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## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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**” or “**SDHG**”), is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2021 (the “**Previous Period**”), as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2022*

|   | <i>Notes</i> | <b>2022</b><br><i>HK\$'000</i> | <b>2021</b><br><i>HK\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| REVENUE   | 5            | <b>4,193,421</b>               | 1,065,661                      |
| COST OF SALES AND SERVICES  |              | <b>(1,931,889)</b>             | (327,030)                      |
| Gross profit  |              | <b>2,261,532</b>               | 738,631                        |
| Other income  | 6            | <b>125,962</b>                 | 25,055                         |
| Other gains and losses, net   | 7            | <b>918,859</b>                 | 246,636                        |
| Impairment losses on financial assets reversed/<br>(recognised), net                    | 8            | <b>168,173</b>                 | (388,555)                      |
| Fair value (loss)/gain on financial assets at fair value<br>through profit or loss, net | 10           | <b>(1,188,877)</b>             | 12,643                         |
| Selling and distribution expenses   |              | <b>(1,814)</b>                 | –                              |
| Administrative and other operating expenses   |              | <b>(679,591)</b>               | (377,230)                      |
| Finance costs   | 9            | <b>(1,630,572)</b>             | (269,611)                      |
| Share of results of:  |              |                                |                                |
| Joint ventures  |              | <b>(5,916)</b>                 | –                              |
| Associates  |              | <b>30,688</b>                  | 11,286                         |

|   | <i>Notes</i> | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| LOSS BEFORE TAX                             | <i>10</i>    | <b>(1,556)</b>                 | (1,145)                 |
| Income tax credit                           | <i>11</i>    | <b>171,850</b>                 | 12,203                  |
| <b>PROFIT FOR THE YEAR</b>                  |              | <b>170,294</b>                 | 11,058                  |
| (Loss)/profit for the year attributable to: |              |                                |                         |
| Owners of the Company                       |              | <b>(458,067)</b>               | (314,660)               |
| Holders of perpetual capital instrument     |              | <b>289,006</b>                 | 345,070                 |
| Non-controlling interests                   |              | <b>339,355</b>                 | (19,352)                |
|   |              | <b>170,294</b>                 | 11,058                  |
|   |              |                                | (Restated)              |
| <b>LOSS PER SHARE</b>                       |              |                                |                         |
| Basic and diluted                           | <i>13</i>    | <b>HK(7.61) cents</b>          | HK(5.22) cents          |

|  | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Profit for the year  | <b>170,294</b>                 | 11,058                  |
| Other comprehensive (loss)/income  |                                |                         |
| <i>Item that will not be reclassified to profit or loss:</i>   |                                |                         |
| Fair value changes on equity instruments classified as financial assets at fair value through other comprehensive income | <b>(202,940)</b>               | (652,570)               |
| <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   | <b>(273,931)</b>               | (117,371)               |
| Release of FVTOCI reserve upon disposal of debt instruments at fair value through other comprehensive income             | <b>15,101</b>                  | 24,326                  |
| Share of other comprehensive loss of joint ventures  | <b>(14,441)</b>                | –                       |
| Share of other comprehensive loss of associates  | <b>(35,123)</b>                | –                       |
| Exchange difference arising on translation of foreign operations   | <b>(925,400)</b>               | 73,679                  |
| Reclassification adjustment for foreign operations disposed of during the year   | <b>27,369</b>                  | (2,571)                 |
| Other comprehensive loss for the year  | <b>(1,409,365)</b>             | (674,507)               |
| Total comprehensive loss for the year  | <b>(1,239,071)</b>             | (663,449)               |
| Total comprehensive (loss)/income for the year attributable to:  |                                |                         |
| Owners of the Company  | <b>(1,488,521)</b>             | (985,126)               |
| Holder of perpetual capital instrument   | <b>289,006</b>                 | 345,070                 |
| Non-controlling interests  | <b>(39,556)</b>                | (23,393)                |
|  | <b>(1,239,071)</b>             | (663,449)               |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

|   | <i>Notes</i> | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| <b>NON-CURRENT ASSETS</b>   |              |                                |                         |
| Property, plant and equipment                                     |              | <b>20,845,016</b>              | 60,584                  |
| Investment properties   |              | <b>1,052,000</b>               | 890,000                 |
| Right-of-use assets   |              | <b>4,264,336</b>               | 43,634                  |
| Intangible assets   |              | <b>1,574,357</b>               | 1,132,480               |
| Operating concessions   |              | <b>1,562,219</b>               | –                       |
| Interests in joint ventures                                       |              | <b>464,693</b>                 | –                       |
| Interests in associates   |              | <b>3,558,337</b>               | 2,176,644               |
| Financial assets at fair value through other comprehensive income | <i>14</i>    | <b>1,270,726</b>               | 2,356,830               |
| Financial assets at fair value through profit or loss             | <i>15</i>    | <b>4,188</b>                   | 43,195                  |
| Finance lease receivables   | <i>16</i>    | <b>29,912</b>                  | 366,996                 |
| Loans receivables   | <i>17</i>    | <b>1,009,547</b>               | 733,863                 |
| Prepayments, deposits and other receivables                       | <i>19</i>    | <b>3,332,845</b>               | –                       |
| Other tax recoverables  |              | <b>356,426</b>                 | –                       |
| Other non-current assets  |              | <b>1,385,240</b>               | –                       |
| Deferred tax assets   |              | <b>492,348</b>                 | 14,977                  |
| <b>Total non-current assets</b>                                   |              | <b>41,202,190</b>              | 7,819,203               |
| <b>CURRENT ASSETS</b>   |              |                                |                         |
| Inventories   |              | <b>95,003</b>                  | –                       |
| Contract assets   | <i>18</i>    | <b>1,086,746</b>               | –                       |
| Financial assets at fair value through other comprehensive income | <i>14</i>    | <b>3,248,546</b>               | 3,081,963               |
| Financial assets at fair value through profit or loss             | <i>15</i>    | <b>3,370,194</b>               | 6,188,427               |
| Finance lease receivables   | <i>16</i>    | <b>481,834</b>                 | 501,751                 |
| Loans receivables   | <i>17</i>    | <b>2,409,207</b>               | 2,957,870               |
| Trade and other receivables                                       | <i>19</i>    | <b>11,489,363</b>              | 1,048,184               |
| Other tax recoverables  |              | <b>124,223</b>                 | –                       |
| Restricted cash and pledged deposits                              |              | <b>271,724</b>                 | 3,638                   |
| Cash held on behalf of clients                                    |              | <b>11,487</b>                  | 15,115                  |
| Cash and cash equivalents   |              | <b>4,392,562</b>               | 1,334,300               |
| <b>Assets classified as held for sale</b>                         |              | <b>26,980,889</b>              | 15,131,248              |
|   |              | <b>774,530</b>                 | –                       |
| <b>Total current assets</b>                                       |              | <b>27,755,419</b>              | 15,131,248              |
| <b>CURRENT LIABILITIES</b>  |              |                                |                         |
| Trade and bills payables  | <i>20</i>    | <b>1,941,813</b>               | –                       |
| Other payables and accruals                                       |              | <b>2,162,823</b>               | 199,041                 |
| Lease liabilities   |              | <b>537,107</b>                 | 15,676                  |
| Borrowings  |              | <b>13,445,859</b>              | 10,383,810              |
| Tax payables  |              | <b>214,397</b>                 | 1,738                   |
| <b>Total current liabilities</b>                                  |              | <b>18,301,999</b>              | 10,600,265              |

|  | <i>Notes</i> | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| NET CURRENT ASSETS                           |              | <b>9,453,420</b>               | 4,530,983               |
| TOTAL ASSETS LESS CURRENT LIABILITIES        |              | <b>50,655,610</b>              | 12,350,186              |
| NON-CURRENT LIABILITIES                      |              |                                |                         |
| Borrowings                                   |              | <b>30,341,403</b>              | 3,563,413               |
| Lease liabilities                            |              | <b>2,925,950</b>               | 31,207                  |
| Other non-current liabilities                |              | <b>1,555,456</b>               | –                       |
| Other payables and accruals                  |              | <b>12,280</b>                  | 22,652                  |
| Deferred tax liabilities                     |              | <b>245,743</b>                 | 120,411                 |
| Total non-current liabilities                |              | <b>35,080,832</b>              | 3,737,683               |
| Net assets                                   |              | <b>15,574,778</b>              | 8,612,503               |
| CAPITAL AND RESERVES                         |              |                                |                         |
| Issued capital                               | <i>21</i>    | <b>6,019</b>                   | 6,022                   |
| Reserves                                     |              | <b>(42,072)</b>                | 1,402,629               |
| Equity attributable to owners of the Company |              | <b>(36,053)</b>                | 1,408,651               |
| Perpetual capital instrument                 |              | <b>7,104,441</b>               | 7,118,083               |
| Non-controlling interests                    |              | <b>8,506,390</b>               | 85,769                  |
| Total equity                                 |              | <b>15,574,778</b>              | 8,612,503               |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 abovementioned 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 acts as an investment holding company and its subsidiaries (collectively referred to as the “Group”) principally engaged in various kinds of financial services, including industrial investment, standard investment business, non-standard investment business and licensed financial services.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated 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 thousand (HK\$’000) except when otherwise indicated.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### Amendments to HKFRSs that are effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

|   |  |
|---|--|
| Amendments to HKFRS 3                   | Reference to the Conceptual Framework  |
| Amendments to HKAS 16                   | Property, Plant and Equipment: Proceeds before Intended Use                              |
| Amendments to HKAS 37                   | Onerous Contracts – Cost of Fulfilling a Contract  |
| Annual Improvements to HKFRSs 2018–2020 | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 |

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years.

### **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

|   |  |
|---|--|
| HKFRS 17  | Insurance Contracts <sup>1</sup>   |
| Amendments to HKFRS 10 and HKAS 28                  | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>   |
| Amendments to HKFRS 16                              | Lease Liability in a Sale and Leaseback <sup>2</sup>   |
| Amendments to HKAS 1                                | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants <sup>2</sup> |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies <sup>1</sup>   |
| Amendments to HKAS 8                                | Definition of Accounting Estimates <sup>1</sup>  |
| Amendments to HKAS 12                               | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### **3. BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The consolidated financial statements have been prepared under the historical cost basis, except for the investment properties, certain financial instruments and financial guarantee contracts which are measured at fair values at the end of each reporting period. Disposal assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell.

### **4. 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 year ended 31 December 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 revenue and results are grouped in a new 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 year ended 31 December 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 is engaged in operations of industrial investment-related business;
- (ii) Standard investment segment is engaged primarily in trading of listed securities and listed bonds primarily for interest income, dividend income and capital appreciation;
- (iii) Non-standard investment segment is engaged in direct investment business including investments in debts instruments, unlisted bonds, notes, unlisted equity investments and investment funds; and
- (iv) Licensed financial services segment is engaged primarily in provision of money lending services, securities brokerage services, asset management services, financial leasing, advisory services and asset trading platform.

Financial technology segment is engaged primarily in online investment and technology-enabled lending services and online new media services. During the year ended 31 December 2022, the financial technology segment has ceased operation.

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 years 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 loss before tax. The adjusted loss before tax is measured consistently with the Group’s loss 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            |                  |
|---------------------------|-----------------------|------------------|---------------------|------------------|-------------------------|------------------|-----------------------------|------------------|----------------------|------------------|------------------|------------------|------------------|------------------|
|                           | 2022<br>HK\$'000      | 2021<br>HK\$'000 | 2022<br>HK\$'000    | 2021<br>HK\$'000 | 2022<br>HK\$'000        | 2021<br>HK\$'000 | 2022<br>HK\$'000            | 2021<br>HK\$'000 | 2022<br>HK\$'000     | 2021<br>HK\$'000 | 2022<br>HK\$'000 | 2021<br>HK\$'000 | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
| Segment revenue           | 3,644,436             | -                | 191,281             | 296,010          | 212,851                 | 491,809          | 144,853                     | 244,780          | -                    | 18,671           | -                | 14,391           | 4,193,421        | 1,065,661        |
| Segment results           | 1,713,054             | -                | (941,582)           | (146,817)        | (133,568)               | 253,632          | (571,344)                   | (306,109)        | -                    | (5,075)          | -                | -                | 66,560           | (204,369)        |
| Unallocated income*       |                       |                  |                     |                  |                         |                  |                             |                  |                      |                  |                  |                  | 14,805           | 316,910          |
| Unallocated finance costs |                       |                  |                     |                  |                         |                  |                             |                  |                      |                  |                  |                  | (201)            | (617)            |
| Unallocated expenses**    |                       |                  |                     |                  |                         |                  |                             |                  |                      |                  |                  |                  | (107,492)        | (124,355)        |
| Share of results of       |                       |                  |                     |                  |                         |                  |                             |                  |                      |                  |                  |                  |                  |                  |
| - Joint ventures          |                       |                  |                     |                  |                         |                  |                             |                  |                      |                  |                  |                  | (5,916)          | -                |
| - Associates              |                       |                  |                     |                  |                         |                  |                             |                  |                      |                  |                  |                  | 30,688           | 11,286           |
| Loss before tax           |                       |                  |                     |                  |                         |                  |                             |                  |                      |                  |                  |                  | (1,556)          | (1,145)          |

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in current and prior years.

Amounts included in the measurement of segment profit or loss is as follows:

- \* Unallocated income mainly included gain on disposal of subsidiaries of approximately HK\$171,135,000 and gain on bargain purchase from acquisition of subsidiaries of approximately HK\$131,380,000 for the year ended 31 December 2021.
- \*\* Unallocated expenses mainly included employee benefit expenses of approximately HK\$72,974,000 (2021: HK\$91,103,000), exchange loss of approximately HK\$nil (2021: HK\$3,729,000), legal and professional fee of approximately HK\$nil (2021: HK\$13,867,000) and depreciation of approximately HK\$10,064,000 (2021: HK\$11,489,000).

## Geographical information

Geographical segment information in related to the location of the Group's revenue is not presented since over 90% of the Group's revenue is generated in the PRC for the year ended 31 December 2022. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no addition useful information to the users of these financial statements.

The Group's operations are mainly located in Hong Kong, the PRC and Singapore for the year ended 31 December 2021. The geographical information about the Group's revenue based on the locations of the operations is set out below:

|           | <b>Revenue<br/>from external<br/>customers<br/>2021<br/>HK\$'000</b> |
|-----------|--|
| Hong Kong | 849,904  |
| The PRC   | 189,046  |
| Singapore | 26,711   |
|           | <hr/>  |
|           | 1,065,661  |
|           | <hr/>  |

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

Geographical segment information in related to the location of the Group's assets is not presented since over 90% of the Group's assets are located in the PRC as at 31 December 2022. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

The following table sets out information about the geographical location of the Group's investment property, property, plant and equipment, right-of-use assets, intangible assets and interests in associates ("Specified non-current assets") as at 31 December 2021. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, right-of-use assets and investment property, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates.

|           | <b>Specified<br/>non-current<br/>assets<br/>2021<br/>HK\$'000</b> |
|-----------|---|
| Hong Kong | 911,706   |
| The PRC   | 3,391,589   |
| Singapore | 47  |
|           | <hr/>   |
|           | 4,303,342   |
|           | <hr/>   |

## 5. REVENUE

### Disaggregation of revenue from contracts with customers

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Revenue from contracts with customers</b>         |                         |                         |
| Sale of electricity and entrusted operation services |                         |                         |
| Photovoltaic power business                          | 2,409,996               | –                       |
| Wind power business                                  | 460,952                 | –                       |
| Entrusted operations                                 | 136,427                 | –                       |
| Construction and related services                    | 295,716                 | –                       |
| Provision of clean heat supply services              | 294,659                 | –                       |
| Technical consultancy services                       | 46,686                  | –                       |
| Consultancy services income                          | 47,931                  | 63,427                  |
| Income from brokerage business                       | 19,777                  | 35,798                  |
| Income from asset management and performance         | 14,929                  | 6,375                   |
| Handling fee income                                  | 2,447                   | 35,415                  |
| Online new media services income                     | –                       | 6,301                   |
|  | <u>3,729,520</u>        | <u>147,316</u>          |
| <b>Timing of revenue recognition</b>                 |                         |                         |
| Recognised at a point in time                        | 3,375,806               | 65,673                  |
| Recognised over time                                 | 353,714                 | 81,643                  |
|  | <u>3,729,520</u>        | <u>147,316</u>          |

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

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Revenue from contracts with customers                           | 3,729,520               | 147,316                 |
| Finance lease income  | 14,619                  | 55,914                  |
| Interest income from money lending operations                   | 37,017                  | 52,146                  |
| Interest income from debt investments                           | 87,750                  | 233,950                 |
| Interest income from financial assets at FVTPL                  | 53,331                  | 186,133                 |
| Interest income from financial assets at FVTOCI                 | 226,955                 | 290,576                 |
| Dividend and distribution income from financial assets at FVTPL | 43,508                  | 99,626                  |
| Dividend income from financial assets at FVTOCI                 | 721                     | –                       |
|   | <u>4,193,421</u>        | <u>1,065,661</u>        |

**6. OTHER INCOME**

|                       | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|-----------------------|-------------------------|-------------------------|
| Bank interest income  | 18,115                  | 15,363                  |
| Other interest income | 55,174                  | –                       |
| Government grants     | 28,462                  | –                       |
| Management income     | 19,317                  | –                       |
| Others                | 4,894                   | 9,692                   |
|                       | <u>125,962</u>          | <u>25,055</u>           |

**7. OTHER GAINS AND LOSSES, NET**

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Impairment losses recognised in respect of                                  |                         |                         |
| – goodwill  | (13,227)                | –                       |
| – license   | –                       | (30,244)                |
| – operating rights  | (19,881)                | –                       |
| – property, plant and equipment   | (75,316)                | –                       |
| Written off of intangible assets  | (400,279)               | –                       |
| Gain on early termination of lease  | 3,038                   | –                       |
| Foreign exchange losses, net  | (70,023)                | (1,309)                 |
| Gain on disposal of subsidiaries  | –                       | 171,135                 |
| Gain on deemed disposal of subsidiaries                                     | 10,711                  | –                       |
| Loss on disposal of other receivables                                       | (10,600)                | –                       |
| Gain on bargain purchase from acquisition of subsidiaries                   | 1,431,330               | 131,380                 |
| Loss on disposal of debt instruments at FVTOCI                              | (15,101)                | (24,326)                |
| Contingent consideration adjustment arising from acquisition in prior years | 38,711                  | –                       |
| Gain on debt restructuring  | 37,878                  | –                       |
| Loss on disposal of property, plant and equipment                           | (6,682)                 | –                       |
| Fair value gain on investment properties                                    | 8,300                   | –                       |
|   | <u>918,859</u>          | <u>246,636</u>          |

**8. IMPAIRMENT LOSSES ON FINANCIAL ASSETS REVERSED/(RECOGNISED), NET**

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Impairment losses on financial assets reversed/(recognised), net, in respect of: |                         |                         |
| Finance lease receivables  | 11,067                  | (3,009)                 |
| Loans receivables  | (78,347)                | (356,875)               |
| Trade and other receivables  | 235,453                 | (28,671)                |
|  | <u>168,173</u>          | <u>(388,555)</u>        |

## 9. FINANCE COSTS

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Interest on bank borrowings                                | 658,033                 | 82,658                  |
| Interest on other borrowings                               | 554,288                 | 44,754                  |
| Interest on bonds  | 363,125                 | 350,100                 |
| Interest on options granted to non-controlling interests   | 136,587                 | –                       |
| Interest on lease liabilities                              | 178,489                 | 2,105                   |
|  | <u>1,890,522</u>        | <u>479,617</u>          |
| Less: Finance costs included in cost of sales and services | (250,500)               | (210,006)               |
| Interest capitalised                                       | (9,450)                 | –                       |
|  | <u>1,630,572</u>        | <u>269,611</u>          |

## 10. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Auditor's remuneration:   |                         |                         |
| – Audit services  | 4,050                   | 2,700                   |
| – Non-audit services  | 3,000                   | 478                     |
|   | <u>7,050</u>            | <u>3,178</u>            |
| Employee benefit expenses:  |                         |                         |
| <i>Directors' remuneration:</i>   |                         |                         |
| – Fees  | 1,500                   | 1,450                   |
| – Salaries, allowances and benefits<br>in kind                              | 18,620                  | 27,611                  |
| – Retirement benefit scheme contributions<br>(defined contribution scheme)* | 84                      | 83                      |
|   | <u>20,204</u>           | <u>29,144</u>           |
| Sub-total   |                         | 29,144                  |
| <i>Other staff costs:</i>   |                         |                         |
| – Salaries, allowances and benefits in kind                                 | 227,573                 | 158,646                 |
| – Retirement benefit scheme contributions<br>(defined contribution scheme)* | 21,833                  | 8,350                   |
|   | <u>249,406</u>          | <u>166,996</u>          |
| Sub-total   |                         | 166,996                 |
| Total employee benefit expenses   | <u>269,610</u>          | <u>196,140</u>          |

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Sales proceeds from disposal of financial assets at FVTPL     | <b>(9,200,485)</b>      | (11,309,953)            |
| Carrying amount of financial assets at FVTPL                  | <b>9,892,139</b>        | 11,229,852              |
| Realised loss/(gain) from financial assets at FVTPL, net      | <b>691,654</b>          | (80,101)                |
| Unrealised losses from financial assets at FVTPL, net         | <b>497,223</b>          | 67,458                  |
| Fair value loss/(gain) on financial assets at FVTPL, net      | <b>1,188,877</b>        | (12,643)                |
| Cost of sales of electricity and entrusted operation services | <b>964,888</b>          | –                       |
| Cost of construction and related services                     | <b>258,572</b>          | –                       |
| Cost of technical consultancy services                        | <b>9,900</b>            | –                       |
| Cost of clean heat supply services                            | <b>287,809</b>          | –                       |
| Cost of other services provided                               | <b>160,220</b>          | 117,024                 |
| Amortisation of operating concessions                         | <b>59,033</b>           | –                       |
| Amortisation of operating rights                              | <b>15,113</b>           | –                       |
| Amortisation of other intangible assets                       | <b>2,814</b>            | 2,098                   |
| Depreciation of property, plant and equipment                 | <b>791,996</b>          | 6,265                   |
| Depreciation of right-of-use assets                           | <b>165,714</b>          | 14,320                  |
| Expenses relating to short term leases                        | <b>16,466</b>           | 4,691                   |

\* As at 31 December 2022, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2021: nil).

## 11. INCOME TAX CREDIT

|                                  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|----------------------------------|-------------------------|-------------------------|
| Current tax                      |                         |                         |
| – Provision for the year         |                         |                         |
| – PRC Enterprise Income Tax      | <b>196,885</b>          | 2,739                   |
| – Overprovision in prior years   |                         |                         |
| – Singapore Corporate Income Tax | <b>(133)</b>            | –                       |
|                                  | <b>196,752</b>          | 2,739                   |
| Deferred tax credit, net         | <b>(368,602)</b>        | (14,942)                |
| Income tax credit                | <b>(171,850)</b>        | (12,203)                |

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 31 December 2022 and 2021.

No provision for taxation in Hong Kong has been made as the Group has sufficient tax losses brought forward to set off against the assessable profit for the year ended 31 December 2022 (2021: No provision for taxation in Hong Kong has been made as the Group had no assessable profits for the purpose of calculating Hong Kong Profits Tax).

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 year 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.

No provision for taxation in Singapore has been made as the Group has no assessable profits for the purpose of calculating Singapore Corporate Income Tax for the years ended 31 December 2022 and 2021.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 12. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2022 (2021: nil), nor has any dividend been proposed since the end of the reporting period.

## 13. LOSS PER SHARE

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

|   | 2022<br><i>HK\$’000</i> | 2021<br><i>HK\$’000</i><br>(Restated) |
|---|-------------------------|---------------------------------------|
| Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share | <u>(458,067)</u>        | <u>(314,660)</u>                      |
| <i>Number of shares</i>   | <i>’000</i>             | <i>’000</i>                           |
| Issued shares at beginning of year  | 24,089,034              | 24,089,384                            |
| Effect of repurchase and cancellation of shares ( <i>note 21</i> )  | (2,790)                 | –                                     |
| Effect of share consolidation ( <i>note 21</i> )  | <u>(18,064,683)</u>     | <u>(18,067,038)</u>                   |
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share             | <u>6,021,561</u>        | <u>6,022,346</u>                      |

Diluted loss per share did not assume the exercise of share options since their assumed exercise has an anti-dilutive effect on loss per share for the years ended 31 December 2022 and 2021.

#### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Non-current assets</b>                |                         |                         |
| Unlisted equity investments              |                         |                         |
| – Outside Hong Kong                      | 251,000                 | 211,000                 |
| Listed equity investments                |                         |                         |
| – In Hong Kong ( <i>Note (ii)</i> )      | 45,683                  | 269,082                 |
| – Outside Hong Kong ( <i>Note (ii)</i> ) | 61,580                  | –                       |
| Listed bonds                             |                         |                         |
| – In Hong Kong                           | 12,650                  | 243,358                 |
| – Outside Hong Kong                      | 721,188                 | 743,191                 |
| Unlisted bonds                           |                         |                         |
| – Outside Hong Kong                      | –                       | 662,421                 |
| Investment funds                         |                         |                         |
| – Outside Hong Kong                      | 178,625                 | 227,778                 |
|  | <u>1,270,726</u>        | <u>2,356,830</u>        |
| <b>Current assets</b>                    |                         |                         |
| Notes                                    |                         |                         |
| – Outside Hong Kong                      | 622,920                 | 627,393                 |
| Listed bonds                             |                         |                         |
| – In Hong Kong                           | –                       | 109,830                 |
| – Outside Hong Kong                      | 238,105                 | 783,436                 |
| Unlisted bonds                           |                         |                         |
| – Outside Hong Kong                      | 2,387,521               | 1,561,304               |
|  | <u>3,248,546</u>        | <u>3,081,963</u>        |

*Notes:*

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

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Non-current assets</b>                  |                         |                         |
| Listed equity investments                  |                         |                         |
| – In Hong Kong                             | <b>4,188</b>            | 43,195                  |
| <b>Current assets</b>                      |                         |                         |
| Held-for-trading listed equity investments |                         |                         |
| – In Hong Kong                             | <b>765,734</b>          | 2,147,373               |
| – Outside Hong Kong                        | <b>143,137</b>          | 955,356                 |
|  | <b>908,871</b>          | 3,102,729               |
| Held-for-trading investment funds          |                         |                         |
| – In Hong Kong                             | <b>51,751</b>           | 460,500                 |
| – Outside Hong Kong                        | <b>142,594</b>          | 160,086                 |
|  | <b>194,345</b>          | 620,586                 |
| Other investment funds                     |                         |                         |
| – Outside Hong Kong                        | <b>964,385</b>          | 484,763                 |
| Held-for-trading listed bonds              |                         |                         |
| – Outside Hong Kong                        | <b>99,380</b>           | 259,013                 |
| Unlisted equity investments                |                         |                         |
| – Outside Hong Kong                        | <b>535,054</b>          | 803,444                 |
| Notes                                      |                         |                         |
| – In Hong Kong                             | <b>137,042</b>          | 156,107                 |
| – Outside Hong Kong                        | <b>531,117</b>          | 761,785                 |
|  | <b>668,159</b>          | 917,892                 |
|  | <b>3,370,194</b>        | 6,188,427               |

*Note:*

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

## 16. FINANCE LEASE RECEIVABLES

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

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Within one year                                      | 481,834                 | 501,751                 |
| Later than one year and not later than second year   | 29,912                  | 302,104                 |
| Later than second year and not later than third year | –                       | 64,892                  |
|  | <u>511,746</u>          | <u>868,747</u>          |
| Carrying amount of finance lease receivables         | <u>511,746</u>          | <u>868,747</u>          |
| Analysed for reporting purpose as:                   |                         |                         |
| Non-current assets                                   | 29,912                  | 366,996                 |
| Current assets                                       | 481,834                 | 501,751                 |
|  | <u>511,746</u>          | <u>868,747</u>          |

## 17. LOANS RECEIVABLES

|                                       | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---------------------------------------|-------------------------|-------------------------|
| Loans receivables                     | 3,869,964               | 4,089,503               |
| Less: allowance for impairment losses | <u>(451,210)</u>        | <u>(397,770)</u>        |
|                                       | <u>3,418,754</u>        | <u>3,691,733</u>        |
| Analysed for reporting purpose as:    |                         |                         |
| Non-current assets                    | 1,009,547               | 733,863                 |
| Current assets                        | 2,409,207               | 2,957,870               |
|                                       | <u>3,418,754</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:

|                     | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---------------------|-------------------------|-------------------------|
| To be due within:   |                         |                         |
| Within 90 days      | 1,762,644               | 1,547,463               |
| 91 days to 180 days | 646,563                 | 621,643                 |
| 181 days to 1 year  | –                       | 788,764                 |
| 1 year to 2 years   | 1,009,547               | 733,863                 |
|                     | <u>3,418,754</u>        | <u>3,691,733</u>        |

## 18. CONTRACT ASSETS

|                               | <i>Notes</i> | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|-------------------------------|--------------|--------------------------------|-------------------------|
| Tariff adjustment receivables | (i)          | <b>587,320</b>                 | –                       |
| Construction contracts        | (ii)         | <b>448,286</b>                 | –                       |
| Retention money               | (ii)         | <b>51,140</b>                  | –                       |
|                               |              | <b>1,086,746</b>               | –                       |

*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 project (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 and related services as the receipt of consideration is conditional on construction progress. Included in contract assets for construction and related services are retention receivables. Upon completion of certain milestones as agreed with customers and such being accepted by them, the amounts recognised as contract assets are reclassified to trade receivables.

## 19. TRADE AND OTHER RECEIVABLES

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Trade receivables arising from the ordinary course of business of: |                         |                         |
| – Renewable energy   | 2,200,781               | –                       |
| – Dealing in securities  | 193,869                 | 228,392                 |
| – Others   | 5,327                   | 1,148                   |
| Bills receivable   | 37,905                  | –                       |
| Tariff adjustment receivables ( <i>Note (i)</i> )                  | <u>5,938,240</u>        | <u>–</u>                |
|  | 8,376,122               | 229,540                 |
| Less: allowance for impairment losses                              | <u>(1,793)</u>          | <u>(2,066)</u>          |
|  | <u>8,374,329</u>        | <u>227,474</u>          |
| Prepayments  | 754,102                 | 91,564                  |
| Interest receivables   | 265,847                 | 267,579                 |
| Deposits and other receivables                                     | 4,929,951               | 852,788                 |
| Due from joint ventures  | 293,643                 | –                       |
| Due from associates  | <u>357,553</u>          | <u>–</u>                |
|  | 6,601,096               | 1,211,931               |
| Less: allowance for impairment losses                              | <u>(153,217)</u>        | <u>(391,221)</u>        |
|  | <u>6,447,879</u>        | <u>820,710</u>          |
|  | <u>14,822,208</u>       | <u>1,048,184</u>        |
| Analysed for reporting purpose as:                                 |                         |                         |
| Non-current assets   | 3,332,845               | –                       |
| Current assets   | <u>11,489,363</u>       | <u>1,048,184</u>        |
|  | <u>14,822,208</u>       | <u>1,048,184</u>        |

*Note:*

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

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

|                     | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---------------------|--------------------------------|-------------------------|
| Within 90 days      | <b>903,681</b>                 | 227,474                 |
| 91 days to 180 days | <b>322,461</b>                 | –                       |
| 181 days to 1 year  | <b>260,807</b>                 | –                       |
| 1 year to 2 years   | <b>390,180</b>                 | –                       |
| Over 2 years        | <b>558,960</b>                 | –                       |
|                     | <b><u>2,436,089</u></b>        | <b><u>227,474</u></b>   |

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

|                     | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---------------------|--------------------------------|-------------------------|
| Within 90 days      | <b>915,705</b>                 | –                       |
| 91 days to 180 days | <b>544,856</b>                 | –                       |
| 181 days to 1 year  | <b>992,951</b>                 | –                       |
| 1 year to 2 years   | <b>1,275,165</b>               | –                       |
| Over 2 years        | <b>2,209,563</b>               | –                       |
|                     | <b><u>5,938,240</u></b>        | <b><u>–</u></b>         |

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

## 20. TRADE AND BILLS PAYABLES

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

|                     | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---------------------|-------------------------|-------------------------|
| Within 90 days      | 152,310                 | –                       |
| 91 days to 180 days | 145,828                 | –                       |
| 181 days to 1 year  | 245,366                 | –                       |
| 1 year to 2 years   | 285,510                 | –                       |
| Over 2 years        | 1,112,799               | –                       |
|                     | <u>1,941,813</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 bills payable amounting to approximately HK\$57,159,000 (2021: HK\$nil) were secured by the pledged bank deposits as at 31 December 2022.

## 21. ISSUED CAPITAL

|   | 2022                   |                           | 2021                  |                           |
|---|------------------------|---------------------------|-----------------------|---------------------------|
|   | No. of shares<br>'000  | Amount<br><i>HK\$'000</i> | No. of shares<br>'000 | Amount<br><i>HK\$'000</i> |
| Ordinary shares of HK\$0.001<br>(2021: HK\$0.00025) each      |                        |                           |                       |                           |
| <b>Authorised:</b>  |                        |                           |                       |                           |
| At the beginning of the reporting period                      | 2,000,000,000          | 500,000                   | 2,000,000,000         | 500,000                   |
| Effect of share consolidation ( <i>Note (i)</i> )             | <u>(1,500,000,000)</u> | –                         | –                     | –                         |
| At the end of the reporting period                            | <u>500,000,000</u>     | <u>500,000</u>            | <u>2,000,000,000</u>  | <u>500,000</u>            |
| <b>Issued and fully paid:</b>                                 |                        |                           |                       |                           |
| At the beginning of the reporting period                      | 24,089,384             | 6,022                     | 24,089,384            | 6,022                     |
| Effect of share consolidation ( <i>Note (i)</i> )             | (18,067,038)           | –                         | –                     | –                         |
| Repurchase and cancellation of shares<br>( <i>Note (ii)</i> ) | <u>(2,915)</u>         | <u>(3)</u>                | –                     | –                         |
| At the end of the reporting period                            | <u>6,019,431</u>       | <u>6,019</u>              | <u>24,089,384</u>     | <u>6,022</u>              |

*Notes:*

- (i) In July 2022, the Company proposed to implement a share consolidation on the basis that every four issued and unissued shares of HK\$0.00025 each be consolidated into one consolidated share of HK\$0.001 each. The proposed ordinary resolution to approve the share consolidation was duly passed by the shareholders of the Company by way of poll at the special general meeting held on 27 July 2022. 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 authorised 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.

- (ii) The Group repurchased and cancelled 2,915,000 shares of the Group from August to October 2022 at prices ranging from HK\$3.09 to HK\$3.58 per share totalling approximately HK\$9,701,000.

## 22. EVENTS AFTER THE END OF THE REPORTING PERIOD

### Non-adjusting events after the reporting period

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

## 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\$4,193,421,000 as compared with approximately HK\$1,065,661,000 for the Previous Period, representing an increase of approximately 293.50% year-over-year; gross profit of approximately HK\$2,261,532,000, as compared with approximately HK\$738,631,000 for the Previous Period, representing an increase of approximately 206.18% year-over-year; profit for the year amounted to approximately HK\$170,294,000 as compared with approximately HK\$11,058,000 for the Previous Period, representing an increase of approximately 1,440.00% year-over-year. The basic loss per share attributable to owners of the Company was approximately HK\$7.61 cents, as compared with the restated basic loss per share of approximately HK\$5.22 cents for the Previous Period.

As at 31 December 2022, the Group recorded total assets of approximately HK\$68,957,609,000 (2021: HK\$22,950,451,000) and total liabilities of approximately HK\$53,382,831,000 (2021: HK\$14,337,948,000), and therefore net assets of approximately HK\$15,574,778,000 (2021: HK\$8,612,503,000).

## **MARKET REVIEW**

2022 was a challenging and extremely difficult year. As far as overseas is concerned, although the global economy gradually shrugged off the impact of the epidemic at the beginning of the year, the outbreak of the Russia-Ukraine conflict in February has dealt a blow to the global supply chain. High inflation forced overseas central banks to raise interest rates and the overall U.S. bond yield curve rose rapidly. The slowdown continued, and the overseas stock and bond markets fell sharply and fluctuated greatly. In China, due to repeated epidemics, the economy was greatly impacted in the second quarter, and residents' consumption and production weakened. Under continuous regulation, the fundamentals of the real estate industry have deteriorated. The simultaneous weakening of domestic and foreign demand has put greater pressure on economic growth, the stock markets in Hong Kong and the PRC have fluctuated and declined, and the high-yield bond market has experienced greater volatility.

Since last year, the PRC government has effectively coordinated the prevention and control of the epidemic and economic and social development, implemented a moderately loose monetary policy and a proactive fiscal policy, and maintained overall economic and social stability. Over the past three years of fighting against the epidemic, China's compound annual growth rate of gross domestic product (GDP) has been 4.5%, which is much higher than the average growth rate of the world economy. In October 2022, the 20th National Congress of the Communist Party of China was successfully held, and it made directional and programmatic planning on important issues such as policy orientation for comprehensively promoting the great rejuvenation of the Chinese nation through Chinese-style modernization, a modern industrial system, a modern budget system, a modern financial system, and a new security development pattern.

## GROUP STRATEGY AND OPERATIONS

In 2022, facing the severe and complex external environment, the Group grasped the general trend, actively sought changes, unwaveringly followed the road of strategic transformation, and created long-term sustainable value by building an excellent industrial investment holding group.

During the Reporting Period, the Group adhered to the strategic transformation policy of “specialisation, concentration, marketization and institutionalisation”, focused on strategic emerging industries such as new energy, new technology and new infrastructure, selected investment targets with good growth potential and strategic and industrial synergy with the business development of the controlling shareholder, vertically established presence in upstream and downstream enterprises of the industrial chain, enhanced the synergy of the industrial chain, formed economies of scale, and realised a virtuous cycle of self-development.

In May 2022, the Group completed a major merger and acquisition of Shandong Hi-Speed New Energy Group Limited (“**SDHS New Energy**”, formerly known as “Beijing Enterprises Clean Energy Group Limited”, a company listed on the Main Board of the Stock Exchange, stock code: 1250.HK), subscribed for 43.45% of its shares becoming the controlling shareholder; In addition, the Group also indirectly held 23.07% of its shares in Shandong High Speed Renewable Energy Group Limited (山高環能集團股份有限公司) (“**SDHS Renewable**”, formerly known as “BECE Legend Group Co. Ltd. (北清環能集團股份有限公司)”, a company listed on the Shenzhen Stock Exchange, stock code: 000803.SZ) which is a leading enterprise in the field of organic solid waste investment and operation in China, and became its largest shareholder. Through strategic mergers and acquisitions, the Group has initially built a green and environmental protection industry ecosystem, continuously optimised its asset structure, and preliminarily completed the transformation from a financial investment company to an industrial investment company. As at the end of December 2022, the Group’s total assets amounted to approximately HK\$68.96 billion, representing an increase of approximately two-fold as compared to the Previous Period.

In addition to increasing industrial investment, the Group generally adopts a defence-oriented business strategy and conducts other investment businesses in a more prudent manner, including significantly reducing non-standard investment business, continuously reducing the scale of standard investment business, and strictly controlling investment risks.

In terms of financing, the Group, with the strong support of its controlling shareholder, its good reputation in the overseas bond market, rich experience in bond issuance and resource advantages, has ensured smooth and diversified financing channels and maintained reasonable and sufficient liquidity. In June 2022, the Group successfully issued its first green bond with a total size of US\$500 million. The bond rating was A-level by Fitch Ratings and A3-level by Moody’s, with a subscription multiple of more than 7 times and a final issuance interest rate of 4.1%, which was 50 basis points lower than the initial pricing of 4.6%. This created the largest order subscription scale and the highest over-subscription multiple of local state-owned enterprises this year, and was rated as the “Outstanding Issuer of Chinese Offshore Bonds in 2022” by Duration Finance. In addition, the Group conducted in-depth cooperation with SPD Bank and successfully launched the first overseas merger and acquisition loan business, which provided sufficient capital guarantee for industrial merger and acquisition.

In 2022, the Group's strategic transformation and operating results were fully recognised by international rating agencies. In November 2022, Fitch Ratings confirmed the A-international issuer rating of SDHG. Fitch is of the view that SDHG has transformed into an overseas industrial investment and financing platform with new energy and new technology sectors as its main investment direction after the completion of the asset acquisition of SDHS New Energy; the new energy project of SDHG aligned with the strategies of Shandong Hi-Speed Group Co., Ltd. and Shandong Province, thus enhancing the competitiveness and growth potential of SDHG.

In addition, with its outstanding performance in the field of new energy industry, the Group was awarded the ESG subject rating of “2” (the rating is expressed as “1” to “5” and “1” is the best rating) by Fitch Ratings, being the first entity in Greater China to receive Fitch Ratings's ESG rating of “2”, which is also the highest level of ESG rating granted so far by Fitch in the Asia-Pacific region.

## **BUSINESS REVIEW**

### **(1) Industrial investment**

In 2022, industrial investment has become the Company's core asset allocation direction. In terms of investment strategy, we combine holding equity investments with strategic equity investments and minority equity investments. Holding equity investment mainly focuses on key industries in line with the national strategy and obtains the necessary platforms for the Group's transformation. Strategic equity investment mainly focuses on the upstream and downstream of the industry chain through minority equity investment and layout of high-quality enterprises. As at the end of December 2022, the total asset scale of the enterprises in which the industrial investment business holds shares was approximately HK\$52.2 billion.

During the Reporting Period, the Group completed the subscription of 48,804,039,247 new ordinary shares of SDHS New Energy at a consideration of approximately HK\$4.685 billion (the “**Subscription**”). Upon completion of the Subscription on 19 May 2022, the Company indirectly owned 43.45% of the enlarged issued share capital of SDHS New Energy and became its controlling shareholder. Following the change of the composition of the board of SDHS New Energy through appointment of directors nominated by the Company upon completion of the Subscription, SDHS New Energy also became a subsidiary of the Company. The Company also indirectly holds 23.07% of the shares of SDHS Renewable, a leading enterprise in the field of organic solid waste investment and operation in China, and has become its largest shareholder. Through industrial acquisitions, the Group has become an industrial investment holding platform for two listed companies that effectively control the new energy sector and the green environmental protection sector.

In addition, the Group invested in several high-quality projects such as NewLink Group, an Internet of Things unicorn, which achieved rapid growth in the first half of the year. In June 2022, Newlink Naas, a subsidiary of NewLink Group, successfully landed on the NASDAQ (stock code: NAAS.US), becoming the first charging service enterprise in China to enter the overseas capital market.

The Group continued to enhance its “investment + investment management” capability. After the acquisition of SDHS New Energy, the Group fully leveraged the abundant resources of its controlling shareholder, Shandong Hi-Speed Group, to promote the high-quality integrated development of infrastructure network and energy network, and built a benign mechanism for post-investment empowerment from multiple dimensions such as capital, resources, brand and mechanism, so as to enhance the long-term value of the invested companies.

During the Reporting Period, the industrial investment business segment recorded a profit of approximately HK\$1.71 billion.

## **(2) Standard investment**

The Group conducts standard investment business of equity and fixed income with its own funds.

In terms of standard equity investment, affected by factors such as geopolitical conflicts, soaring energy prices, the interest rate hike cycle of major economies such as the United States and the slowdown of China’s domestic economic growth, the stock markets in China and Hong Kong continued to be weak in 2021 and 2022, and the Hang Seng Index hit a new low in nearly 11 years. The investment team’s position focuses on growth industries such as technology and consumption. Through the research and analysis of the economic cycle, market trends and international political situation, the investment team promptly reduced positions and adjusted the structure according to market changes. However, they were impacted by violent fluctuations in the global market, resulting in investment losses.

In terms of fixed-income standard investment, faced with unfavorable factors such as the liquidity crisis in the domestic real estate industry that has not been effectively resolved and the volatility of the bond market has intensified, the investment team adopted the investment strategy of diversifying investment and reducing the duration. Portfolio returns remained relatively stable during the more volatile market conditions.

During the Reporting Period, the Group’s standard investments business recorded a loss of approximately HK\$954 million at fair value compared to a loss of approximately HK\$116 million in the same period last year, due to the aforementioned interest rate hikes in major global economies and the volatile capital markets.

### **(3) Non-standard investment**

The non-standard investment business of the Group is mainly direct investment business, including investment in debt instruments, unlisted bonds, notes and investment funds, etc., the specific forms of which include supply chain financing, mezzanine investment in equity plus debt, merger and acquisition financing in the industry, etc.

During the Reporting Period, the Group took risk prevention and control as the top priority. On the one hand, the Group significantly reduced non-standard investment business and more prudently selected investment targets, mainly focusing on the Group's strategic transformation direction, and coordinating with industrial investment in real economy areas such as new energy, new infrastructure, new technology, high-end manufacturing and Internet data centre, so as to provide financing services for the industrial investment target companies and their upstream and downstream industrial chain companies; on the other hand, the Group concentrated its efforts and took various measures to reduce the credit exposure of existing non-standard investment business, and achieved major breakthroughs in the resolution of a number of historical existing risk projects.

Non-standard investment business recorded a loss of approximately HK\$134 million for the Reporting Period, as compared to a profit of approximately HK\$253 million for the corresponding period last year. Such change was mainly due to the decrease in fair value of financial assets held by the Group as affected by the fluctuation of the capital market, and the Group's initiative to reduce the scale of non-standard investment business.

### **(4) Licensed financial services**

The Group carries out licenced financial business in the Mainland China and Hong Kong. It currently holds licences 1, 4, 5, 6 and 9 issued by the Securities and Futures Commission of Hong Kong and a money lender licence in Hong Kong, as well as licences including Qualified Foreign Limited Partner (QFLP) Fund Manager and financial leasing in the Mainland China. The Group's services include corporate and individual clients in the Mainland China, Hong Kong and the world, providing 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 business recorded a loss of approximately HK\$571 million as compared to a loss of approximately HK\$306 million in the Previous Period. The increase in loss was mainly due to the cancellation of the carrying amounts of the licence related to Laecap's asset trading platform. For details, please refer to the announcement of the Company dated 24 July 2022.

## **FUTURE PROSPECTS**

Affected by the sharp rise in interest rates of central banks in Europe and the United States in 2022, the global economic growth is expected to weaken in 2023. In the face of many uncertainties, risk aversion in the capital market will continue. The Group's investment business is highly correlated to the capital market and is expected to be affected by market volatility. At the same time, with the relaxation of pandemic control measures and the reopening of the market, the Chinese market will regain momentum and the economic growth is expected to grow steadily.

Looking forward to 2023, China will continue to increase its support for high-tech industries such as industrial optimisation and upgrading, specialty and specialty new technology, continue to vigorously strengthen investment and policy support for basic research in key areas, deepen financial system reform, and improve the functions of capital market. Meanwhile, driven by the national "dual carbon" goal, green investment is expected to continue to grow rapidly. As an important direct financing method, industrial investment will greatly benefit from China's technological innovation and industrial optimization and upgrading. The reform of the capital market will further smooth the channels for industrial investment, and the future development potential is huge.

Based on the mid-to-long-term strategic transformation plan, the Group will continue to optimize the asset allocation structure and organizational structure, build a comprehensive risk management system. Focusing on industrial investment, supplemented by standardized and non-standardized investment, the Group realizes short-term, medium-term and long-term investment in high-quality assets in key industries through diversified capital operation models such as equity linkage investment in domestic and foreign primary and secondary markets, license linkage, and stock-debt linkage. While achieving the goal of long-term asset appreciation, the Group maintains sufficient short-term liquidity. In terms of business development strategies:

### **(1) Industrial investment**

The Group will continue to steadily promote and deepen its strategic transformation, give full play to the industrial advantages and resource advantages of the controlling shareholder, give full play to its own advantages in the combination of industry and finance and domestic and overseas linkage, focus on the growth and high-prosperity industries that are in line with the national strategic orientation and supported by national policies, especially emerging industries such as new energy, new infrastructure and new technology, select target companies with excellent business models and stable cash flow, organic portfolio strategic equity investment and holding equity investment, steadily develop the Group's industrial investment business, expand the scale of industrial investment, and play a key role in the development of the Group's investment business.

At the same time, the Group will strive to consolidate the results of industrial acquisition in 2022, accelerate the improvement of “investment + investment management” momentum, strengthen the empowerment post-investment management according to the corporate development cycle and industry cycle for the invested targets such as SDHS New Energy and SDHS Renewable, and promote the overall improvement of the value of the invested enterprises.

## **(2) Standard investment**

The standard investment business provides liquidity management for the Group to achieve absolute return.

For standard equity investment business, while striving to increase absolute returns, the Group will explore high-quality investment targets for industrial investment based on sensitivity analysis of industry cycle and capital market valuation system, so as to achieve “linkage between primary and secondary investment”, give full play to the role of the Group in industrial investment, and improve the overall layout efficiency of the Group’s investment business. The Group will coordinate the asset allocation of the standard investment segment around the strategic objectives of industrial investment, and explore investment opportunities in key industries, focusing on: (1) highly prosperous and competitive growth industries in China represented by the new energy industry and high-end manufacturing industry; (2) large consumption industry with strong certainty in the medium and long term; (3) industries that have bottomed out and rebounded.

In terms of standard bond investment business, the Federal Reserve’s interest rate hike is expected to come to an end in 2023, but the specific pace still faces great uncertainty. The investment team will closely track the market, comprehensively consider factors such as absolute yield, valuation level and credit risk, maintain a prudent investment strategy, actively manage the duration and various risks of the portfolio, and obtain stable returns.

## **(3) Non-standard investment**

The Group will continue to adopt a prudent investment strategy, carry out investment around the two main lines of “seizing high-quality pledged assets” and “industrial transformation and synergy of the Group”, and conduct post-investment management of existing investment projects to continue to reduce the credit exposure in the portfolio. The Group will leverage on the respective regional advantages and professional capabilities of its teams in Hong Kong, the Mainland China and Singapore, pay close attention to the financing needs of new energy, new consumption, high-tech and other industries, focus on the direction of industrial capital transformation, select high-quality leading enterprises to provide capital support, and continuously optimise its business model.

#### **(4) Licensed financial services**

The Group will prudently carry out Hong Kong and the PRC licensed financial service business, mainly focusing on securities brokerage, QFLP and financial leasing, which have synergistic effects with the Group's strategic transformation direction, to develop business and improve comprehensive service capabilities.

### **LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the Reporting Period, the Group had sufficient liquidity and working capital to maintain normal business operations. As at 31 December 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\$4,392,562,000 (2021: HK\$1,334,300,000), total assets were approximately HK\$68,957,609,000 (2021: HK\$22,950,451,000) and total borrowings were approximately HK\$43,787,262,000 (2021: HK\$13,947,223,000).

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the year ended 31 December 2022. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

As at 31 December 2022, the Company had a total of 6,019,431,109 issued shares with a par value of HK\$0.001 each, and the total deficit attributable to the owners of the Company was approximately HK\$36,053,000 (2021: total equity attributable to the owners of the Company HK\$1,408,651,000).

### **BANK LOANS AND OTHER BORROWINGS**

As at 31 December 2022, the outstanding borrowings of the Group of approximately HK\$43,787,262,000 were comprised of bank borrowings, bonds and other borrowings which were approximately HK\$26,767,180,000 (2021: HK\$4,375,155,000), HK\$8,521,297,000 (2021: HK\$7,898,646,000) and HK\$8,498,785,000 (2021: HK\$1,673,422,000), respectively. Approximately 69.3% of the total outstanding borrowings of the Group were long term liabilities (2021: 25.5%). The bank borrowings bear interest at floating rates with effective interest rates ranging from 2.60% to 7.05% (2021: 1.02% to 6.11%) and other borrowings are with effective interest rates ranging from 0.40% to 8.01% (2021: 0.30% to 3.74%). As at 31 December 2022, the outstanding bonds of the Group included, a secured bond with a coupon rate of 3.95% per annum (the outstanding amount: approximately HK\$1,563,788,000), a secured bond with a coupon rate of 4.30% per annum (the outstanding amount: approximately HK\$792,547,000), a secured bond with a coupon rate of 4.10% per annum (the outstanding amount: approximately HK\$3,900,621,000), a secured bond with a floating coupon rate (the outstanding amount: approximately HK\$1,736,975,000), secured bonds with interest rates ranging from 4.20% to 4.90% per annum (the outstanding amount: approximately HK\$526,803,000) and an unsecured bond with a coupon rate of 5.50% per annum (the outstanding amount: approximately HK\$563,000). The above stated bonds, bank and other borrowings were denominated in US dollars, Renminbi and Hong Kong dollars.

## **GEARING RATIO**

As at 31 December 2022, the gearing ratio (total outstanding borrowings divided by total assets) of the Group was approximately 63.50% (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 31 December 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 investment property;
- 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 31 December 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 31 December 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\$354,361,000 (2021: nil) and approximately HK\$320,883,000 (2021: nil), respectively.

## **SIGNIFICANT INVESTMENTS**

As at 31 December 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 31 December 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 through the Subscription**

Reference is made to 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 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 indirectly owned a total of 48,804,039,247 ordinary shares of SDHS New Energy and became SDHS New Energy's controlling shareholder, holding approximately 43.45% of SDHS New Energy's enlarged issued share capital. Following the change of the composition of the board of SDHS New Energy through appointment of directors nominated by the Company upon the completion of the Subscription, SDHS New Energy became a subsidiary of the Company. 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 or joint ventures of the Group during the Reporting Period.

## ISSUANCE OF DEBENTURES

On 24 May 2021, Coastal Emerald Limited (“**Coastal 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.

On 20 December 2022, SDHS New Energy issued a corporate bond with an aggregate principal amount of RMB465,000,000 to certain institutional investors. The interest rate of the bond is ranging from 4.20% to 4.90% per annum. The corporate bond is secured and repayable on 30 November 2025.

After deduction of the issuance costs, the Group received net consideration of approximately US\$219,925,000, US\$497,735,000 and RMB462,920,000 from the issuance of the above bonds.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2022, there were 2,077 employees (including the directors of the Group and directors of the Company's subsidiaries), while there were 163 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 a 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 Group. 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 develop their talents and potential.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in Note 22 to the financial statements in this announcement, the Group did not have any other significant events after the Reporting Period and up to the date of this announcement.

## DIVIDENDS

The Board does not recommend the payment of any dividend for the Reporting Period (Previous Period: Nil).

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

Reference is made to the announcement of the Company dated 31 August 2022. The Board has obtained a buy-back mandate (the “**Buy-back Mandate**”) granted by the Shareholders at the annual general meeting of the Company held on 11 July 2022 (the “**AGM**”) to repurchase the Shares not exceeding 10% of the total number of shares in issue as at the date of the passing of the resolution at the AGM. The Board announced that it has resolved to authorise the management to utilize the Buy-back Mandate in the open market from time to time as appropriate.

The Board believes that the share buy-back demonstrates the Company's confidence in its own business outlook and prospects and would, in the long term, benefit the Company and create value to the Shareholders.

During the Reporting Period, the Company bought back a total of 2,915,000 Shares on the Stock Exchange at an aggregate consideration paid (before expenses) of approximately HK\$9,701,000. All of such repurchased Shares were subsequently cancelled. As at 31 December 2022, the total number of issued Shares was 6,019,431,109.

Details of Share repurchased by the Company during the Reporting Period are as follows:

| Month          | Number of<br>Shares bought<br>back | Buy-back price per Share |                  | Total<br>consideration<br>(before<br>expenses)<br>(HK\$'000)<br>(approximate) |
|----------------|------------------------------------|--------------------------|------------------|---|
|                |                                    | Highest<br>(HK\$)        | Lowest<br>(HK\$) |   |
| August 2022    | 1,000,000                          | 3.28                     | 3.28             | 3,280   |
| September 2022 | 1,513,000                          | 3.44                     | 3.09             | 4,988   |
| October 2022   | 402,000                            | 3.58                     | 3.55             | 1,433   |

Save as disclosed above, 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 Codes, 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. 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 Group’s consolidated results for the year ended 31 December 2022 have been reviewed by the Audit Committee.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2022 have been agreed by the Company’s auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

## **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 ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.sdhg.com.hk](http://www.sdhg.com.hk)). The annual report for the year ended 31 December 2022 will be published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.sdhg.com.hk](http://www.sdhg.com.hk)) and also be dispatched 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, 31 March 2023

*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*