</u>	<u>5,438,793</u>

Notes:

- (i) As at 30 June 2022 and 31 December 2021, no individual investment in financial assets at fair value through other comprehensive income and its fair value is larger than 5% of the total assets of the Group.
- (ii) The Group designated certain equity instruments that are measured at fair value through other comprehensive income, as the Group intended to hold the listed equity instruments for a long term.
- (iii) Details of financial assets at fair value through other comprehensive income

Nature of investments	Fair value		Net gain/(loss) for the period ended		Investment cost	
	as at 30 June 2022 HK\$'000 (Unaudited)	as at 31 December 2021 HK\$'000 (Audited)	30 June 2022 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Unaudited)	as at 30 June 2022 HK\$'000 (Unaudited)	as at 31 December 2021 HK\$'000 (Audited)
Non-current assets						
Unlisted equity investment						
– in elsewhere	180,000	211,000	(31,000)	(5,564)	281,220	281,220
Listed equity investments						
– in Hong Kong	219,058	269,082	(50,024)	(28,637)	1,171,715	1,171,715
Listed bonds						
– in Hong Kong	21,474	243,358	(14,240)	3,435	34,004	244,955
– in the PRC	–	53,422	155	(2,965)	–	53,576
– in elsewhere	669,780	689,769	(88,198)	(14,563)	777,112	708,624
Unlisted bonds						
– in elsewhere	370,000	662,421	–	–	370,000	663,124
Investment fund						
– in the PRC	187,124	195,906	–	–	187,124	195,906
– in elsewhere	8,914	31,872	–	26,193	22,323	45,198
	1,656,350	2,356,830	(183,307)	(22,101)	2,843,498	3,364,318
Current assets						
Notes						
– in elsewhere	550,641	627,393	(5,572)	(5,749)	627,987	624,116
Listed bonds						
– in Hong Kong	–	109,830	(3,480)	(464)	–	108,452
– in elsewhere	379,945	783,436	(59,605)	(38,193)	586,379	932,607
Unlisted bonds						
– in elsewhere	2,071,272	1,561,304	(38,300)	(2,813)	2,197,953	1,560,290
	3,001,858	3,081,963	(106,957)	(47,219)	3,412,319	3,225,465

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current asset		
Listed equity investment		
– In Hong Kong	<u>7,144</u>	<u>43,195</u>
Current assets		
Held-for-trading listed equity investments		
– In Hong Kong	1,791,225	2,147,373
– In the PRC	591,293	812,899
– In elsewhere	<u>25,268</u>	<u>142,457</u>
	<u>2,407,786</u>	<u>3,102,729</u>
Held-for-trading investment funds		
– In Hong Kong	50,138	460,500
– In the PRC	717,286	160,086
– In elsewhere	<u>–</u>	<u>–</u>
	<u>767,424</u>	<u>620,586</u>
Other investment funds		
– In elsewhere	<u>354,284</u>	<u>484,763</u>
Held-for-trading bonds		
– In elsewhere	<u>297,750</u>	<u>259,013</u>
Unlisted equity investments		
– In the PRC	<u>613,059</u>	<u>803,444</u>
Notes		
– In Hong Kong	138,086	156,107
– In elsewhere	<u>613,949</u>	<u>761,785</u>
	<u>752,035</u>	<u>917,892</u>
Sub-total	<u>5,192,338</u>	<u>6,188,427</u>
Total	<u>5,199,482</u>	<u>6,231,622</u>

Notes:

- (i) As at 30 June 2022 and 31 December 2021, no individual investment in financial assets at fair value through profit or loss and its fair value is larger than 5% of the total assets of the Group.

(ii) Details of financial assets at fair value through profit or loss

Nature of investments	Fair value		Net gain/(loss)		Investment cost	
	as at 30 June 2022 HK\$'000 (Unaudited)	as at 31 December 2021 HK\$'000 (Audited)	for the period ended 30 June 2022 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Unaudited)	as at 30 June 2022 HK\$'000 (Unaudited)	as at 31 December 2021 HK\$'000 (Audited)
Non-current assets						
Listed equity investment						
– in Hong Kong	<u>7,144</u>	<u>43,195</u>	<u>(36,051)</u>	<u>3,777</u>	<u>59,383</u>	<u>59,383</u>
Club membership debenture						
– in Hong Kong	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,360)</u>	<u>–</u>	<u>–</u>
	<u>7,144</u>	<u>43,195</u>	<u>(36,051)</u>	<u>417</u>	<u>59,383</u>	<u>59,383</u>
Current assets						
Held-for-trading listed equity investments						
– in Hong Kong	<u>1,791,225</u>	<u>2,147,373</u>	<u>(162,385)</u>	<u>130,913</u>	<u>1,824,756</u>	<u>2,207,905</u>
– in the PRC	<u>591,293</u>	<u>812,899</u>	<u>(103,277)</u>	<u>(26,279)</u>	<u>559,012</u>	<u>721,181</u>
– in elsewhere	<u>25,268</u>	<u>142,457</u>	<u>180</u>	<u>18,375</u>	<u>23,506</u>	<u>120,950</u>
	<u>2,407,786</u>	<u>3,102,729</u>	<u>(265,482)</u>	<u>123,009</u>	<u>2,407,274</u>	<u>3,050,036</u>
Held-for-trading investment funds						
– in Hong Kong	<u>50,138</u>	<u>460,500</u>	<u>(52,122)</u>	<u>(67,873)</u>	<u>112,425</u>	<u>462,425</u>
– in the PRC	<u>717,286</u>	<u>160,086</u>	<u>11,610</u>	<u>–</u>	<u>488,242</u>	<u>153,025</u>
– in elsewhere	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>140,000</u>	<u>140,000</u>
	<u>767,424</u>	<u>620,586</u>	<u>(40,512)</u>	<u>(67,873)</u>	<u>740,667</u>	<u>755,450</u>
Other investment funds						
– in elsewhere	<u>354,284</u>	<u>484,763</u>	<u>(25,074)</u>	<u>67,222</u>	<u>230,172</u>	<u>599,952</u>
Held-for-trading listed bonds						
– in elsewhere	<u>297,750</u>	<u>259,013</u>	<u>(11,752)</u>	<u>(9,791)</u>	<u>314,411</u>	<u>265,390</u>
Unlisted equity investments						
– in the PRC	<u>613,059</u>	<u>803,444</u>	<u>(187,188)</u>	<u>38,998</u>	<u>1,021,119</u>	<u>839,412</u>
Notes						
– in Hong Kong	<u>138,086</u>	<u>156,107</u>	<u>(18,985)</u>	<u>–</u>	<u>156,997</u>	<u>156,029</u>
– in elsewhere	<u>613,949</u>	<u>761,785</u>	<u>(101,800)</u>	<u>–</u>	<u>675,753</u>	<u>737,422</u>
	<u>752,035</u>	<u>917,892</u>	<u>(120,785)</u>	<u>–</u>	<u>832,750</u>	<u>893,451</u>
	<u>5,192,338</u>	<u>6,188,427</u>	<u>(650,793)</u>	<u>151,565</u>	<u>5,546,393</u>	<u>6,403,691</u>

(iii) Net unrealised (losses)/gains from financial assets at fair value through profit or loss:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Listed equity investment		
– In Hong Kong	(36,051)	3,777
Unlisted equity investments		
– In the PRC	(187,188)	38,998
Held-for-trading listed equity investments		
– In Hong Kong	86,531	(94,884)
– In the PRC	(61,464)	(42,077)
– In elsewhere	1,761	18,375
Held-for-trading investment funds		
– In Hong Kong	(63,817)	(67,873)
– In the PRC	11,610	–
Notes		
– In Hong Kong	(18,985)	–
– In elsewhere	(77,855)	–
Held-for-trading listed bonds		
– In elsewhere	(8,912)	(26,316)
Other investment funds		
– In elsewhere	1,745	52,586
	<u>(352,625)</u>	<u>(117,414)</u>

(iv) Realised (losses)/gains from financial assets at fair value through profit or loss:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Club membership debenture		
– In Hong Kong	–	(3,360)
Held-for-trading listed equity investments		
– In Hong Kong	(248,916)	225,797
– In the PRC	(41,813)	15,798
– In elsewhere	(1,581)	–
Other investment funds		
– In elsewhere	(26,819)	14,636
Held-for-trading listed bonds		
– In elsewhere	(2,840)	16,525
Notes		
– In elsewhere	(23,945)	–
Held-for-trading investment funds		
– In Hong Kong	11,695	–
	<u>(334,219)</u>	<u>269,396</u>

15. FINANCE LEASE RECEIVABLES

The present value of minimum finance lease receivables are set out below:

	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
Within one year	619,997	651,839
In the second year	120,499	330,037
In the third year	–	69,635
	<hr/>	<hr/>
Gross amount of finance lease receivables	740,496	1,051,511
Less: unearned finance income	(161,146)	(182,764)
	<hr/>	<hr/>
Present value of minimum lease payment receivables	579,350	868,747
	<hr/>	<hr/>

The carrying amount of finance lease receivables are set out below:

	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
Within one year	467,875	501,751
In the second year	111,475	302,104
In the third year	–	64,892
	<hr/>	<hr/>
Carrying amount of finance lease receivables	579,350	868,747
	<hr/>	<hr/>
Analysed for reporting purpose as:		
Non-current assets	111,475	366,996
Current assets	467,875	501,751
	<hr/>	<hr/>
	579,350	868,747
	<hr/>	<hr/>

An aging analysis of the finance lease receivables which had been past due based on the number of past due days is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 30 days	64,704	66,388
31 days to 90 days	11,890	–
91 days to 180 days	141,774	138,423
181 days to 1 year	195,630	260,124
1 year to 2 years	485,961	494,628
2 years to 5 years	774,929	589,296
	<u>1,674,888</u>	<u>1,548,859</u>

16. LOANS RECEIVABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Loans receivables	3,961,405	4,089,503
Less: Allowance for impairment losses	<u>(723,161)</u>	<u>(397,770)</u>
	<u>3,238,244</u>	<u>3,691,733</u>
Analysed for reporting purpose as:		
Non-current assets	–	733,863
Current assets	<u>3,238,244</u>	<u>2,957,870</u>
	<u>3,238,244</u>	<u>3,691,733</u>

An aging analysis of loans receivables (net of impairment), determined based on the time to maturity of the loans receivables, as at the end of the reporting period is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
To be due within		
Within 90 days	1,907,217	1,547,463
91 days to 180 days	694,888	621,643
181 days to 1 year	636,139	788,764
1 year to 2 years	<u>–</u>	<u>733,863</u>
	<u>3,238,244</u>	<u>3,691,733</u>

An aging analysis of the loans receivables which had been past due based on the number of past due days is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 30 days	–	780,145
181 days to 1 year	806,376	214,723
1 year to 2 years	86,398	476,521
2 years to 5 years	457,983	2,000
	<u>1,350,757</u>	<u>1,473,389</u>

17. CONTRACT ASSETS

	<i>Notes</i>	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Tariff adjustment receivables	<i>(i)</i>	639,108	–
Construction contracts	<i>(ii)</i>	462,016	–
Retention money	<i>(ii)</i>	71,730	–
		<u>1,172,854</u>	–
Less: Allowance for impairment losses		<u>(38,885)</u>	–
		<u>1,133,969</u>	–

Notes:

- (i) 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.
- (ii) Contract assets are initially recognised for revenue earned from construction services as the receipt of consideration is conditional on construction progress. Included in contract assets for construction services are retention receivables. Upon completion of certain milestones as agreed with customers and such being accepted by them, the amounts recognised as contract assets are reclassified to trade receivables.

18. TRADE AND OTHER RECEIVABLES

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	2,339,359	229,540
Bills receivable	37,973	–
Tariff adjustment receivables (Note (i))	8,683,880	–
	11,061,212	229,540
Less: Allowance for impairment losses	(96,300)	(2,066)
	10,964,912	227,474
Prepayments	619,317	91,564
Interest and dividend receivables	240,902	267,579
Deposits and other receivables	5,581,853	852,788
Due from joint ventures	203,945	–
Due from associates (note 12)	383,912	–
	7,029,929	1,211,931
Less: Allowance for impairment losses	(791,149)	(391,221)
	6,238,780	820,710
	17,203,692	1,048,184
Analysed for reporting purpose as:		
Non-current assets	3,131,276	–
Current assets	14,072,416	1,048,184
	17,203,692	1,048,184

Notes:

- (i) Tariff adjustment receivables included in trade receivables represent the central government renewable energy subsidy and renewable energy subsidies from local government authorities for the Group's photovoltaic and wind power plant projects that have been registered into the Project List.

The following is an aging analysis of trade and bills receivables, net of allowance for impairment losses, presented based on the invoice date (or date of revenue recognition, if earlier):

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 90 days	508,435	227,474
91 days to 180 days	321,943	–
181 days to 1 year	273,608	–
1 year to 2 years	303,986	–
Over 2 years	878,985	–
	<u>2,286,957</u>	<u>227,474</u>

The following is an aging analysis of tariff adjustment receivables, net of allowance for impairment losses, presented based on the revenue recognition date:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 90 days	690,982	–
91 days to 180 days	505,948	–
181 days to 1 year	2,196,210	–
1 year to 2 years	1,931,974	–
Over 2 years	3,352,841	–
	<u>8,677,955</u>	<u>–</u>

The Group's trading terms with its customers are mainly on credit, except for certain new customers where payment in advance is normally required. Except for trade receivables attributable to the dealing in securities transactions, the Group generally allows credit periods of 30 days to 90 days (31 December 2021: 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 (31 December 2021: N/A).

The settlement terms of trade receivables attributable to the dealing in securities transactions are two days after the trade date, except for the balances with margin clients which are repayable on demand.

19. TRADE AND BILLS PAYABLES

An aging analysis of trade and bills payables, presented based on the invoice date:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 90 days	84,724	–
91 days to 180 days	352,989	–
181 days to 1 year	168,319	–
1 year to 2 years	336,058	–
Over 2 years	1,401,810	–
	<u>2,343,900</u>	<u>–</u>

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 bill payables amounting to approximately HK\$53,224,000 (31 December 2021: N/A) were secured by the pledged bank deposits as at 30 June 2022.

20. BORROWINGS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Bank borrowings		
– Repayable within one year	11,324,106	3,172,603
– Repayable after one year but within two years	4,222,945	865,424
– Repayable after two years but within five years	5,512,119	337,128
– Repayable after five years	3,194,338	–
Bonds		
– Repayable within one year	6,479,417	5,537,785
– Repayable after two years but within five years	5,507,783	1,566,791
– Repayable after five years	798,855	794,070
Other borrowings		
– Repayable within one year	2,353,901	1,673,422
– Repayable after one year but within two years	1,336,749	–
– Repayable after two years but within five years	3,899,246	–
– Repayable after five years	2,247,999	–
	<u>46,877,458</u>	<u>13,947,223</u>
Analysed for reporting purpose as:		
Non-current liabilities	26,720,034	3,563,413
Current liabilities	20,157,424	10,383,810
	<u>46,877,458</u>	<u>13,947,223</u>

21. ACQUISITION OF SUBSIDIARIES

For the six months ended 30 June 2022

Acquisition of SDHS New Energy

On 4 March 2022, SDHS New Energy entered into a Subscription Agreement with Profit Plan Global Investment Limited (“**Subscriber**”) (an indirect wholly-owned subsidiary of the Company), pursuant to which SDHS New Energy has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 48,804,039,247 subscription shares (“**Subscription Shares**”) at the subscription price of HK\$0.096 per Subscription Share for a total consideration of HK\$4,685,187,768. The Subscription Shares represent approximately 43.45% of the total number of SDHS New Energy Shares in issue as enlarged by the allotment and issuance of the Subscription Shares.

All conditions precedent in the subscription agreement has been fulfilled and the subscription has been completed on 19 May 2022.

The Subscription Price was determined after arm’s length negotiations between SDHS New Energy and the Subscriber, and with reference to the recent and historic price of the SDHS New Energy Shares and the financial condition of the SDHS New Energy Group.

SDHS New Energy is a company incorporated in the Cayman Islands with limited liability and the principal activity of SDHS New Energy is investment holding. The SDHS New Energy Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC.

The acquisition was in line with the Company’s business strategy to transform and increase industrial investment, with a focus on the industries with good growth prospects including the new energy industry as one of its main investment directions.

The Group considers that it controls SDHS New Energy even though it owns less than 50% of the voting rights. This is because the Group is the largest shareholder of SDHS New Energy with a 43.45% equity interest. The Group controls the board of directors of SDHS New Energy and holds relatively larger voting rights than other dispersed public shareholders. Since the date of SDHS New Energy’s domestic shares being listed on the Main Board of the Stock Exchange, there has been no history and no expectation that the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

The following table summarises the consideration paid for the acquisition and the amounts of assets acquired and liabilities assumed recognised at the date of acquisition.

	<i>HK\$'000</i>
Recognised amounts of identifiable assets acquired and liabilities assumed at fair value:	
Property, plant and equipment	26,114,100
Investment properties	153,700
Operating concessions	2,008,800
Operating rights	959,425
Other intangible assets	15,519
Investments in joint ventures	483,299
Investments in associates	1,098,295
Financial assets at fair value through profit or loss	562,083
Other tax recoverables	995,045
Other non-current assets	1,270,617
Deferred tax assets	290,446
Inventories	86,371
Contract assets	1,068,636
Trade and bills receivables	10,362,875
Prepayments, deposits and other receivables	5,194,461
Restricted cash and pledged deposits	159,667
Cash and cash equivalents	6,266,113
Trade and bills payables	(3,361,829)
Other payables and accruals	(1,655,809)
Lease liabilities	(4,768,806)
Borrowings	(27,583,025)
Other liabilities	(4,241,692)
Income tax payables	(92,151)
Deferred income	(18,856)
Deferred tax liabilities	(306,060)
	<hr/>
	15,061,224
Less: non-controlling interests at proportionate share of net assets acquired	(8,774,197)
Gain on bargain purchase from acquisition of subsidiaries	(1,601,839)
	<hr/>
	4,685,188
	<hr/>
Net cash inflow arising on the acquisition of SDHS New Energy:	
Cash consideration paid	(4,685,188)
Cash and cash equivalents acquired	6,266,113
	<hr/>
	1,580,925
	<hr/>

In view of the need of SDHS New Energy to invest in development of new projects of SDHS New Energy and improve gearing ratio, SDHS New Energy rendered a bargain to the Group on the acquisition, which resulted in a gain on bargain purchase.

Gain on bargain purchase of approximately HK\$1,601,839,000 arising from the acquisition of SDHS New Energy was included in other gains and losses, net in the condensed consolidated income statement.

Acquisition related costs of approximately HK\$3,674,000 were charged to administrative expenses in the condensed consolidated income statement for the six months period ended 30 June 2022.

The fair value of the identifiable assets acquired and liabilities assumed have been arrived at on the basis of the valuation of SDHS New Energy at date of acquisition carried out by an independent valuer not connected with the Group.

During the six months period ended 30 June 2022, the condensed consolidated income statement included revenue of SDHS New Energy Group from the date of acquisition to 30 June 2022 of approximately HK\$938,622,000. SDHS New Energy Group also contributed a profit of approximately HK\$328,005,000 over the same period. Had the acquisition been completed on 1 January 2022, the condensed consolidated income statement of the Group would have instead included revenue of approximately HK\$2,938,362,000 and profit of approximately HK\$342,551,000.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

Non-adjusting event after reporting period

On 30 June 2022, the Board proposed that every four (4) existing shares in the share capital of the Company be consolidated into one (1) consolidated share ("**Share Consolidation**").

On 27 July 2022, the Board announced that the proposed ordinary resolution in relation to Share Consolidation was duly passed by the shareholders of the Company by way of poll at the special general meeting of the Company held on 27 July 2022. Accordingly, the Share Consolidation became effective on 29 July 2022 and (a) 24,089,384,437 then existing shares in issue had been consolidated into 6,022,346,109 consolidated shares; and (b) the then authorized share capital of the Company HK\$500,000,000 divided into 2,000,000,000,000 shares of par value of HK\$0.00025 each had been adjusted to HK\$500,000,000 divided into 500,000,000,000 consolidated shares of par value of HK\$0.001 each.

In addition, as a result of the Share Consolidation, immediately upon the Share Consolidation becoming effective on 29 July 2022, (i) 169,400,000 outstanding share options of the exercise price of HK\$0.42 had been adjusted to 42,350,000 share options of the exercise price of HK\$1.68; and (ii) the remaining number of adjusted consolidated shares which may fall to be issued pursuant to the exercise of any share options under the Share Option Scheme had been adjusted to 381,242,956 consolidated shares pursuant to the terms of the Share Option Scheme.

For details, please refer to the announcements of the Company dated 30 June 2022, 27 July 2022 and 28 July 2022 and the circular of the Company dated 11 July 2022.

23. COMPARATIVE AMOUNTS

Certain comparative amounts have been represented to conform to the current period's presentation and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group recorded the revenue of approximately HK\$1,216,778,000 as compared with approximately HK\$540,396,000 for the Corresponding Period, representing an increase of approximately 125.16% year-over-year; gross profit of approximately HK\$680,917,000, as compared with approximately HK\$341,859,000 for the Corresponding Period, representing an increase of approximately 99.18% year-over-year; profit for the period amounted to approximately HK\$300,921,000 as compared with approximately HK\$258,493,000 for the Corresponding Period, representing an increase of approximately 16.41% year-over-year; the basic earnings per share attributable to owners of the Company was approximately HK\$1.26 cents, as compared with the restated basic earnings per share of approximately HK\$1.92 cents for the Corresponding Period, representing a decrease of approximately 34.03% year-over-year.

As at 30 June 2022, the Group recorded total assets of approximately HK\$77,646,002,000 (31 December 2021: HK\$22,950,451,000) and total liabilities of approximately HK\$60,425,574,000 (31 December 2021: HK\$14,337,948,000), and therefore net assets of approximately HK\$17,220,428,000 (31 December 2021: HK\$8,612,503,000).

MARKET REVIEW

Since 2022, the geopolitical conflict represented by the Russo-Ukrainian conflict has escalated, inflation levels in major global economies have been high and the risk of stagflation has risen significantly, central banks in many countries have advanced the process of interest rate hikes and tapering, and the fear of a global recession has risen in the market. With multiple risks overlapping, volatility in international financial markets has intensified. The Hang Seng Index fell 6.6% in the first half of the year, the A-share CSI 300 index fell 9.2%, and the three major U.S. stock indexes fell deeply.

In China, from March to April, due to the steeply increased downward pressure on the economy as a result of a new round of the pandemic and other unexpected factors, coupled with the dual internal and external supply and demand shocks brought about by the Russo-Ukrainian conflict, the fluctuation of the price of international commodities at high levels, as well as major risks such as the credit risk of housing enterprises that was still not cleared, the climbing scale of local government debts, the amplified short-term shocks in the real economy, among others, the domestic economy faced a relatively increasing uncertainty, and the macro economy temporarily deviated from the normal growth trajectory in the first half of the year. At the beginning of summer, with the success of the pandemic prevention and control, the Chinese government took a series of policy measures to stabilize the macro economy in general, including fiscal, financial, supply chain and other series of growth stabilization policies, and speed up the promotion of resumption of work and production, business and market. The macro economy achieved a shift from decline to gradual recovery, with a GDP growth of 0.4% in the second quarter.

In Hong Kong, many factors such as the impact of the pandemic, rising interest rates, tightening monetary policy and international political turmoil have all impacted the Hong Kong market. Under the complicated internal and external environment, the HSI experienced four months of continuous shocks since the beginning of the year, and then began to show signs of recovery, but still faced severe credit market risks and industry defaults challenges.

GROUP STRATEGY AND OPERATIONS

Confronting the drastic changes in the market, the Group has accurately understood the changes and scientifically responded to them, and steadily pushed forward the strategic transformation initiated last year, seized the opportunities arising from the national industrial restructuring and the “dual carbon” strategy, explored investment opportunities around new energy, new technology and new consumption, and continued to increase the proportion of industrial investment, to promote the transformation of the Group’s business from financial investment to industrial investment and enhance the long-term investment value of the Company.

In terms of strategic transformation, the Group completed a major merger and acquisition of SDHS New Energy (formerly Beijing Enterprises Clean Energy, stock code: 1250.HK) in the first half of the year, and became its controlling shareholder holding an equity interest of 43.45%. The completion of this subscription marks the milestone achievement of the Group’s strategic transformation. The Group is able to quickly enter the renewable energy and clean energy market. Relying on the controlling shareholder’s rich new energy development resources and application scenarios, the Group will promote the development of high-quality integration of infrastructure network and energy network, and establish SDHS New Energy as the Group’s flagship new energy enterprise. After the successful merger and acquisition of Beijing Enterprises Clean Energy, the Group’s asset structure has undergone significant changes, asset quality has been further optimized and profitability has been further enhanced. As of the end of June 2022, the Company’s total assets amounted to approximately HK\$77.646 billion, representing an increase of approximately 2.38 times compared to the beginning of the year.

In terms of investment business, during the Reporting Period, the three business divisions of the Group, namely Industrial Investment Division, Standardized Equity Division and Fixed Income Division, adhered to research-driven investment, strengthened their professional capacity building, expanded asset research categories and industry research fields, and formulated a business matrix with business focus and coherence. The middle and back-end departments implemented the unified vertical management of the Group, further improved the comprehensive internal control system with comprehensive risk management as the core that matches the investment decision procedure, and strengthened the ability of risk early warning and prevention and control. At the same time, the professional investment committees of each business division operated smoothly, effectively improving the quality and efficiency of investment decision-making.

In terms of financing business, on 24 May 2022, Fitch International upgraded the Company’s international subject rating from BBB+ to A-, marking the Group’s increasing credit capability. In June, the Group seized the time window and successfully issued its first green bond with a total scale of US\$500 million. The bonds are rated A by Fitch and A3 by Moody’s, with a subscription ratio of over 7 times and a final issuance rate of 4.1%, 50 basis points lower than the initial price of 4.6%, which has created the largest order subscription scale and the highest over-subscription multiple of provincially managed state-owned enterprises this year.

At the same time, the Group adhered to the core principle of “conduct compliance prudentially, develop steadily and healthily”, adopted more prudent financial and risk management measures, and achieved steady growth in a dynamic balance to ensure the sustainable and healthy development of the Group.

BUSINESS REVIEW

During the Reporting Period, the Group further integrated business segments according to the need of strategic transformation, and the industrial investment business segment was newly added to highlight the strategic value of industrial investment to the Company.

(a) Industrial Investment

In the first half of the year, the Group's work focused on the industrial investment business. The Group closely followed the national "14th Five-Year Plan" strategic plan, and focused on the main lines of green energy and new technology. Based on solid industry research, the Group gave full play to the controlling shareholder's advantages in industry clusters, and deeply explored investment opportunities in strategic emerging industries such as new energy, new infrastructure, and digital industries that have synergies with the controlling shareholder. Through the investment strategy that combines minority equity investment and holding investment, primary and secondary market investments, and light and heavy asset investments, the Company continued to increase the proportion of industrial investment in its asset allocation. As of the end of June 2022, the overall scale of industrial investment business has exceeded HK\$5 billion. During the Reporting Period, the Group completed the major merger and acquisition of SDHS New Energy (formerly Beijing Enterprises Clean Energy, stock code: 1250.HK), and became its controlling shareholder holding an equity interest of 43.45%. As at the date of this announcement, SDHS New Energy is the largest target in the Group's industrial investment portfolio.

By controlling SDHS New Energy, the Group also indirectly became the largest single shareholder of BECE Legend Group Co., Ltd. ("**BECE Legend**", stock code: 000803.SZ). BECE Legend is the only company in China listed on the main board of the Shenzhen Stock Exchange whose main business is the recycling of kitchen waste. Focusing on the field of "environmentally friendly energy", BECE Legend is a leading enterprise in the field of organic solid waste investment and operation in China.

In addition, the Group invested in several high-quality projects such as NewLink Group, an Internet of Things unicorn, and Horizon Robotics, a global leader in edge AI computing platform, all of which achieved rapid growth in the first half of the year. In June 2022, Newlink Naas, a subsidiary of NewLink Group, was successfully listed on Nasdaq (stock code: NAAS.US), becoming the first Chinese charging service company listed on the overseas capital market. During the Reporting Period, Shandong Hi-Speed Capital, a wholly-owned subsidiary of the Group, was ranked among the "Top 10 China's Emerging Private Equity Investment Institutions of the Year 2021" among more than 1,000 candidate institutions for its outstanding investment performance. At present, the targets in the project reserve pool of the Industrial Investment Division cover a wide range of industries such as logistics, new consumption, artificial intelligence, semiconductor and information technology application innovation.

During the Reporting Period, the Group's new industrial investment business segment recorded a profit of approximately HK\$1,946,652,000.

(b) Standard investment business

The Group engages in standard investment business including equity and fixed income investment by self-owned funds. Affected by geopolitical conflicts, the continuation of the pandemic, the adjustment of the global supply chain, and the entry of major economies such as the United States into the interest rate hike cycle, global equity assets are generally experiencing a decline. Through a combination of quantitative and qualitative analysis approaches, the Group made research and judgement on structural, policy, cyclical and unexpected events in the macro economy, focused on the A-share and Hong Kong stock markets while maintaining low positions, and captured temporary opportunities according to market changes, so that its overall performance outperformed the index. In terms of fixed income investments, in the face of unfavourable factors that the crisis of domestic real estate industry liquidity remained unresolved and the volatility in the bond market intensified, our investment team adopted the investment strategy of diversifying investment and lowering duration, and the portfolio returns remained relatively stable under the more volatile market conditions. During the Reporting Period, due to the aforementioned tightening of monetary policy by the Federal Reserve and the violent turmoil in the capital market, the Group's standard investment business recorded a loss of approximately HK\$234,969,000, compared to a profit of approximately HK\$188,171,000 for the Corresponding Period.

(c) Non-standard investment business

The non-standard investment business of the Group is mainly the direct investment business, including investment in debt instruments, unlisted bonds, notes, unlisted equity investments and investment funds. During the Reporting Period, the Group prioritized risk prevention and control. On the one hand, it strictly controlled the pace of investment, selected investment targets more prudently, significantly reduced non-standard investment businesses, and only properly participated in low-risk structured financing projects such as bridging with strong credit background. On the other hand, the Group seize the time window for risk resolution, and effectively reduced the stock risk exposure through risk mitigation measures such as collection, recovery and increasing collaterals. During the Reporting Period, the non-standard investment business recorded a loss of approximately HK\$788,189,000, compared to a profit of approximately HK\$91,559,000 for the Corresponding Period. Such change was mainly due to the decrease in the fair value of financial assets held by the Group due to the impact of capital market fluctuations, and the Group's initiative to reduce the scale of non-standard investment business.

(d) Licensed financial services

The Group conducts licensed financial services business in Mainland China and Hong Kong. It currently holds Licenses 1, 4, 5, 6 and 9 issued by the Securities and Futures Commission of Hong Kong and a Hong Kong Money Lender's licence, as well as domestic licenses such as Qualified Foreign Limited Partner (QFLP) fund managers. The Group serves corporate and individual clients in Mainland China, Hong Kong and the world, providing them with integrated financial services related to cross-border investment and financing needs in Mainland China and Hong Kong. During the Reporting Period, the licensed financial services segment recorded a loss of approximately HK\$633,792,000, a loss of approximately HK\$122,067,000 as compared to the Corresponding Period. The main reason for the widening of losses was the cancellation of the carrying amounts of license related to Laecap's asset trading platform. For details, please refer to the announcement of the Company dated 24 July 2022.

The Group believes that COVID-19 pandemic has not had a material adverse effect on the Group's financial position and operating results during the Reporting Period. The Group will closely monitor the impact of the COVID-19 pandemic on the capital market, and will make dynamic assessments on and timely adjustments to the financial position and business operations of the Group.

PROSPECTS OUTLOOK

Looking ahead to the second half of the year, in the context of relatively abundant liquidity, with the optimization of the pandemic prevention and control policies and the gradual emergence of the effects of a series of economic stabilization policies, market expectations and confidence will continue to recover. In the second half of the year, the Chinese economy is expected to rebound on a quarterly basis, and the process of transforming the Chinese economy from the model of high-speed growth to high-quality growth will continue to advance. The market is now paying close attention to the Federal Reserve's monetary policy and the direction of geopolitical conflicts. The Group will continue to follow the overall strategy of "expanding and strengthening the industrial asset side, continuously improving the debt asset side, focusing on the mezzanine asset side, opportunistically investing in the equity asset side", strictly control the investment risks, guide the investment teams of each business sector to give full play to their regional advantages and professional advantages, grasp cyclical opportunities and invest in high-quality assets when the price is low. On the other hand, the Group will deeply cultivate in key industries and select medium and long-term strategic mergers and acquisitions investment targets to further optimize its investment holding platform and realize the virtuous cycle of integration and development of industry and finance.

Development strategies of each business segment:

(a) Industrial investment

The Industrial Investment Division will focus on building the core competitiveness of the Group's industrial investment business in three aspects: industrial investment and research, investment, and investment management, and strive to build an expert industrial investment team to consolidate the foundation of the Group's industrial investment business. Based on a deep understanding of the macroeconomic cycle and industry cycle, it will deeply explore investment opportunities in strategic emerging industries such as new energy, new infrastructure, and new technology. Through the stable investment strategy that combines the primary and secondary markets, allocates light and heavy assets reasonably, and diversifies equity and debt investments, and perfect risk management plan, it will closely focus on the national industrial development strategy and steadily develop the Group's industrial investment business.

Meanwhile, the business team will accelerate the improvement of “investment + investment management” momentum: for the already invested targets, it will carry out “empowering style post-investment management” in terms of industry resources, corporate governance, financial management, internal control and compliance and talent ladder according to the development cycle of enterprises and industry cycles; continue to explore high-quality assets, focus on emerging industries and industries in good development cycles, and intensify the reserve of industrial investment targets, especially to dig deeper into the new energy generation industry chain, and look for investment targets in segments with investment potential.

(b) Standard investment business

It is expected that overseas inflation and interest rate hikes will continue to dominate the market in the second half of the year, while the evolution of the geopolitical situation will also bring uncertainty to the market. In terms of standardized fixed income investments, the Group will continue to adopt a defensive strategy, strictly control the drawdown by selecting investment entities and shortening the investment duration, and explore transactional opportunities with differentiated strategies. In terms of standardized equity investment, the team will explore key industry investment opportunities from four dimensions, namely valuation, boom and earnings, macro liquidity and capital: first, highly booming and competitive growth industries in China represented by new energy industry and high-end manufacturing; second, large consumer industries with strong medium and long-term certainty, focusing on food and beverage, agriculture and consumer upgrading and other related industries; third, innovative technology industry with high technological barriers represented by the semiconductor industry chain and industrial Internet.

(c) Non-standard investment business

The Group will continue to implement its prudent investment strategy and carry out investment along the two main lines of “grasping the underlying high-quality mortgaged and pledged assets” and “focusing on exploring special opportunities”, and will keep track of existing investment projects and continue to suppress credit exposure within the portfolio. The Group will leverage the respective geographical advantages and expertise of its Hong Kong, Mainland China and Singapore teams to closely monitor the financing needs of the new energy, new consumption, high-tech and other industries. Focusing on the direction of industrial capital transformation, the Group will select high-quality leading companies to provide capital support, and continuously optimize its business model.

(d) Licensed financial services

The Group will continue to use its Hong Kong and domestic licenses to provide comprehensive financial services, enhance market competitiveness and brand influence, and promote business transformation through investment and research pilots and technology empowerment. The Group strives to become better and stronger in securities brokerage, asset management, financial leasing and other businesses. Focusing on the transformation towards industrial investment group, the Group will build its own characteristics and improve its comprehensive service capabilities.

LIQUIDITY AND FINANCIAL RESOURCES

In order to prevent the potential impacts of the COVID-19 pandemic, the Group proactively strengthened the management of external financing and banking facilities, effectively reduced capital costs and continuously improved debt structure. During the Reporting Period, the Group had sufficient liquidity and working capital to maintain normal business operations. As at 30 June 2022, the total amount of cash and cash equivalents of the Group which are mostly denominated in Renminbi, United States dollars and Hong Kong dollars, was approximately HK\$8,588,232,000 (31 December 2021: HK\$1,334,300,000), total assets were approximately HK\$77,646,002,000 (31 December 2021: HK\$22,950,451,000) and total borrowings were approximately HK\$46,877,458,000 (31 December 2021: HK\$13,947,223,000).

As at 30 June 2022, the Company had a total of 24,089,384,437 issued shares with a par value of HK\$0.00025 each, and the total equity attributable to the owners of the Company was approximately HK\$1,169,197,000 (31 December 2021: HK\$1,408,651,000).

BANK LOANS AND OTHER BORROWINGS

As at 30 June 2022, the outstanding borrowings of the Group were comprised of bank borrowings, bonds and other borrowings which were approximately HK\$24,253,508,000 (31 December 2021: HK\$4,375,155,000), HK\$12,786,055,000 (31 December 2021: HK\$7,898,646,000) and HK\$9,837,895,000 (31 December 2021: HK\$1,673,422,000), respectively. As at 30 June 2022, the outstanding bonds of the Group included two secured bonds with a coupon rate of 3.95% per annum (the outstanding amount: approximately HK\$5,564,882,000), a secured bond with a coupon rate of 4.30% per annum (the outstanding amount: approximately HK\$798,855,000), a secured bond with a coupon rate of 4.10% per annum (the outstanding amount: approximately HK\$3,931,530,000), a secured bond with a coupon rate of 2.80% per annum (the outstanding amount: approximately HK\$315,643,000), a secured bond with a coupon rate of 1.30% per annum (the outstanding amount: approximately HK\$392,724,000), a secured bond with floating coupon rate (the outstanding amount: approximately HK\$1,733,371,000), an unsecured bond with a coupon rate of 5.99% per annum (the outstanding amount: approximately HK\$48,385,000) and an unsecured bond with a coupon rate of 5.50% per annum (the outstanding amount: approximately HK\$665,000). The above stated bonds and other borrowings were denominated in US dollars, Renminbi and Hong Kong dollars.

GEARING RATIO

As at 30 June 2022, the gearing ratio (total outstanding borrowings divided by total assets) of the Group was approximately 60.37% (31 December 2021: 60.77%).

FOREIGN EXCHANGE RISK MANAGEMENT

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group is mainly exposed to foreign exchange risk with respect to Renminbi which may affect the Group's performance. The Group will pay attention to the possible exchange rate exposure due to the continuing fluctuation of Renminbi, closely monitor its impact on the performance of the Group and consider adopting appropriate hedging measures when necessary. In addition, the Group also pays attention to the impact of the U.S. interest rate fluctuations on its U.S. dollar-denominated assets from time to time, and takes appropriate response measures. During the Reporting Period, the Group's management considers the foreign exchange exposure was insignificant and therefore the Group has neither held any financial instruments for hedging purposes, nor any currency borrowings or other hedging instruments to hedge.

PLEDGE OF ASSETS

As at 30 June 2022, certain of the Group's borrowings and bills payables are secured by:

- pledges over certain of the Group's financial assets at fair value through other comprehensive income;
- pledges over certain of the Group's financial assets at fair value through other profit or loss;
- pledges over certain of the Group's finance lease receivables;
- pledges over the trade receivables and contract assets of certain subsidiaries;
- pledges over certain of the Group's property, plant and equipment;
- pledges over the Group's certain operating concessions; and/or
- pledges over the Group's equity interests in certain subsidiaries.

Save as disclosed above, as at 30 June 2022, the Group did not have any other pledge of assets.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group did not have any significant contingent liabilities during the Reporting Period.

As at 30 June 2022, the Group had capital commitments, which are contracted but not provided in the condensed consolidated financial statements, in respect of construction, material and equipment costs for development of clean energy project and capital contributions to joint ventures amounting to approximately HK\$787,031,000 (31 December 2021: nil) and approximately HK\$331,968,000 (31 December 2021: nil), respectively.

SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group did not have any individual investment with a fair value of 5% or more of the total assets of the Group.

Save as disclosed in this announcement, the Group did not have any specific plans for significant investment or capital assets acquisition during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group did not have any future plans for material investments or capital assets.

MATERIAL ACQUISITION AND DISPOSAL

During the Reporting Period, the Group has conducted the following material acquisition and disposal:

Completion of the acquisition of SDHS New Energy

Reference is made to the joint announcement (the “**Joint Announcement**”) dated 14 March 2022 published by the Company and SDHS New Energy, the circular of the Company dated 22 April 2022, and the joint announcement dated 19 May 2022 published by the Company and SDHS New Energy in relation to, among others, the subscription (the “**Subscription**”) for a total of 48,804,039,247 newly allotted ordinary shares of SDHS New Energy by the Group. Upon the completion of the Subscription which took place on 19 May 2022, the Company became SDHS New Energy’s controlling shareholder, holding approximately 43.45% of SDHS New Energy’s total issued shares. The principal business of SDHS New Energy and its subsidiaries are the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC. The Subscription was in line with the Company’s business strategy to transform and increase industrial investment, with a focus on the industries with good growth prospects including the new energy industry as one of its main investment directions.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures of the Group during the Reporting Period.

ISSUANCE OF DEBENTURES

On 24 May 2021, Coastal Emerald Limited (“**Costal Emerald**”), an indirect wholly-owned subsidiary of the Company, issued 3.95% guaranteed bonds, which are guaranteed by the Company, with the benefit of a keepwell deed and a deed of equity interest purchase undertaking provided by Shandong Hi-Speed Group due 2024 in an aggregate principal amount of US\$200,000,000 to independent third parties to raise funds for refinancing and general corporate purposes.

On 14 July 2021, Global Castle Investments Limited, an indirect wholly-owned subsidiary of the Company, issued 3.20% guaranteed bonds due 2022 in an aggregate principal amount of US\$90,000,000 to an independent third party to raise funds for refinancing and general corporate purposes.

On 22 October 2021, Coastal Emerald issued 2.80% guaranteed bonds due 2022 in an aggregate principal amount of US\$60,000,000 to an independent third party to raise funds for refinancing and general corporate purposes.

On 14 December 2021, Coastal Emerald issued 1.30% guaranteed bonds due 2022 in an aggregate principal amount of US\$50,000,000 to an independent third party to raise funds for refinancing and general corporate purposes.

After deduction of the issuance costs, the Group received net consideration of approximately US\$198,620,000, US\$89,900,000, US\$59,790,000 and US\$48,920,000 from the issuance of the above bonds.

On 26 January 2022, Coastal Emerald issued floating rate guaranteed bonds due 2023 in an aggregate principal amount of US\$220,000,000 to an independent third party to raise funds for refinancing and general corporate purposes.

On 15 June 2022, Coastal Emerald issued 4.10% guaranteed bonds due 2025 in an aggregate principal amount of US\$500,000,000 to independent third parties to raise funds for refinancing and general corporate purposes.

After deduction of the issuance costs, the Group received net consideration of approximately US\$219,925,000 and US\$497,735,000 from the issuance of the above bonds.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2022, there were 2,437 employees (including the directors of the Group and directors of the Company's subsidiaries), while there were 174 employees for the Corresponding Period. Such change was mainly because of that SDHS New Energy became the Group's subsidiaries upon completion of the acquisition of SDHS new energy on 19 May 2022.

The Group actively attracts outstanding talents and builds a strong team to maintain the overall business growth of the Group. In order to retain and motivate employees, the Group has formulated an internal remuneration policy. When selecting and promoting employees, the Group will make the decision with reference to their qualification, experience and suitability for the position offered. The performance of employees will also be used as the basis for reviewing remuneration package during the annual review. Meanwhile, competitive remuneration packages are offered to employees by reference to the prevailing market level and individual merits.

In addition, the Group also provides employees with a series of welfare policies to enhance their sense of belonging and work enthusiasm, and jointly promote the sustainable development of the enterprise. In order to motivate employees to work hard, the Group provides bonuses and rewards to outstanding performance employees. The Group determines the working hours of employees in accordance with relevant laws and regulations, and provides transportation reimbursement and compensatory leave for employees who work overtime. In addition, the Group provides employees with social insurance, housing provident fund and mandatory provident fund and other benefits. In addition to statutory holidays and regular paid annual leave, employees are also entitled to additional leave benefits such as sick leave, marriage leave, maternity leave, paternity leave and compassionate leave. In addition, eligible participants who contribute to the success of the Group's operations will also receive incentives and compensation under the Share Option Scheme.

Employees are the essential driving force to the sustainable development of the Group. Adhering to a people-oriented approach to talent management, the Group continues to invest resources to attract and retain talents. Employees are provided with competitive remuneration and benefit packages and equal opportunities, as well as a wide range of training and development opportunities. The Group optimises its human resources management system continuously with a view to providing employees with a friendly and healthy workplace and ensuring that employees may can develop their talents and potential.

EVENTS AFTER THE REPORTING PERIOD

Share Consolidation, change in board lot size and adjustments in relation to the Share Option Scheme

On 30 June 2022, the Board proposed that (a) every four (4) existing shares in the share capital of the Company be consolidated into one (1) consolidated share (“**Share Consolidation**”); and (b) subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 6,000 existing shares to 1,000 consolidated shares.

On 27 July 2022, the Board announced that the proposed ordinary resolution in relation to Share Consolidation was duly passed by the shareholders of the Company by way of poll at the special general meeting of the Company held on 27 July 2022. Accordingly, the Share Consolidation became effective on 29 July 2022 and (a) 24,089,384,437 then existing shares in issue had been consolidated into 6,022,346,109 consolidated shares; and (b) the then authorized share capital of the Company HK\$500,000,000 divided into 2,000,000,000,000 shares of par value of HK\$0.00025 each had been adjusted to HK\$500,000,000 divided into 500,000,000,000 consolidated shares of par value of HK\$0.001 each. The board lot size for trading of shares on the Stock Exchange had also been changed from 6,000 existing shares to 1,000 consolidated shares per board lot with effect from the same day accordingly.

In addition, as a result of the Share Consolidation, immediately upon the Share Consolidation becoming effective on 29 July 2022, (i) 169,400,000 outstanding share options of the exercise price of HK\$0.42 had been adjusted to 42,350,000 share options of the exercise price of HK\$1.68; and (ii) the remaining number of adjusted consolidated shares which may fall to be issued pursuant to the exercise of any share options under the Share Option Scheme had been adjusted to 381,242,956 consolidated shares pursuant to the terms of the Share Option Scheme.

For details, please refer to the announcements of the Company dated 30 June 2022, 27 July 2022 and 28 July 2022 and the circular of the Company dated 11 July 2022.

Change of Company name and stock short name

Following the passing of the special resolution at the annual general meeting of the Company held on 11 July 2022, the English name of the Company has been changed from “China Shandong Hi-Speed Financial Group Limited” to “Shandong Hi-Speed Holdings Group Limited”, and to change the secondary name of the Company from “中國山東高速金融集團有限公司” to “山高控股集團有限公司”. The above-mentioned change of Company name became effective from 15 July 2022, which was the date on which the Registrar of Companies in Bermuda registered the new English name and the new secondary name of the Company as set out in the certificate of change of name and the certificate of secondary name issued by the Registrar of Companies in Bermuda respectively.

The Company’s new stock short name had been changed from “CSFG” to “SDHG” in English and from “山高金融” to “山高控股” in Chinese with effect from 9:00 a.m. on 19 August 2022 while the Company’s stock code of “412” remains unchanged.

Except for above mentioned, there were no material events occurred after the Reporting Period.

DIVIDENDS

The Board did not declare the payment of an interim dividend for the Reporting Period (Corresponding Period: Nil).

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

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

During the Reporting Period, save for disclosed below, the Company has complied with all the code provisions (the “**Code Provisions**”) as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of the Chairman and the Chief Executive Officer (the “**CEO**”) should be separate and should not be performed by the same individual. Mr. Wang Xiaodong is the Chairman of the Board. The office of the CEO has been vacant during the Reporting Period. Since Mr. Mei Weiyi’s resignation as CEO, the Company has been actively identifying suitable candidate to fill the vacancy of CEO.

To ensure a balance of power and authority, the day-to-day operations of the Group have been delegated to other executive Directors and the management of the Group responsible for different aspects of the Group’s business. Decisions of the Company have been made collectively by the executive Directors who execute strategies set by the Board, and senior management of the Company have been responsible for the day-to-day operations of the Group under the supervision of the Board and the executive committee of the Company. The Board will review this structure from time to time and will make announcement in accordance with the applicable Listing Rules when a new CEO is appointed by the Company.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established in accordance with the requirements of the CG Code for the purposes of, among others, reviewing and providing supervision over the Group’s financial reporting processes and internal controls. The Audit Committee comprises two non-executive Directors and three independent non-executive Directors.

The Audit Committee has reviewed with management the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2022 and this interim results announcement, the accounting principles and practices adopted and discussed auditing, internal control and financial reporting matters. The Audit Committee is of the view that the applicable accounting standards and requirements have been complied with by the Company and that appropriate disclosure have been made.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code throughout the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.sdhg.com.hk). The interim report for the six months ended 30 June 2022 will be published on the above websites and also be despatched to the shareholders of the Company in due course.

By Order of the Board
Shandong Hi-Speed Holdings Group Limited
Wang Xiaodong
Chairman

Hong Kong, 29 August 2022

As at the date of this announcement, the Board comprises Mr. Wang Xiaodong, Mr. Zhu Jianbiao, Ms. Liao Jianrong, Mr. Liu Zhijie and Mr. Liu Yao as executive Directors; Mr. Liang Zhanhai, Mr. Chen Di and Mr. Wang Wenbo as non-executive Directors; and Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Tan Yuexin and Mr. Jonathan Jun Yan as independent non-executive Directors.

* *for identification purpose only*