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ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Shandong Hi-Speed Holdings Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2022 (the “**Previous Period**”), as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
REVENUE	5	5,529,050	4,193,421
COST OF SALES AND SERVICES		(3,056,315)	(1,931,889)
Gross profit		2,472,735	2,261,532
Other income	6	190,588	125,962
Other gains and losses, net	7	1,524,688	918,859
Impairment losses on financial assets (recognised)/reversed, net	8	(31,236)	168,173
Fair value losses on financial assets at fair value through profit or loss, net	10	(543,062)	(1,188,877)
Selling and distribution expenses		(3,773)	(1,814)
Administrative and other operating expenses		(791,826)	(679,591)
Finance costs	9	(2,068,058)	(1,630,572)
Share of results of:			
Joint ventures		(89,647)	(5,916)
Associates		(51,906)	30,688

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
PROFIT/(LOSS) BEFORE TAX	<i>10</i>	608,503	(1,556)
Income tax (expense)/credit	<i>11</i>	(60,806)	171,850
PROFIT FOR THE YEAR		547,697	170,294
Profit/(loss) for the year attributable to:			
Owners of the Company		15,092	(458,067)
Holders of perpetual capital instrument		309,467	289,006
Non-controlling interests		223,138	339,355
		547,697	170,294
EARNINGS/(LOSSES) PER SHARE			
Basic and diluted	<i>13</i>	HK0.25 cents	HK(7.61) cents

	2023	2022
	HK\$'000	HK\$'000
Profit for the year	547,697	170,294
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	(448,245)	(202,940)
<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	(451,974)	(273,931)
Release of FVTOCI reserve upon disposal of debt instruments at fair value through other comprehensive income	188,882	15,101
Share of other comprehensive loss of joint ventures	(13,065)	(14,441)
Share of other comprehensive loss of associates	(37,784)	(35,123)
Exchange difference arising on translation of foreign operations	(590,319)	(925,400)
Reclassification adjustment for foreign operations disposed of during the year	–	27,369
Other comprehensive losses for the year	(1,352,505)	(1,409,365)
Total comprehensive losses for the year	(804,808)	(1,239,071)
Total comprehensive (losses)/income for the year attributable to:		
Owners of the Company	(968,312)	(1,488,521)
Holder of perpetual capital instrument	309,467	289,006
Non-controlling interests	(145,963)	(39,556)
	(804,808)	(1,239,071)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		23,483,394	20,845,016
Investment properties		522,000	1,052,000
Right-of-use assets		4,402,874	4,264,336
Intangible assets		3,734,474	1,574,357
Operating concessions		1,464,707	1,562,219
Interests in joint ventures		415,047	464,693
Interests in associates		7,310,986	3,558,337
Financial assets at fair value through other comprehensive income	14	1,373,466	1,270,726
Financial assets at fair value through profit or loss	15	–	4,188
Finance lease receivables	16	–	29,912
Loans receivables	17	804,578	1,009,547
Prepayments, deposits and other receivables	19	740,433	3,332,845
Other tax recoverables		521,304	356,426
Other non-current assets		–	1,385,240
Deferred tax assets		764,541	492,348
		<hr/>	<hr/>
Total non-current assets		45,537,804	41,202,190
CURRENT ASSETS			
Inventories		71,424	95,003
Contract assets	18	844,857	1,086,746
Financial assets at fair value through other comprehensive income	14	2,412,219	3,248,546
Financial assets at fair value through profit or loss	15	1,108,487	3,370,194
Finance lease receivables	16	405,582	481,834
Loans receivables	17	3,027,840	2,409,207
Trade and other receivables	19	12,271,772	11,489,363
Other tax recoverables		173,771	124,223
Restricted cash and pledged deposits		374,840	271,724
Cash held on behalf of clients		38,223	11,487
Cash and cash equivalents		5,718,596	4,392,562
		<hr/>	<hr/>
		26,447,611	26,980,889
Assets classified as held for sale		752,389	774,530
		<hr/>	<hr/>
Total current assets		27,200,000	27,755,419
CURRENT LIABILITIES			
Trade and bills payables	20	1,485,817	1,941,813
Other payables and accruals		1,788,225	2,162,823
Lease liabilities		671,909	537,107
Borrowings		16,957,970	13,445,859
Tax payables		194,401	214,397
		<hr/>	<hr/>
Total current liabilities		21,098,322	18,301,999

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NET CURRENT ASSETS		6,101,678	9,453,420
TOTAL ASSETS LESS CURRENT LIABILITIES		51,639,482	50,655,610
NON-CURRENT LIABILITIES			
Borrowings		28,813,762	30,341,403
Lease liabilities		3,413,694	2,925,950
Other non-current liabilities		9,924	1,555,456
Other payables and accruals		–	12,280
Deferred tax liabilities		509,784	245,743
Total non-current liabilities		32,747,164	35,080,832
Net assets		18,892,318	15,574,778
CAPITAL AND RESERVES			
Issued capital	<i>21</i>	6,019	6,019
Reserves		(1,008,229)	(42,072)
Equity attributable to owners of the Company		(1,002,210)	(36,053)
Perpetual capital instrument		7,111,301	7,104,441
Non-controlling interests		12,783,227	8,506,390
Total equity		18,892,318	15,574,778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. CORPORATE INFORMATION

Shandong Hi-Speed Holdings 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 HM 11, Bermuda and 38/F., The Center, 99 Queen’s Road Central, Central, Hong Kong, respectively.

The Company acts as an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) principally engaged in 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

New and amendments to HKFRSs that are effective for the current year

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

HKFRS 17 and related Amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and 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.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
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 ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all 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 Hong Kong 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 investment properties and certain financial instruments 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 2023, the Group had four reportable operating segments.

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.

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 profit/(loss) before tax is measured consistently with the Group’s profit/(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, certain deferred tax liabilities, certain borrowings and certain other payables and accruals.

	Industrial investment		Standard investment		Non-standard investment		Licensed financial services		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>4,975,462</u>	<u>3,644,436</u>	<u>125,754</u>	<u>191,281</u>	<u>243,671</u>	<u>212,851</u>	<u>184,163</u>	<u>144,853</u>	-	-	<u>5,529,050</u>	<u>4,193,421</u>
Segment results	<u>2,076,392</u>	<u>1,713,054</u>	<u>(762,024)</u>	<u>(941,582)</u>	<u>(376,134)</u>	<u>(133,568)</u>	<u>(82,195)</u>	<u>(571,344)</u>	-	-	<u>856,039</u>	<u>66,560</u>
Unallocated income*											<u>12,903</u>	<u>14,805</u>
Unallocated finance costs											<u>(53)</u>	<u>(201)</u>
Unallocated expenses**											<u>(118,833)</u>	<u>(107,492)</u>
Share of results of												
– Joint ventures											<u>(89,647)</u>	<u>(5,916)</u>
– Associates											<u>(51,906)</u>	<u>30,688</u>
Profit/(loss) before tax											<u>608,503</u>	<u>(1,556)</u>

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 or segment assets is as follows:

* Unallocated income mainly included exchange gains of approximately HK\$2,881,000 (2022: HK\$14,805,000) and fair value gains on investment properties of approximately HK\$10,000,000 (2022: HK\$nil).

** Unallocated expenses mainly included employee benefit expenses of approximately HK\$101,353,000 (2022: HK\$72,974,000) and depreciation of approximately HK\$17,420,000 (2022: HK\$10,064,000).

Geographical information

Geographical segment information in relation to the location of the Group's revenue is not presented since over 90% of the Group's revenue is generated in the People's Republic of China ("PRC") for the years ended 31 December 2023 and 2022. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these consolidated financial statements.

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 2023 and 2022. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these consolidated financial statements.

5. REVENUE

Disaggregation of revenue from contracts with customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers		
Sale of electricity and entrusted operation services		
Photovoltaic power business	3,017,113	2,409,996
Wind power business	1,057,193	460,952
Entrusted operations services	119,903	136,427
Construction and related services	137,550	342,402
Provision of clean heat supply services	643,703	294,659
Consultancy services income	47,828	47,931
Income from brokerage business	22,267	19,777
Income from asset management and performance	2,538	14,929
Handling fee income	–	2,447
	<u>5,048,095</u>	<u>3,729,520</u>
Timing of revenue recognition		
Recognised at a point in time	4,925,575	3,375,806
Recognised over time	122,520	353,714
	<u>5,048,095</u>	<u>3,729,520</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers	5,048,095	3,729,520
Finance lease income	2,825	14,619
Interest income from money lending operations	75,752	37,017
Interest income from debt investments	73,659	87,750
Interest income from financial assets at FVTPL	128,912	53,331
Interest income from financial assets at FVTOCI	188,267	226,955
Dividend and distribution income from financial assets at FVTPL	11,540	43,508
Dividend income from financial assets at FVTOCI	–	721
	<u>5,529,050</u>	<u>4,193,421</u>

6. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	47,668	18,115
Other interest income	51,967	55,174
Government grants	29,957	28,462
Management income	24,209	19,317
Fair value gains on financial guarantees	2,775	–
Others	34,012	4,894
	<u>190,588</u>	<u>125,962</u>

7. OTHER GAINS AND LOSSES, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Impairment losses recognised in respect of		
– goodwill	–	(13,227)
– operating rights	–	(19,881)
– property, plant and equipment	(37,096)	(75,316)
– interests in associates	(52,102)	–
Written off of intangible assets	–	(400,279)
Gains on early termination of lease	19	3,038
Foreign exchange losses, net	(99,932)	(70,023)
Gain on deemed disposal of subsidiaries	–	10,711
Gains on disposal of joint ventures	2,559	–
Losses on disposal of other receivables	(53,900)	(10,600)
Gains on bargain purchase from acquisition of subsidiaries	347,533	1,431,330
Gain on bargain purchase from acquisition of an associate	1,577,826	–
Losses on disposal of debt instruments at FVTOCI, net	(188,882)	(15,101)
Contingent consideration adjustment arising from acquisition in prior years	–	38,711
Gains on debt restructuring	31,414	37,878
Losses on disposal of property, plant and equipment	(12,751)	(6,682)
Fair value gains on investment properties	10,000	8,300
	<u>1,524,688</u>	<u>918,859</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Impairment losses on financial assets (recognised)/reversed, net in respect of:		
Finance lease receivables	(2,852)	11,067
Loans receivables	(109,921)	(78,347)
Trade and other receivables	81,537	235,453
	<u>(31,236)</u>	<u>168,173</u>

9. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank borrowings	1,453,308	658,033
Interest on other borrowings	420,408	554,288
Interest on bonds	273,131	363,125
Interest on options granted to non-controlling interests	–	136,587
Interest on lease liabilities	244,507	178,489
	<u>2,391,354</u>	<u>1,890,522</u>
Less: Finance costs included in cost of sales and services	(312,501)	(250,500)
Interest capitalised	(10,795)	(9,450)
	<u>2,068,058</u>	<u>1,630,572</u>

10. PROFIT/(LOSS) BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration:		
– Audit services	4,200	4,050
– Non-audit services	2,220	3,000
	<u>6,420</u>	<u>7,050</u>
Employee benefit expenses:		
<i>Directors' remuneration:</i>		
– Fees	1,941	1,500
– Salaries, allowances and benefits in kind	18,870	18,620
– Retirement benefit scheme contributions (defined contribution scheme) *	83	84
	<u>20,894</u>	<u>20,204</u>
Sub-total	<u>20,894</u>	<u>20,204</u>
<i>Other staff costs:</i>		
– Salaries, allowances and benefits in kind	278,768	227,573
– Retirement benefit scheme contributions (defined contribution scheme) *	33,819	21,833
	<u>312,587</u>	<u>249,406</u>
Sub-total	<u>312,587</u>	<u>249,406</u>
Total employee benefit expenses	<u>333,481</u>	<u>269,610</u>

	2023	2022
	HK\$'000	HK\$'000
Sales proceeds from disposal of financial assets at FVTPL	(3,457,307)	(9,200,485)
Carrying amount of financial assets at FVTPL	3,806,610	9,892,139
Realised losses from financial assets at FVTPL, net	349,303	691,654
Unrealised losses from financial assets at FVTPL, net	193,759	497,223
Fair value losses on financial assets at FVTPL, net	543,062	1,188,877
Cost of sales of electricity and entrusted operation services	1,849,453	964,888
Cost of construction and related services	116,122	268,472
Cost of clean heat supply services	586,646	287,809
Cost of other services provided	191,593	160,220
Amortisation of operating concessions	83,358	59,033
Amortisation of operating rights	94,507	15,113
Amortisation of other intangible assets	3,065	2,814
Depreciation of property, plant and equipment	1,502,699	791,996
Depreciation of right-of-use assets	233,602	165,714
Expenses relating to short term leases	21,717	16,466

Notes:

- * As at 31 December 2023, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2022: nil).

11. INCOME TAX EXPENSE/(CREDIT)

	2023	2022
	HK\$'000	HK\$'000
Current tax		
– Provision for the year		
– PRC Enterprise Income Tax	245,107	196,885
– Singapore Corporate Income Tax	2,283	–
– Underprovision/(overprovision) in prior years		
– PRC Enterprise Income Tax	(2,300)	–
– Singapore Corporate Income Tax	255	(133)
	245,345	196,752
Deferred tax credit, net	(184,539)	(368,602)
Income tax expense/(credit)	60,806	(171,850)

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 2023 and 2022.

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 years ended 31 December 2023 and 2022.

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 year ended 31 December 2022.

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 2023 (2022: HK\$nil), nor has any dividend been proposed since the end of the reporting period.

13. EARNINGS/(LOSSES) PER SHARE

The calculation of the basic and diluted earnings/(losses) per share attributable to owners of the Company is based on the following data:

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(losses) per share	<u>15,092</u>	<u>(458,067)</u>
<i>Number of shares</i>	<i>’000</i>	<i>’000</i>
Issued shares at beginning of year	6,019,431	24,089,384
Effect of repurchase and cancellation of shares	–	(785)
Effect of share consolidation (<i>note 21</i>)	<u>–</u>	<u>(18,067,038)</u>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(losses) per share	<u>6,019,431</u>	<u>6,021,561</u>

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented (2022: Diluted losses per share did not assume the exercise of share options since their assumed exercise has an anti-dilutive effect on losses per share).

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets		
Unlisted equity investments		
– Outside Hong Kong	373,852	251,000
Listed equity investments		
– In Hong Kong (<i>Note (ii)</i>)	58,542	45,683
– Outside Hong Kong (<i>Note (ii)</i>)	38,523	61,580
Listed bonds		
– In Hong Kong	5,381	12,650
– Outside Hong Kong	46,094	721,188
Investment funds		
– Outside Hong Kong	138,743	178,625
Unlisted bonds		
– Outside Hong Kong	712,331	–
	<u>1,373,466</u>	<u>1,270,726</u>
Current assets		
Notes		
– Outside Hong Kong	852,216	622,920
Listed bonds		
– Outside Hong Kong	46,331	238,105
Unlisted bonds		
– Outside Hong Kong	1,513,672	2,387,521
	<u>2,412,219</u>	<u>3,248,546</u>

Notes:

- (i) As at 31 December 2023 and 2022, 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets		
Listed equity investments		
– In Hong Kong	–	4,188
Current assets		
Held-for-trading listed equity investments		
– In Hong Kong	37,471	765,734
– Outside Hong Kong	9,934	143,137
	47,405	908,871
Held-for-trading investment funds		
– In Hong Kong	54,018	51,751
– Outside Hong Kong	138,896	142,594
	192,914	194,345
Other investment funds		
– Outside Hong Kong	542,514	964,385
Held-for-trading listed bonds		
– Outside Hong Kong	12,911	99,380
Unlisted equity investments		
– Outside Hong Kong	312,743	535,054
Notes		
– In Hong Kong	–	137,042
– Outside Hong Kong	–	531,117
	–	668,159
	1,108,487	3,370,194

Note:

- (i) As at 31 December 2023 and 2022, 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	405,582	481,834
Later than one year and not later than second year	–	29,912
	<u>405,582</u>	<u>511,746</u>
Carrying amount of finance lease receivables	<u>405,582</u>	<u>511,746</u>
Analysed for reporting purpose as:		
Non-current assets	–	29,912
Current assets	405,582	481,834
	<u>405,582</u>	<u>511,746</u>

17. LOANS RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loans receivables	4,388,417	3,869,964
Less: allowance for impairment losses	(555,999)	(451,210)
	<u>3,832,418</u>	<u>3,418,754</u>
Analysed for reporting purpose as:		
Non-current assets	804,578	1,009,547
Current assets	3,027,840	2,409,207
	<u>3,832,418</u>	<u>3,418,754</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
To be due within:		
Within 90 days	2,020,375	1,762,644
91 days to 180 days	–	646,563
181 days to 1 year	1,007,465	–
1 year to 2 years	804,578	1,009,547
	<u>3,832,418</u>	<u>3,418,754</u>

18. CONTRACT ASSETS

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Tariff adjustment receivables	(i)	714,714	587,320
Construction contracts	(ii)	124,180	448,286
Retention money	(ii)	5,963	51,140
		844,857	1,086,746

Notes:

- (i) Tariff adjustment receivables included in contract assets represented the PRC central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that are to be billed and settled upon entering into the list of national renewable energy power generation subsidies for the renewable energy power generation 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables arising from the ordinary course of business of:		
– Renewable energy	1,689,872	2,200,781
– Dealing in securities	228,593	193,869
– Others	7,332	5,327
Bills receivable	10,996	37,905
Tariff adjustment receivables (<i>Note (i)</i>)	<u>6,894,732</u>	<u>5,938,240</u>
	8,831,525	8,376,122
Less: allowance for impairment losses	<u>(2,095)</u>	<u>(1,793)</u>
	8,829,430	8,374,329
Prepayments	631,729	754,102
Interest receivables	316,164	265,847
Deposits and other receivables	2,275,599	4,929,951
Due from joint ventures	678,494	293,643
Due from associates	<u>352,059</u>	<u>357,553</u>
	4,254,045	6,601,096
Less: allowance for impairment losses	<u>(71,270)</u>	<u>(153,217)</u>
	4,182,775	6,447,879
	13,012,205	14,822,208
Analysed for reporting purpose as:		
Non-current assets	740,433	3,332,845
Current assets	<u>12,271,772</u>	<u>11,489,363</u>
	13,012,205	14,822,208

Note:

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 90 days	753,085	903,681
91 days to 180 days	93,581	322,461
181 days to 1 year	82,743	260,807
1 year to 2 years	433,628	390,180
Over 2 years	571,661	558,960
	<u>1,934,698</u>	<u>2,436,089</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 90 days	531,375	915,705
91 days to 180 days	562,161	544,856
181 days to 1 year	1,618,168	992,951
1 year to 2 years	1,749,621	1,275,165
Over 2 years	2,433,407	2,209,563
	<u>6,894,732</u>	<u>5,938,240</u>

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 (2022: 30 days to 90 days) to its customers, and generally accepts settlement of certain trade receivables by bank and commercial bills with maturity periods ranging from 90 days to 180 days (2022: 90 days to 180 days) after taking into consideration the customers' historical repayment record and current ability of making payments.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 90 days	131,519	152,310
91 days to 180 days	101,631	145,828
181 days to 1 year	244,518	245,366
1 year to 2 years	106,589	285,510
Over 2 years	901,560	1,112,799
	<u>1,485,817</u>	<u>1,941,813</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 payables amounting to HK\$nil (2022: RMB29,500,000 (equivalent to HK\$33,390,000)) were secured by the pledged bank deposits as at 31 December 2023.

21. ISSUED CAPITAL

	2023		2022	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.001 each				
Authorised:				
At the beginning of the reporting period	500,000,000	500,000	2,000,000,000	500,000
Effect of share consolidation (<i>Note (i)</i>)	–	–	(1,500,000,000)	–
At the end of the reporting period	500,000,000	500,000	500,000,000	500,000
Issued and fully paid:				
At the beginning of the reporting period	6,019,431	6,019	24,089,384	6,022
Effect of share consolidation (<i>Note (i)</i>)	–	–	(18,067,038)	–
Repurchase and cancellation of shares (<i>Note (ii)</i>)	–	–	(2,915)	(3)
At the end of the reporting period	6,019,431	6,019	6,019,431	6,019

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 authorized share capital of the Company HK\$500,000,000 divided into 2,000,000,000,000 shares of par value of HK\$0.00025 each had been adjusted to HK\$500,000,000 divided into 500,000,000,000 consolidated shares of par value of HK\$0.001 each.

In addition, as a result of the share consolidation, immediately upon the share consolidation becoming effective on 29 July 2022, (i) 169,400,000 outstanding share options of the exercise price of HK\$0.42 had been adjusted to 42,350,000 share options of the exercise price of HK\$1.68; and (ii) the remaining number of adjusted consolidated shares which may fall to be issued pursuant to the exercise of any share options under the share option scheme had been adjusted to 381,242,956 consolidated shares pursuant to the terms of the share option scheme adopted by the Company on 18 August 2014.

- (ii) The Group repurchased and cancelled 2,513,000 and 402,000 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. EVENT AFTER THE REPORTING PERIOD

Particulars of the Group's major events after the reporting period are as follows:

1. On 5 January 2024, Tianjin Beiqing Electric Smart Energy Co., Ltd.* (天津北清電力智慧能源有限公司) (an indirect wholly-owned subsidiary of Shandong Hi-Speed New Energy Group Limited (“SHNE”) and an indirect non-wholly owned subsidiary of the Company, “Beiqing Smart”), entered into the cooperation agreement dated 5 January 2024 (the “Cooperation Agreement”) with Qingdian Technology Group Co., Limited* (清電科技集團有限公司) (“Qingdian Technology”), Henan Huachuang Guoxin Engineering Co. Ltd.* (河南省華創國信工程有限公司) and Nanyang Qingdian New Energy Co., Ltd.* (南陽清電新能源有限公司) (“Nanyang Qingdian”), pursuant to which Beiqing Smart shall, subject to the terms and conditions of the Cooperation Agreement, (i) acquire from the Qingdian Technology the entire equity interest in Nanyang Qingdian which owns all the assets in respect of the relevant wind power and smart energy storage project located in Sheqi County (社旗縣), Henan Province of the PRC; and (ii) repay the liabilities of Nanyang Qingdian of up to RMB600,000,000, at the consideration of RMB800,000,000, comprises the aggregate amount of the Equity Transfer Consideration of RMB200,000,000 and the liabilities of Nanyang Qingdian of RMB600,000,000. Upon the completion of the Cooperation Agreement, Beiqing Smart shall hold the entire equity interest in Nanyang Qingdian and Nanyang Qingdian shall become an indirect wholly-owned subsidiary of SHNE and an indirect non-wholly owned subsidiary of the Company. For further details, please refer to the announcement of SHNE dated 5 January 2024; and
2. On 20 March 2024, SHNE entered into the investment agreement (the “Investment Agreement”) with China SDHS International Economic and Technical Cooperation Co., Ltd.* (中國山東國際經濟技術合作有限公司) (“SD International Cooperation”) and SDHS Energy Development Co., Ltd.* (山東高速能源發展有限公司) (“SDHS Energy Development”), each of which is a direct wholly-owned subsidiary of the controlling shareholder of the Company, i.e. Shandong Hi-Speed Group Co. Ltd. (“SDHS Group”), and therefore an associate of SDHS Group and a connected person of each of SHNE and the Company under Chapter 14A of the Listing Rules, in respect of the formation of Shandong Hi-Speed International New Energy Co., Ltd.* (山東高速國際新能源有限公司) (the “Joint Venture”) in the PRC. Pursuant to the Investment Agreement, the total capital contribution amount is RMB45,000,000 (comprising the whole of the registered capital of the Joint Venture, the “Total Contribution Amount”), in which 30% (i.e. RMB13,500,000, being the investment amount) shall be contributed by SHNE, 40% (i.e. RMB18,000,000) shall be contributed by SD International Cooperation and the remaining 30% (i.e. RMB13,500,000) shall be contributed by SDHS Energy Development. The Total Contribution Amount shall be contributed within 5 years from the date of establishment of the Joint Venture. The Joint Venture will be accounted for as an associated company of each of SHNE and the Company upon its establishment. For further details, please refer to the announcement of SHNE dated 20 March 2024.

23. COMPARATIVE AMOUNTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group recorded the revenue of approximately HK\$5,529,050,000 as compared with approximately HK\$4,193,421,000 for the Previous Period, representing an increase of approximately 31.85% year-over-year; gross profit of approximately HK\$2,472,735,000 as compared with approximately HK\$2,261,532,000 for the Previous Period, representing an increase of approximately 9.34% year-over-year; profit for the year amounted to approximately HK\$547,697,000 as compared with approximately HK\$170,294,000 for the Previous Period, representing an increase of approximately 221.62% year-over-year, and the basic earning per share attributable to owners of the Company of approximately HK\$0.25 cents as compared with the basic loss per share of approximately HK\$7.61 cents for the Previous Period.

As at 31 December 2023, the Group recorded total assets of approximately HK\$72,737,804,000 (2022: HK\$68,957,609,000) and total liabilities of approximately HK\$53,845,486,000 (2022: HK\$53,382,831,000), and therefore net assets of approximately HK\$18,892,318,000 (2022: HK\$15,574,778,000).

I. MARKET REVIEW

In 2023, the geopolitical conflicts represented by the Russia-Ukraine conflict and the Palestinian-Israeli conflict intensified, the international situation was complex and volatile, many countries faced high inflationary pressure, and the developed economies represented by the United States and the United Kingdom continued to push forward with interest rate hikes and shrink the balance sheet. Thanks to the resilience of the labour market and the rapid decline in inflation, the risk of economic recession weakened, and the economic conditions of developed countries such as Europe and the United States were better than expected. China's economy went through waves and twists last year, with a year-on-year GDP growth of 5.2%, ranking among the top in the world's major economies. However, after three years of the impact of the COVID-19 pandemic, the deep-seated contradictions that had been accumulated for years revealed quickly, representing by low external demand and insufficient domestic demand and the co-existence of cyclical and structural problems. Some local real estate, local debts, small and medium-sized financial institutions and other hidden risks became prominent, and the dilemma and difficult problems faced by policy choices increased significantly.

At present, the international geopolitical game is becoming increasingly intense, but coping with climate change and accelerating energy transformation are still a basic consensus among global public issues. China is an important force in the development of global clean energy, and has achieved the transformation of renewable energy from following, running parallel to leading. According to the latest data from the National Energy Administration, the global new installed capacity of renewable energy in 2023 was be 510 million kilowatts, of which the newly installed capacity of wind power and photovoltaic power in China was 290 million kilowatts, contributing more than 50%. The newly installed capacity in the past year exceeded the five-year total of the "13th Five-Year Plan", and the national wind and photovoltaic installed capacity also exceeded 1 billion kilowatts, and the installed capacity target of wind power and photovoltaic power with a total installed capacity of 1.2 billion kilowatts by 2030 was achieved at least six years ahead of schedule.

II. GROUP STRATEGY AND OPERATIONS

In the face of continuous fluctuations in the international and domestic capital markets, the Group solidly promoted the transformation of the Group's business from focusing on short-duration debt financial investments to focusing on investment holding in emerging industries in accordance with the established strategic plan. During the Reporting Period, the three business divisions, namely emerging industry investment, standardised equity and fixed income, strengthened the construction of endogenous forces, built a risk control system that matches the business characteristics, improved the investment and research capabilities of the business team, and formed a business matrix of "focusing on the direction, connecting the top and bottom, and supporting each other".

In terms of industrial investment business, the Group firmly grasped the principle of "growth + certainty", seized the opportunity in the layout of the emerging industry track, deeply explored investment opportunities around new energy and new infrastructure, continued to increase the proportion of industrial investment, strategically invested in VNET Group, Inc. ("VNET"), and created an ecological closed loop of "green power + algorithm power". In terms of other investment business, the Group actively responded to changes in the market environment, adopted a prudent and conservative investment strategy, flexibly adjusted asset allocation, and reduced the volatility of investment portfolios caused by market risks. At the same time, the Group promoted the disposal of existing risk assets in an orderly manner, and was committed to safeguarding the interests of the Company to the greatest extent, so as to embark on a healthy, sustainable and quality development path.

III. BUSINESS REVIEW

(I) Industrial investment business

Since the second half of 2021, in response to the significant changes in the overseas financial capital market, the Group, relying on the advantages of the main business industrial resources of Shandong Hi-Speed Group Co. Ltd. ("**SDHS Group**"), has promoted the transformation of its business from quasi-financial investment to emerging industry investment holding, and focused on the strategic emerging industries, such as new energy and new infrastructure that are vigorously supported by the state, to actively lay out its business. In 2022, the Group acquired Shandong Hi-Speed New Energy Group Limited ("**SHNE**"), marking a key step in its strategic transformation. In the past year, the Group accurately empowered SHNE in terms of capital, resources, brand and mechanism, helping SHNE to continuously optimise its capital structure, steadily improve its asset quality and enable a major breakthrough in the acquisition of resources. The strategic investment of RMB5 billion made by Ping An Asset Management Co., Ltd.* (平安資產管理有限責任公司) was successfully introduced, providing abundant capital guarantee for the rapid development of the SHNE's business. During the year, the wind power and photovoltaic development target was approximately 1.62GW, and 387.5MW of centralised onshore wind power projects in Shandong Province were acquired amidst intense competition, creating a precedent for the Group to independently develop high-quality sizable projects.

The Group actively responded to the national digital economic policy and relied on the existing new energy industry to create a two-way synergy mechanism for algorithm power and electricity. In December 2023, the Group strategically invested in VNET, an exempted company incorporated in the Cayman Islands with limited liability whose class A ordinary shares (in the form of American depository shares representing class A ordinary shares of VNET (“ADSs”)) are traded under the ticker symbol “VNET” on NASDAQ. VNET is also one of the top three third-party data centre service providers in China, operating more than 50 data centres in more than 30 cities across the country, with more than 87,300 cabinets, providing stable and diversified services for more than 7,000 enterprise customers. The main businesses of SHNE (power generation side) and VNET (load side) are highly complementary to each other. Through the strategic investment in VNET, it is expected to form an independent and controllable industrial ecological closed loop of “green power + algorithm power” with “power is used when generated and is available when needed, with reasonable pricing and for mutual benefit” to enhance the competitiveness of the Company. At the same time, the acquisition further improved the core financial indicators of the Group, which is conducive to the long-term development of the Group. Focusing on the goal of “focusing on professional investment and professional investment management”, the Group carried out various tasks, actively enhanced and improved the professional capabilities of the team, and continued to maintain the focus on new energy and technology fields on the basis of solidly promoting the post-investment management of industrial projects. We will seek new investment opportunities in the upstream and downstream of the industries where we have established presence, as well as other growth areas.

During the Reporting Period, the industrial investment business segment recorded a profit of approximately HK\$2.08 billion as compared to a profit of approximately HK\$1.71 billion for the Previous Period.

(II) Standard investment business

In terms of standard equity investment, affected by factors such as geopolitical conflicts, soaring energy prices, the interest rate hike cycle of major economies and the slowdown of China’s domestic economic growth, the weakened China and Hong Kong stock markets seen in 2022 continued the trend in 2023, and the Hang Seng Index hit a record low in the past 12 years. Against this backdrop, the standard investment team focused on China’s assets by reasonable position control and strict risk control management, thus delivering investment performance better than the Hang Seng Index.

In terms of standard investment in fixed income, the Federal Reserve continued to raise interest rates, driving the benchmark interest rate to rise to a record high, and the domestic real estate market continued to decline throughout the year, resulting in intensified fluctuations in US dollar bonds issued by Chinese enterprises. Despite the relatively volatile market, the Company gradually reduced its holdings of high-risk targets at a relatively high level at the beginning of the year, and seized the trading opportunities of phased long-term treasury bonds to increase the level of income in the middle of the year. In the second half of the year, due to the volatility of the global bond market, we further reduced our risk positions and portfolio duration to mitigate the subsequent volatility of the portfolio and maintained a relatively conservative investment strategy. The return of the standard fixed income portfolio has remained stable in general accordingly.

During the Reporting Period, the Group's standard investment business recorded a fair value loss of approximately HK\$452 million as compared to a loss of approximately HK\$954 million for the Previous Period.

(III) Non-standard investment business

During the Reporting Period, for non-standard investment business, the Group insisted on resolving existing risks as its first priority. In 2023, with the continuous adjustment and optimisation of real estate policies by the state, the real estate market gradually developed in a stable direction, but the risks accumulated by some real estate enterprises for years were still yet to be fully released. To this end, the Group optimised its mechanism and concentrated its efforts to reduce the credit exposure of its existing non-standard investment business by means of debt restructuring, debt transfer and introducing relief funds to revitalise its existing assets, and achieved major breakthroughs in a number of projects. At the same time, the Group prudently seized investment opportunities and appropriately carried out strong credit guarantees and high-quality asset mortgage and pledge businesses. Focusing on the direction of its strategic transformation, the Group strengthened the coordination with industrial investment in the fields of real economy such as new energy, new infrastructure and new technology, and provided financing services for the target companies of industrial investment and their upstream and downstream industrial chain companies.

Benefiting from the restructuring and revitalization of the existing business and the addition of some high-quality projects with decent returns and controllable risks, income of this business segment increased slightly as compared with the Previous Period. However due to the significant increase in financial cost sharing in view of the high interest rate, and the increase in the impairment of risk items, the non-standard investment business recorded a loss of HK\$376 million as compared to a loss of approximately HK\$134 million for the Previous Period.

(4) Licenced financial services

The Group currently holds licences Nos. 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, such as Qualified Foreign Limited Partner (QFLP) fund manager and financial leasing, in Mainland China. The Group's services include corporate and individual customers in Mainland China, Hong Kong and worldwide, providing customers with integrated financial services related to cross-border investment and financing needs in Mainland China and Hong Kong. During the Reporting Period, the licenced finance business recorded a loss of HK\$82.2 million as compared to a loss of HK\$571 million for the Previous Period.

IV. FUTURE PROSPECTS

Looking ahead to 2024, overseas liquidity contraction is coming to an end, and the US-China economic cycle is expected to rise together and promote the rebound of market risk appetite, driving the recovery of global risk assets. The Chinese government will maintain its general belief of seeking progress while maintaining stability, revitalise the monetary and fiscal fields with proactive fiscal policies. The favourable conditions facing its economic development are still stronger than the unfavourable factors.

In order to integrate high-quality development with a high level of security, China will vigorously promote the construction of a modern industrial system and accelerate the development of new quality productive forces. In terms of new energy, China will deepen the international cooperation on new energy technology innovation, further build a new energy infrastructure network, target the world's energy technology frontier, focus on key energy fields and major needs, and cultivate energy technology and its related industries as new growth drivers of the industrial upgrading in China. In terms of new infrastructure, China will carry out in-depth promotion of the innovative development of the digital economy, construct digital infrastructure in a moderate and proactive manner, and accelerate the development of its national integrated algorithm system, which reveals that investments in new energy and new infrastructure are still expected to maintain the “long board effect”, thereby continuously promoting the economy to achieve effective improvement and reasonable growth.

In the coming year, the Company will continue to closely follow the direction of the national strategy, capitalise on the strategic opportunity of new energy, new infrastructure and other strategic emerging industries, and a time window for leapfrog growth, give full play to its advantages of the “combination of industry and finance + cross-border linkage”, further provide a wider and stronger shareholder empowerment for the investee companies, and gradually create a complementary, embedded and mutually beneficial “Shandong Hi-Speed Holdings” ecosystem, so as to achieve a comprehensive improvement in the performance, corporate value and market valuation of the investee companies.

On one hand, the Group will capitalise on the opportunity of its strategic shareholdings in VNET to strengthen synergistic joint development and solidly promote the cultivation and enhancement of new business mode of “new energy +”. The Group will expand the room for development from the consumption side, vigorously promote the synergistic mode of “electric power + computing power”, build an energy industry system based on the integrated development of source-network-load-storage, accelerate the exploration of a series of green power conversion demonstration projects such as photovoltaic hydrogen production for the synthesis of green ammonia, methanol, refining and green oil and gas, and develop new fields and new business in an orderly manner. On the other hand, the Group will further deepen the multi-dimensional strategic synergy with its controlling shareholders. The Group will integrate new energy power generation, clean energy storage, third-party data centres and other business resources to provide comprehensive green energy solutions and digital economy infrastructure for relevant application scenarios of SDHS Group, thereby facilitating the digital and low-carbon transformation of SDHS Group.

In addition, the Group will closely follow the strategic objectives of industrial investment, further co-ordinate the asset allocation of other business segments, explore investment opportunities in key industries, focus on highly promising and competitive growth industries represented by new energy industry and new infrastructure industry, and continue to promote the effective implementation of strategic layout.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group had sufficient liquidity and working capital to maintain normal business operations. As at 31 December 2023, 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\$5,718,596,000 (2022: HK\$4,392,562,000), total assets were approximately HK\$72,737,804,000 (2022: HK\$68,957,609,000) and total borrowings were approximately HK\$45,771,732,000 (2022: HK\$43,787,262,000).

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the Reporting Period. 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 2023, 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\$1,002,210,000 (2022: HK\$36,053,000).

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2023, the outstanding borrowings of the Group were comprised of bank borrowings, bonds and other borrowings which were approximately HK\$30,214,750,000 (2022: HK\$26,767,180,000), HK\$6,629,401,000 (2022: HK\$8,521,297,000) and HK\$8,927,581,000 (2022: HK\$8,498,785,000), respectively. As at 31 December 2023, the outstanding bonds of the Group included, a secured bond with a coupon rate of 3.95% per annum (the outstanding amount: approximately HK\$1,565,374,000), a secured bond with a coupon rate of 4.30% per annum (the outstanding amount: approximately HK\$793,450,000), a secured bond with a coupon rate of 4.10% per annum (the outstanding amount: approximately HK\$3,904,421,000), and secured bonds with interest rates ranging from 4.20% to 4.90% per annum (the outstanding amount: approximately HK\$366,156,000). The above stated bonds and other borrowings were denominated in US dollars, Renminbi and Hong Kong dollars.

GEARING RATIO

As at 31 December 2023, the gearing ratio (total outstanding borrowings divided by total assets) of the Group was approximately 62.93% (2022: 63.50%).

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 2023, certain of the Group's bills payables, lease liabilities and borrowings are secured by:

- guarantees provided by Shandong Hi-Speed Group Co. Ltd.;
- guarantees provided by the Company and certain subsidiaries;
- pledges over certain of the Group's finance lease receivables;
- pledges over certain of the Group's loans receivables;
- pledges over certain trade receivables and contract assets of certain subsidiaries of the Group;
- pledges over certain of the Group's property, plant and equipment;
- pledges over certain of the Group's investment property;
- pledges over certain of the Group's operating concessions;
- pledges over certain of the Group's bank deposits; and/or
- pledges over the Group's equity interest in certain subsidiaries.

Save as disclosed above, as at 31 December 2023, 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 2023, the Group had capital commitments, which are contracted but not provided in the 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\$242,770,000 (2022: HK\$354,361,000) and approximately HK\$291,919,000 (2022: HK\$320,883,000), respectively.

MATERIAL ACQUISITION AND DISPOSAL

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

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

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

Deemed disposal of equity interest in Tianjin Clean Energy through capital increase

On 24 October 2023, Tianjin Beiqing Smart Energy Company Limited* (天津北清電力智慧能源有限公司) (“**Beiqing Smart**”), SDHS Group, SHNE, Ningbo Meishan Bonded Port Zone Chuangze Equity Investment Partnership (Limited Partnership)* (寧波梅山保稅港區創澤股權投資合夥企業(有限合夥)) (the “**Ningbo Meishan Limited Partnership**”) and Tianjin Clean Energy Investment Company Limited* (天津富歡企業管理諮詢有限公司) (the “**Tianjin Clean Energy**”), an indirect non-wholly owned subsidiary of the Company and an indirect wholly-owned subsidiary of SHNE, entered into a capital increase agreement (the “**Capital Increase Agreement**”). Pursuant to the Capital Increase Agreement, the Ningbo Meishan Limited Partnership has conditionally agreed to make cash contribution of RMB5,000,000,000 (equivalent to approximately HK\$5,450,000,000) to Tianjin Clean Energy, of which RMB3,441,580,300 and RMB1,558,419,700 are to increase its registered capital and capital reserve respectively (the “**Capital Increase**”).

RMB4,000,000,000 and RMB1,000,000,000 had been paid by Ningbo Meishan Limited Partnership to Tianjin Clean Energy on 1 December 2023 and 3 January 2024, respectively. The completion of the Capital Increase took place on 3 January 2024 in accordance with the terms and conditions of the Capital Increase Agreement (the “**Completion of Capital Increase**”). Upon the Completion of Capital Increase, Tianjin Clean Energy is now held as to approximately 55.54% by Beiqing Smart and approximately 44.46% by the Ningbo Meishan Limited Partnership. As the equity interest of SHNE in Tianjin Clean Energy was reduced from 100% to approximately 55.54%, each of the Company and SHNE is deemed to have made disposal of interest in Tianjin Clean Energy under Rule 14.29 of the Listing Rules. Tianjin Clean Energy will continue to be accounted as a subsidiary of both the Company and SHNE. Details of the Capital Increase are set out in the joint announcement of the Company and SHNE dated 24 October 2023, the announcements of SHNE dated 30 November 2023 and 13 December 2023, and circular of SHNE dated 15 November 2023.

Acquisition of equity interest in VNET Group Inc. through subscription of shares

On 16 November 2023, Success Flow International Investment Limited and Choice Faith Group Holdings Limited (each a direct wholly-owned subsidiary of the Company) (the “**VNET Investors**”) entered into an investment agreement (the “**Investment Agreement**”) with VNET (together with its subsidiaries and entities based in PRC controlled by VNET’s wholly-owned subsidiaries in the PRC through contractual arrangements, the “**VNET Group**”), pursuant to which the VNET Investors conditionally agreed to subscribe for and VNET conditionally agreed to allot and issue a total of 650,424,192 new class A ordinary shares (the “**Subscription Shares**”) to the VNET Investors at the subscription price of US\$0.4597 per Subscription Share for the consideration of an aggregate of US\$299,000,000 (equivalent to approximately HK\$2,332,200,000) (the “**Subscription**”). VNET is principally engaged in investment holding. The VNET Group is principally engaged in providing hosting and related services, including IDC (internet data center) services, cloud services, and business VPN services to improve the reliability, security, and speed of its customers’ internet infrastructure.

The closing of the Subscription took place on 28 December 2023 in accordance with the terms and conditions of the Investment Agreement (the “**Closing**”). As at the Closing, the Subscription Shares represent approximately 42.12% of the enlarged total outstanding shares of VNET with a par value of US\$0.00001 each (excluding treasury shares and class A ordinary shares in the form of ADSs that are reserved for issuance upon the exercise of share incentive awards of VNET). Details of the Subscription and the Closing have been disclosed by the Company in its announcements dated 16 November 2023 and 28 December 2023 and circular dated 11 December 2023. VNET had not and will not become a subsidiary of the Company and its financial results will not be consolidated in the financial statements of the Group.

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

ISSUANCE OF DEBENTURES

On 26 January 2022, Coastal Emerald Limited (“**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, a subsidiary of SHNE issued corporate bonds with an aggregate principal amount of RMB465,000,000 to certain institutional investors. The interest rates of the bonds ranged from 4.20% to 4.90% per annum. The corporate bonds are guaranteed by trade receivables 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 2023, there were 2,226 employees (including the directors of the Group and directors of the Company’s subsidiaries), while there were 2,077 employees for the Previous Period.

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 relevant share option scheme of the Company.

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 can 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

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 C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of the Chairman and the Chief Executive Officer (the “**CEO**”) should be separated 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, till Mr. Zhu Jianbiao, an executive Director and the Vice Chairman of the Board, was appointed as the CEO on 28 June 2023. Since then, the Company has complied with all applicable provisions of the CG Code. The Company will continue to review and update the current corporate governance from time to time to achieve a better level of corporate governance.

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 2023 have been reviewed by the Audit Committee.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Company’s auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group’s draft consolidated financial statements for the Reporting Period. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by Crowe (HK) CPA Limited on this 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 C3 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) and the Company's website (www.sdhg.com.hk). The annual report for the year ended 31 December 2023 will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (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, 27 March 2024

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. Jonathan Jun Yan and Mr. Fang Ying as independent non-executive Directors.

* *For identification purposes only.*