山高新能源集團有限公司
SHANDONG HI-SPEED NEW ENERGY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- Profit for the Year of the Group was approximately RMB462.8 million (2023: approximately RMB350.3 million), representing an increase of approximately 32% as compared to the corresponding period of the last year.
- The finance costs for the Year of the Group was approximately RMB1,147.3 million (2023: approximately RMB1,371.8 million). The decrease in finance costs was mainly attributable to the combined effects of (i) the decrease in finance costs resulting from the replacement of high-cost financing with low-cost financing and advance repayment of high-cost overseas borrowings; (ii) the increase in finance costs resulting from the acquisition of new power plants; (iii) the increase in finance costs resulting from the new financing from the development of clean energy businesses.
- EBITDA of the Group for the Year amounted to approximately RMB3,672.1 million (2023: approximately RMB3,652.4 million), representing an increase of approximately 1% as compared to the corresponding period of the last year.
- The debt ratio of the Group as at the end of the Year has been further reduced to approximately 60% (2023: approximately 65%) after the second payment for the capital increase by the Ping An Introduction Strategy and the funds raised from Industrial Bank through the establishment of a trust scheme and the payment for borrowings. Meanwhile, cash and cash equivalents of the Group as at the end of the Year amounted to approximately RMB3,645.6 million, with a current ratio of 1.87. The Group has sufficient financial reserves to provide for business development.
- Basic and diluted earnings per share for the Year of the Group were RMB12.65 cents (2023: RMB15.22 cents) and RMB12.65 cents (2023: RMB15.22 cents) respectively.
- The Board does not recommend the payment of a final dividend for the Year (2023: Nil).

RESULTS

The Board announces the audited consolidated results of the Group for the year ended 31 December 2024 (the "**Year**") and the consolidated statement of financial position of the Group as at 31 December 2024, together with comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000* *(Restated)*
REVENUE	*2*	**4,423,147**	4,486,942
Cost of sales		**(2,401,770)**	(2,307,208)
Gross profit		**2,021,377**	2,179,734
Other income and gains, net	*2*	**242,918**	529,100
Selling and distribution expenses		**(3,982)**	(3,410)
Administrative expenses		**(350,103)**	(436,370)
Other operating expenses, net		**(75,356)**	(223,942)
Finance costs	*4*	**(1,147,255)**	(1,371,817)
Share of profits and losses of:			
Joint ventures		**(1,443)**	(81,041)
Associates		**(27,402)**	(22,466)
PROFIT BEFORE TAX	*3*	**658,754**	569,788
Income tax expense	*5*	**(195,984)**	(219,520)
PROFIT FOR THE YEAR		**462,770**	350,268
ATTRIBUTABLE TO:			
Equity holders of the Company		**284,242**	341,891
Non-controlling interests		**178,528**	8,377
		462,770	350,268
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**RMB12.65 cents**	RMB15.22 cents
Diluted		**RMB12.65 cents**	RMB15.22 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
PROFIT FOR THE YEAR	**462,770**	350,268
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserve:		
Translation of foreign operations	**(110,109)**	(138,785)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(6)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(110,115)**	(138,785)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**352,655**	211,483
Attributable to:		
Equity holders of the Company	**174,127**	203,106
Non-controlling interests	**178,528**	8,377
	352,655	211,483

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**31 December 2024** *RMB'000*	31 December 2023 *RMB'000* *(Restated)*	1 January 2023 *RMB'000* *(Restated)*
NON-CURRENT ASSETS				
Property, plant and equipment		**23,876,479**	24,825,432	22,127,748
Investment properties		**150,790**	147,339	143,127
Goodwill		**458,880**	459,049	407,850
Operating concessions		**1,319,823**	1,386,616	1,433,128
Operating rights		**2,547,633**	2,697,390	765,008
Other intangible assets		**26,728**	18,941	14,184
Investments in joint ventures		**393,150**	377,485	410,556
Investments in associates		**1,076,255**	1,130,613	1,177,407
Equity investments designated at fair value through other comprehensive income		**299,994**	300,000	–
Prepayments, deposits and other receivables		**856,148**	673,424	2,944,569
Other tax recoverables		**384,087**	474,126	314,902
Other non-current assets		**–**	–	1,223,858
Deferred tax assets		**437,270**	439,279	351,415
Total non-current assets		**31,827,237**	32,929,694	31,313,752
CURRENT ASSETS				
Inventories		**44,686**	64,960	83,935
Contract assets	*8*	**690,081**	768,397	960,140
Trade and bills receivables	*9*	**8,674,336**	7,817,698	7,224,314
Financial assets at fair value through profit or loss		**553,173**	493,416	363,928
Prepayments, deposits and other receivables		**2,263,057**	2,164,087	1,795,954
Other tax recoverables		**248,368**	158,044	108,501
Restricted cash and pledged deposits		**115,538**	224,653	218,626
Cash and cash equivalents		**3,645,621**	4,449,652	3,213,523
Assets classified as held for sale		**342,435**	684,298	684,297
Total current assets		**16,577,295**	16,825,205	14,653,218

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)	1 January 2023 RMB'000 (Restated)
CURRENT LIABILITIES				
Trade and bills payables	10	**890,344**	1,351,351	1,715,592
Other payables and accruals		**1,009,508**	1,238,773	1,668,157
Interest-bearing bank loans and other borrowings		**6,110,307**	8,016,710	5,405,162
Corporate bonds	11	**694,506**	151,077	497
Income tax payables		**141,544**	175,715	189,050
Total current liabilities		**8,846,209**	10,933,626	8,978,458
NET CURRENT ASSETS		**7,731,086**	5,891,579	5,674,760
TOTAL ASSETS LESS CURRENT LIABILITIES		**39,558,323**	38,821,273	36,988,512
NON-CURRENT LIABILITIES				
Interest-bearing bank loans and other borrowings		**19,758,252**	20,629,358	21,605,837
Corporate bonds	11	**–**	181,942	465,430
Other non-current liabilities		**9,298**	9,026	1,374,244
Deferred tax liabilities		**432,806**	455,772	209,463
Total non-current liabilities		**20,200,356**	21,276,098	23,654,974
Net assets		**19,357,967**	17,545,175	13,333,538
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	12	**94,880**	94,880	94,880
Reserves		**13,132,448**	12,996,469	12,788,887
		13,227,328	13,091,349	12,883,767
Non-controlling interests		**6,130,639**	4,453,826	449,771
Total equity		**19,357,967**	17,545,175	13,333,538

NOTES:

1.1 CORPORATE AND GROUP INFORMATION

Shandong Hi-Speed New Energy Group Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company in Hong Kong is located at 38th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses (the "**Photovoltaic Power Business**"), wind power businesses (the "**Wind Power Business**") and clean heat supply service businesses (the "**Clean Heat Supply Service Business**") in the People's Republic of China (the "**PRC**").

1.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss, financial asset at fair value through other comprehensive income and financial guarantee contracts which have been measured at fair value. Disposal assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Change of presentation currency of the Group and functional currency of the Company

The consolidated financial statements of the Group were presented in Hong Kong dollars ("**HK$**"). Taking into account that the major business and assets of the Group are located in Mainland China and are denominated and settled in RMB and its subsidiaries mainly use RMB as their presentation currency, the change of presentation currency will enable the shareholders and potential investors of the Company to have a more accurate picture of the Group's financial performance. The directors consider that it is more appropriate to use RMB as the presentation currency for the Group's consolidated financial statements.

The consolidated financial statements of the Group with RMB as its presentation currency will be the consolidated financial statements of the Group for the year ended 31 December 2024. The change of presentation currency will be applied retrospectively. The comparative figures for 2023 in the consolidation financial statements of the Group for the year ended 31 December 2024 have been restated in RMB. The Group has also presented the consolidated statement of financial position as at 1 January 2023 without related notes.

The Company changed its functional currency from HK$ to RMB during the year, as the Company's business transactions in terms of investing and financing activities are mainly denominated and settled in RMB. The change in functional currency was prospectively applied.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendment**")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of the Group's revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Revenue from contracts with customers		
Sale of electricity and entrusted operation services		
Photovoltaic Power Business	**2,486,893**	2,716,595
Wind Power Business	**1,186,855**	955,702
Entrusted operation services	**46,891**	108,392
Construction and related services	**125,409**	124,345
Provision of clean heat supply services	**577,099**	581,908
Total	**4,423,147**	4,486,942

An analysis of the Group's other income and gains, net is as follows:

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Bank interest income	**29,221**	34,030
Other interest income	**10,680**	46,978
Government grants	**15,661**	27,073
Gains on bargain purchase of subsidiaries	**–**	314,170
Fair value gain on financial assets at fair value through profit or loss	**27,156**	–
Gains on debt restructuring	**24,730**	28,398
Gains on disposal of joint ventures	**–**	2,313
Management income	**53,976**	21,885
Reversal of impairment of trade and bills receivables	**546**	3,933
Reversal of impairment of financial assets included in prepayments, deposits and other receivables	**–**	20,141
Fair value gain on financial guarantees	**–**	2,509
Exchange gains	**47,173**	–
Others	**33,775**	27,670
Total other income and gains, net	**242,918**	529,100

3. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2024 *RMB'000*	2023 *RMB'000* *(Restated)*
Cost of sales of electricity and entrusted operation services	**1,767,694**	1,671,906
Cost of construction and related services	**107,775**	104,974
Cost of clean heat supply services	**526,301**	530,328
Depreciation of property, plant and equipment	**1,447,543**	1,340,154
Depreciation of right-of-use assets recognised under property, plant and equipment	**194,478**	207,507
Amortisation of operating concessions	**71,202**	75,355
Amortisation of operating rights	**149,757**	85,434
Amortisation of other intangible assets	**3,079**	2,375

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 *RMB'000*	2023 *RMB'000* *(Restated)*
Interest on interest-bearing bank loans and other borrowings	**974,943**	1,147,092
Interest on lease liabilities	**169,273**	220,550
Interest on corporate bonds	**9,805**	13,934
Total interest expenses on financial liabilities not at fair value through profit or loss	**1,154,021**	1,381,576
Less: interest capitalized	**(6,766)**	(9,759)
	1,147,255	1,371,817

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the 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.

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Current – Mainland China	**216,941**	216,236
Charge for the year	**223,663**	218,315
Overprovision in prior years	**(6,722)**	(2,079)
Deferred	**(20,957)**	3,284
Total tax expense for the year	**195,984**	219,520

6. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit attributable to the equity holders of the Company for the years ended 31 December 2024 and 2023, and the number of ordinary shares outstanding during these years.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2024 and 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.

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

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit for the year attributable to equity holders of the Company	**284,242**	341,891
Profit used in the basic and diluted earnings per share calculations	**284,242**	341,891

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (Continued)

	2024	2023 *(Restated)*
Number of ordinary shares		
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted earnings per share calculation and adjusted for share consolidation	**2,246,588,726**	2,246,588,726
Basic earnings per share	**RMB12.65 cents**	RMB15.22 cents
Diluted earnings per share	**RMB12.65 cents**	RMB15.22 cents

8. CONTRACT ASSETS

	Notes	**2024** ***RMB'000***	2023 *RMB'000* *(Restated)*
Tariff adjustment receivables	*(a)*	**659,927**	650,194
Construction contracts	*(b)*	**34,254**	119,145
Retention money	*(b)*	**–**	6,183
		694,181	775,522
Less: Impairment		**(4,100)**	(7,125)
		690,081	768,397

Notes:

(a) 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 projects (the "**Project List**"). In the opinion of the directors, the registration procedures of the Project List for the Group's photovoltaic and wind power plant projects are of administrative in nature and the Group will comply with the related procedures stipulated by the current government policy in Mainland China and all other attaching conditions, if any.

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

9. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Trade receivables	**1,599,290**	1,639,427
Tariff adjustment receivables *(Notes)*	**7,174,172**	6,275,634
Bills receivable	**8,699**	11,008
	8,782,161	7,926,069
Less: Impairment	**(107,825)**	(108,371)
	8,674,336	7,817,698

Notes: 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 Group's trading terms with its customers are mainly on credit, except for certain new customers where payment in advance is normally required. The Group generally allows credit periods of 30 days to 90 days to its customers, and generally accepts settlement of certain trade receivables by bank and commercial bills with maturity periods ranging from 90 days to 180 days.

Management seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing.

Certain subsidiaries engaging in the operation of clean energy businesses have pledged trade receivables to secure certain bank loans and other borrowings and corporate bonds.

The ageing analysis of trade and bills receivables (excluding tariff adjustment receivables, net of loss allowance) as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Within 3 months	**444,155**	472,262
4 to 6 months	**32,795**	85,112
7 to 12 months	**188,089**	75,255
1 to 2 years	**188,515**	394,385
Over 2 years	**652,407**	519,925
	1,505,961	1,546,939

9. TRADE AND BILLS RECEIVABLES (Continued)

Notes: (Continued)

The ageing analysis of the tariff adjustment receivables as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

	2024 *RMB'000*	2023 *RMB'000* *(Restated)*
Within 3 months	**561,344**	483,286
4 to 6 months	**450,222**	511,285
7 to 12 months	**799,907**	1,471,724
1 to 2 years	**2,462,880**	1,591,280
Over 2 years	**2,894,022**	2,213,184
	7,168,375	6,270,759

10. TRADE AND BILLS PAYABLES

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

	2024 *RMB'000*	2023 *RMB'000* *(Restated)*
Within 3 months	**9,862**	119,617
4 to 6 months	**34,464**	92,433
7 to 12 months	**149,555**	222,389
1 to 2 years	**177,042**	96,943
Over 2 years	**519,421**	819,969
	890,344	1,351,351

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

11. CORPORATE BONDS

	2024 *RMB'000*	2023 *RMB'000* *(Restated)*
Corporate bonds	**694,506**	333,019
Portion classified as current liabilities	**(694,506)**	(151,077)
Non-current portion	**–**	181,942

Note:

Corporate bonds with an aggregate principal amount of RMB465 million were issued by a subsidiary of the Company to certain institutional investors on 20 December 2022, with interest rates ranging from 4.20% to 4.90% per annum. The corporate bonds are secured by trade receivables. In 2024, the subsidiary of the Company partially repaid the corporate bonds with a principal amount of RMB105 million, and the remaining principal shall be repaid on 2 December 2025, which was classified as current liabilities as at 31 December 2024.

In August 2024, the Group issued RMB500 million of ultra-short-term financing notes. The coupon rate was 2.24%, and the term was from August 2024 to May 2025.

12. SHARE CAPITAL

	2024	2023
	HK$'000	*HK$'000*
Authorised:		
Ordinary shares:		
9,332,742,302 shares of HK$0.05	**466,637**	466,637
Convertible preference shares:		
667,257,698 shares of HK$0.05	**33,363**	33,363
	500,000	500,000

	2024	2023
	RMB'000	*RMB'000*
Issued and fully paid:		
Ordinary shares:		
2,246,588,726 shares of HK$0.05	**94,880**	94,880

13. EVENT AFTER THE REPORTING PERIOD

On 28 January 2025, Shandong Hi-Speed Holdings Group Limited ("**SDHG**") and the Company jointly issued a composite document (the "**Composite Document**") in relation to, among others, making (i) a mandatory unconditional cash offer for all the issued shares of the Company ("**Shares**") (other than those already owned and/or agreed to be acquired by SDHG and parties acting in concert with it) (the "**Share Offer**") under Rule 26.1 of The Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong (the "**Takeovers Code**"); and (ii) an appropriate cash offer to the holders of any options to cancel all the outstanding share options granted by the Company pursuant to the share option scheme adopted by the Company on 11 June 2013 (the "**Option Offer**", together with the Share Offer, the "**Offers**").

On 18 February 2025, the Offers were closed and SDHG had received:

(i) 13 valid acceptances in respect of a total of 82,936,512 Shares under the Share Offer, representing approximately 3.69% of the entire issued share capital of the Company; and

(ii) no valid acceptance for the Option Offer.

Immediately after the close of the Offers, SDHG and parties acting in concert with it were interested in an aggregate of 1,362,814,764 Shares, representing approximately 60.66% of the entire issued share capital of the Company.

14. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 January 2023 has been presented.

MANAGEMENT DISCUSSION AND ANALYSIS

31 DECEMBER 2024

During the Reporting Period, the Group recorded a revenue of approximately RMB4,423.1 million as compared to approximately RMB4,486.9 million for the corresponding period of the last year, representing a year-on-year decrease of approximately 1.4%; gross profit of approximately RMB2,021.4 million as compared to approximately RMB2,179.7 million for the corresponding period of the last year, representing a year-on-year decrease of approximately 7.3%; profit for the year of approximately RMB462.8 million as compared to approximately RMB350.3 million for the corresponding period of the last year, representing a year-on-year increase of approximately 32.1%. The increase in profit for the Year was mainly attributable to the combined effects of (i) the decrease in gross profit of the sale of electricity business as a result of greater grid curtailment; (ii) the decrease in finance costs resulting from the replacement of high-cost financing with low-cost financing and advance repayment of high-cost overseas borrowings by the Group; (iii) the decrease in administrative expenses due to the cost control and efficiency enhancement of the Group; and (iv) the fluctuations in profit or loss generated by the non-recurring items from other income and gains, net, other operating expenses, net and share of losses of joint ventures and associates. Profit attributable to the equity holders of the Company was approximately RMB284.2 million as compared to approximately RMB341.9 million for the corresponding period of the last year. The decrease in the profit attributable to the equity holders of the Company was mainly attributable to the decrease in gross profit of the sale of electricity business as a result of greater grid curtailment as well as the increase in the proportion of the Group's profits attributable to non-controlling interests.

As at 31 December 2024, the Group recorded total assets of approximately RMB48,404.5 million (2023: RMB49,754.9 million) and total liabilities of approximately RMB29,046.5 million (2023: RMB32,209.7 million), resulting in net assets of approximately RMB19,358.0 million (2023: RMB17,545.2 million).

1. MARKET REVIEW

The year of 2024 is a milestone year for China's new energy industry. During this year, China has accelerated the progress towards the goals of carbon peaking and carbon neutrality, committed to achieving a comprehensive green transformation. It is also a critical year for the completion of the goals and tasks of the "14th Five-Year Plan". China has created a highly favorable policy environment for the development of the new energy industry, which is a historic opportunity for industry participants, including the Group, to follow the trend of the times and move towards a new stage of development.

Under the guidance of China's core development strategies, traditional industries such as chemicals, steel and nonferrous metals have carried out large-scale carbon reduction actions. Coal consumption has been strictly controlled, the clean and efficient utilization of coal has been concentrated on, and the transformation of coal-fired power into low-carbon plants has been promoted. Meanwhile, the oil and gas consumption structure has been optimized, and oil consumption has been reasonably regulated, thereby releasing significant potential for the rapid development of the new energy industry.

In order to promote the large-scale development of wind power and photovoltaics, China has not only maintained the good order of the electric power market, but also accelerated the construction of supporting power grid projects for new energy and constructed a network of transmission channels for wind power and photovoltaic bases, which have significantly enhanced the access and carrying capacity of distributed new energy. On this basis, the National Energy Administration has continued to accelerate the construction of the second and third batches of large-scale wind power and photovoltaic bases in the second half of the year, and strived to make sure that the second batch of bases will be completed and put into operation on schedule, thereby further expanding the installed capacity of new energy.

Taking the clear weight of consumption responsibilities as the benchmark and taking the efficient utilization rate as the upper limit, China has strongly promoted the high-quality development of wind power and photovoltaics. In addition, based on the connection with the guaranteed consumption policies for new energy, China has conducted research on market mechanisms adapted to the characteristics of new energy, and promoted the participation of new energy in the electricity market steadily and orderly, providing more opportunities for new energy companies to join in the market.

Specifically, the "Action Plan for Energy Conservation and Carbon Reduction in 2024-2025"(《2024-2025年節能降碳行動方案》)issued by the State Council in May 2024 set a clear roadmap for industry development. The Plan stated that, it was planned that energy consumption and carbon dioxide emissions per unit of GDP reduced by approximately 2.5% and 3.9% respectively; the added value energy consumption of industrial units above designated size decreased by approximately 3.5%, and the proportion of non-fossil energy consumption reached approximately 18.9%; and energy conservation and carbon reduction transformation in key areas and industries were expected to result in energy savings of approximately 50 million tons of standard coal and reduction of carbon dioxide emissions of approximately 130 million tons in 2024. Looking forward to 2025, non-fossil energy consumption is expected to increase to about 20%, and energy conservation and carbon reduction transformations are also expected to achieve significant results.

In terms of policy, the "Guiding Opinions on Energy Work in 2024" issued by the National Energy Administration in March 2024 further identified that the three core directions of energy development were to improve energy supply and security capabilities, continuously optimize energy structure and steadily improve energy utilization efficiency. Among them, the specific measures such as to strengthen reserve capacity building, develop offshore wind power in a reasonable and orderly manner, advance the large-scale utilization of ocean energy and propel the development of distributed new energy have provided solid support for the diversified development of the new energy industry.

In addition, the National Energy Administration has continuously improved the "weight + green certificate" system, promoted the use of green certificates as the basic certificate for renewable energy consumption on the basis of full coverage of green certificate issuance and strengthened the international mutual recognition of green certificates, thereby further enhancing the international influence of new energy.

In the field of heating, the Guiding Opinions also emphasized that the three types of technical transformations linkage of coal fired power has continued to be promoted, and ultra-low emission combined heat and power central heating were promoted according to local conditions. China will develop a variety of clean heating methods and promote the advancement of heating towards precision, green, and intelligent development.

From the perspective of social electricity consumption and power generation capacity, in January 2025, the National Energy Administration had released the data on the total electricity consumption in China and the national electricity industry statistics for 2024, respectively, according to which, the total electricity consumption in China in 2024 reached 9,852.1 billion kWh, increased by 6.8% year-on-year, 9,418.1 billion kWh of which was generated by industrial enterprises above designated size. In terms of the electricity consumption by industries, the electricity consumption of the primary industry was 135.7 billion kWh, increased by 6.3% year-on-year; the electricity consumption of the secondary industry was 6,387.4 billion kWh, increased by 5.1% year-on-year; the electricity consumption of the tertiary industry was 1,834.8 billion kWh, increased by 9.9% year-on-year; and the electricity consumption of urban households was 1,494.2 billion kWh. In addition, as of the end of 2024, the cumulative installed power generation capacity in China was approximately 3.35 billion kilowatts, increasing by 14.6% compared to the previous year, among which, the installed capacity of solar power generation was approximately 890 million kilowatts, with a year-on-year increase of 45.2%; and the installed capacity of wind power generation was approximately 520 million kilowatts, increasing by 18.0% as compared to the corresponding period of last year. The continuous rise in electricity demand together with the rapid growth of the installed capacity of wind power and solar power generation reflected the continuous advancement of new energy technologies and the constant acceleration of project investments. This series of data not only demonstrates the rapid development trend of the new energy industry but also lays a solid foundation for the structural transformation and the sustainable development of energy in the future.

Looking back to the year, the continuous promotion of national policies has not only accelerated the green and low-carbon transformation and high-quality development of energy, but also brought unprecedented development opportunities to new energy enterprises including the Group. Guided by clear policies, we thoroughly implemented the new strategy of energy security, focused on enhancing the ability to guarantee energy security, deepened energy reform and innovation, strengthened the international cooperation and continuously optimized the energy structure, creating significant opportunities for the sustainable development of the enterprise.

Looking ahead, with the in-depth implementation of the "Implementation Plan on Special Action for Optimizing the Regulation Capability of the Power System (2025-2027) (《電力系統調節能力優化專項行動實施方案(2025-2027年)》)" jointly issued by the NDRC and the National Energy Administration, further support and breakthroughs will be realized in key technology areas, market mechanisms and the implementation of key projects, the flexibility and adaptability of the power system of China will be further enhanced, providing a more solid support for the large-scale connection and the efficient utilization of new energies. Meanwhile, the document states that such plan aims at supporting the reasonable consumption and utilization of additional over 200 million kilowatts of new energy annually from 2025 to 2027, with the national utilization rate of new energy not less than 90%. In this context, the Group will continue to adhere to long-termism, accelerate the exploration of clean energy businesses, actively respond to the call of national policies, and continuously improve its technology innovation capabilities and market competitiveness, with an aim of laying a solid foundation for long-term development and contribute our strength to promote the sustained prosperity of China's new energy industry.

2. GROUP STRATEGY AND OPERATIONS

In 2024, the Group proactively aligned with the China's macro-strategic framework and deeply integrated into the ecosystem of SDHS Group. Relying on the comprehensive empowerment of its major Shareholder, SDHG, the Group has continued to optimise its business structure, firmly promoted system and technological innovation, and its production and operations have been steadily improved. With strategic stability and foresight, the Group regarded projects as the core driving force for development, and focused on the incubation, expansion, and deepening implementation of projects, striving to accelerate efficiency and lead the Group into a new phase of high-quality development.

During this process, the Group continued to build a business system with photovoltaic and wind power new energy as the core, covering a series of all-round services such as investment, development, construction, operation and management. Meanwhile, we actively expanded the scope of urban clean heating services, striving to build the Group into a leading and comprehensive service provider of clean energy. This series of strategies not only highly conformed to the guidance of national policies but also brought a broad development perspective and robust growth momentum to the Group.

The Group has firmly returned to the fast track of growth, and continuously improved its internal management system and mechanisms, and effectively optimized the project investment processes and comprehensive management frameworks in terms of external investment to effectively prevent and control investment and merger risks, anticipate the policy orientation in advance, significantly shift the development focus to wind power projects and ensure the Company's steady development. In terms of business development, we have formed strong development capability and sustained ability to obtain indicators through refining, optimising and strengthening ourselves in key provinces. At the end of the year, the development indicators obtained and resources contracted were exceeded. The total installed capacity of the Group's under-construction and approved-for construction power projects exceeded 5.5 GW, of which 20 projects with capacity of 100 MW or above. It was worth mentioning that by leveraging its comprehensive advantages, the Group has once again secured 375 MW centralised wind power indicators and 175 MW distributed wind power indicators in Shandong Province from the bidding of the second batch of centralised onshore wind power projects under the "14th Five-Year Plan" in Shandong Province. The Group also attained 1 GW centralised wind power indicators in the Xinjiang Uygur Autonomous Region and 400 MW centralised wind power indicators in Guangxi Province.

To thoroughly implement the strategic deployment of SDHS Group, the Group focused on production and operation as well as engineering project construction, and ensured high-quality completion of each key project. With the strong support of SDHS Group and SDHG, the Group successfully secured quota of the 387.5 MW centralised onshore wind power project in Heze City, Shandong Province last year, which marked the Group's first large-scale wind power project to start construction and be connected to the grid in Shandong Province. The project has achieved a new high in the attainment rate of core construction indicators with significant improvement in management efficiency, which laid a solid foundation for the smooth progress of the project. In April 2024, the construction started smoothly under the supervision of provincial and municipal competent authorities, and was being accelerated to realize full-capacity grid-connected power generation at an early date. Urban energy supply system will be further strengthened to achieve harmony between corporate development goals and social development goals.

Each business segment has also achieved significant results in development and management. For the centralised photovoltaic plants business, adhering to the principle of independent development as well as acquisitions, the Group adapted measures to local conditions by refining, optimising and strengthening itself in areas with abundant stock project resources, industrial supporting resources and the Shareholders' resources, maintaining a steady progress of projects. Meanwhile, the Group also leveraged distinctive advantages of different regional to provide new impetus to its centralised photovoltaic projects, aiming to achieve more comprehensive expansion. For the distributed photovoltaic power business, the Group adopted a strategy that emphasised both internal and external aspects, which was relying on Shareholder's strong resources advantages internally, and fully exploring and deepening relationships with strategic customers externally. The Group has successfully advanced several key projects, covering some provinces in Northeast China, North China, Central China and Southwest China, and its business scope has steadily expanded.

At the same time, the Group regarded transportation and energy integration projects as its core development direction, aiming to further consolidate and enhance its leading position in this field nationwide. Relying on SDHS Group's rich experience in new energy development and application scenarios and focusing on the Group's annual road-area photovoltaic grid connection goal, the Group has conducted thorough on-site surveys and construction capacity sorting of all projects in the road-area list, and has in depth exploration of the photovoltaic market in areas such as highways and their service areas. The Group cooperated with friendly partners to implement the principle of adapting to local conditions and provide tailor-made distributed photovoltaic construction solutions for customers. The first batch of six high-speed service area projects were all successfully connected to the grid for power generation. At present, the Group is advancing the filing of the 84 MW photovoltaic project for the Linyi-Tengzhou Expressway by SDHS Group and has made substantial progress, striving to complete the approval as soon as possible.

Adhering to SDHS Group's strategic vision of "promoting green and low-carbon transformation of transportation and implementing the goals of carbon peak and carbon neutrality", and relying on the advantages of Shareholders and brand, the Group regarded the transportation and energy integration as the top priority of its distributed business. The Business Department has vigorously promoted transportation and energy integration projects nationwide, which has not only deepened cooperation with research institutions but also successively established solid cooperative relationships with multiple highway construction and operation units. In terms of external cooperation, the Group has carefully selected state-owned enterprises and leading enterprises in the industry as important strategic customers, and prioritized the establishment of long-term partnerships with high-quality owners who have good reputation and strong consumption capabilities, to jointly explore and develop innovative models integrated water resource treatment facilities, aiming to create a win-win situation in green energy and water resource management. Meanwhile, the Group has also introduced distributed photovoltaic systems in its logistics parks to promote the green transformation of the logistics industry.

Such trust-based relationship has also won the Group more cooperation opportunities in centralised projects, further broadening the path of business development. In the comprehensive layout and in-depth promotion of the wind power business, the Group has not only firmly responded to the national strategy for energy transformation and sustainable development, but also anticipated and adapted to changes in policy orientation in advance, and decisively shifted the focus of development to wind power projects, the core segment of the new energy sector. The Group is well aware that the new energy market is undergoing rapid changes, with new trends, new forms and new standards emerging. To this end, the Group has actively kept pace with the market orientation, explored and implemented new strategies and models that adapted to these changes. During this process, the Group has established solid and in-depth strategic cooperation with many friendly partners, top domestic and foreign industrial groups, which have not only provided the Group with abundant resources and experience but also brought strong support to the Group in expanding the wind power market, enhancing technical strengths and optimising operational management.

Currently, wind power projects have become the major force among the Group's under-construction and approved-for construction power projects. This not only reflects the Group's strong confidence and determination in the wind power business, but also demonstrates the Group's strong competitiveness and leadership position in the new energy market. Particularly in Shandong Province, which is rich in wind energy resources and has a huge demand for energy consumption, the Group will fully leverage on the resources of the Shareholders to actively increase its investment in the wind power business in the province. The Group not only focuses on the current market demand, but also places greater emphasis on long-term development in the future, with a view to achieving a leapfrog growth and sustainable development of its business in the wind power market of Shandong Province and the whole country.

The Group has achieved remarkable achievements in the operation and maintenance of daily projects. The cumulative total of the Group's entrusted operation and maintenance services has exceeded 2.4 GW in scale. The Group has further enhanced its brand value, and successfully obtained the safety production license, as well as various related qualifications for maintenance and testing in terms of qualification processing. And in the 2023 Power Industry Operational Indicators for Photovoltaic and Wind Power Generation organized by the China Electricity Council, 4 photovoltaic power plants were rated as Grade 4A and 4 photovoltaic power plants were rated as Grade 3A, while 4 wind power plants were rated as Grade 4A and 2 wind power plants were rated as Grade 3A. In terms of customer relationship, the Group has been continuously highly recognized by its customers and has been ranked top in multiple customer operation and maintenance scores and skill tests. The Group also dispatched representatives to participate in the "Yellow River Basin Photovoltaic Operation and Maintenance Skills Competition and the 4th Shandong Provincial Photovoltaic Operation and Maintenance Skills Competition" jointly organized by the Shandong Provincial Development and Reform Commission, Shandong Provincial Federation of Trade Unions, and Shandong Provincial Energy Administration and achieved outstanding results during the Year.

For the operation and maintenance of daily projects, the cost reduction and efficiency enhancement are always the core goals. The Group has actively promoted the unattended, less manned operation and maintenance model reform through the deep integration of digital intelligence technology. The Group has successfully built core professional technology platforms such as centralised control centers, maintenance and pre-test teams, testing laboratories and wind turbine maintenance and inspection companies, which jointly formed a comprehensive technology cluster, steadily expanding the management of segmented businesses. With the continuous deepening of digital reform, the Group's efficiency of operation and maintenance has been significantly increased by more than 60%. The Group also innovatively applied artificial intelligence of things (AIoT) technology and digital twin technology, and successfully built a fully automated unattended power plant with intelligent capabilities. The tests achieved remarkable results.

In terms of power generation data, the Group's consolidated power generation reached 6.5 billion kWh, representing a significant year-on-year increase. The balanced development of three major segments, the centralised photovoltaics, wind power and distributed photovoltaics, has jointly supported the outstanding power generation performance of the Business Department. Through strict equipment management, the Group has effectively controlled the line fault rate within 1% of the Group's project investment model, ensuring efficient and stable power generation operations. In addition, the Group has also performed well in terms of operation and maintenance cost control, with the operation and maintenance cost budget still maintaining at a highly reasonable level when converted to the cost per watt.

In the face of the ever-changing market environment, the Group actively deepened its electricity marketing strategy in the full year of 2024, not only laying a solid foundation for standardisation in respect of trading management and making the activities on electricity marketing gradually systematized and refined, but also achieving significant results in several key areas. The Group is currently conducting long-term work on electricity marketing in 11 provinces and regions, including Shandong Province, Hebei Province, Guangdong Province, Jiangsu Province, Shanxi Province and the Xinjiang Uygur Autonomous Region, and also conducting short-term work on electricity trading in Jiangxi Province, Jilin Province, Zhejiang Province and other provinces, which involves 23 projects with a capacity of 1.9 GW and an estimated annual electricity trading volume of 1.36 billion kWh. In terms of green electricity trading, the Group has successfully completed multiple transactions, with annual trading volumes approaching new highs and steady growth in green electricity revenue. In September 2024, the Group completed the first batch of 120,000 green certificate transactions at the Beijing Power Exchange Center, representing the environmental value of 120 million kWh of electricity generation, covering six new energy stations of the Group in Shandong Province, Hebei Province and the Xinjiang Uygur Autonomous Region. Meanwhile, it was particularly worth mentioning that the Group, with its keen market insight and efficient execution, has successfully completed the first case of power generation right substitution transaction in the Tibet Autonomous Region during the Year, which not only marked a breakthrough in this field in the southwest region of China, but also brought considerable additional revenue to the Company with an estimated annual income generated of over RMB5 million, demonstrating the Group's innovative capability and market-leading position in the field of electricity marketing.

The Group is accelerating the building of blueprint for electricity sales companies, and is in the process of establishing an integrated platform that combines green electricity certificates, carbon emission rights and asset management, to meet market demand with more comprehensive services. In terms of business innovation, the Group has kept pace with the times and actively explored emerging areas such as decentralised aggregation trading and virtual power plants, with a view to enhancing its core competitiveness and market influence in the broad field of electricity marketing in a comprehensive and multi-dimensional manner. The Group has also strengthened the construction of regional electricity marketing teams and enhanced the teams' sensitivity and judgment on market policies, to lay a solid foundation for meeting the high demands of electricity marketing in the spot market. At the same time, the Group has actively carried out medium and long-term as well as spot transactions across provinces, and strengthened cooperation with thermal power groups, electricity sales companies and various electricity trading centers, which effectively alleviated the difficulties in the consumption of power stations in some provinces, and further broadened the channels and sources of revenue for electricity marketing.

For the clean heat supply service business, the clean heating area achieved a year-on-year increase of 4% compared with last year, and the number of clean heat supply services users achieved a year-on-year increase of 6.4%, mainly covering the four domestic regions of North China, Northeast China, Northwest China, and East China. The Group has continued to optimise the management model of its clean heat supply services business. The Group also develops centralised cool supply, cool and heat dual supply, centralised supply of industrial steam and compressed air in the park and other business models, with the vision of centralised city heat supply. In the principal business development, the Group focuses on the clean heat supply market. By virtue of advanced management concepts and strategic methods, we focus on developing the heating market in provincial capitals and prefecture-level cities, supplemented by the long transporting projects in high-quality counties (including county-level cities), to increasingly form scale effects of the heat supply business and promote the sustainable development of the heating industry.

The Group is well aware that the rapid development of business relies on the support of a well-organised and professional backend. The Group's cost control and financial management have continued to achieve new progress during the past period, providing solid protection for its overall development. In order to safeguard the long-term stability of cash flow, the Group actively implemented the management policy on cost reduction and efficiency enhancement, and carefully planned the cost reduction and efficiency enhancement work plan for the year 2024. Through multiple channels, including reducing construction costs, lowering financing and tax costs, enhancing the return on capital stock, compressing operating costs and increasing power generation revenue, the Group has successfully saved a considerable amount of finance costs, reaffirming the Group's ability in the continuous optimization of cost control and financial management.

Furthermore, taking full advantage of SDHS Group's credit enhancement system and high ratings, the Group successfully obtained a long-term credit rating of "AAA" from a leading domestic rating agency, making the Group become the top enterprise in the emerging industry sector of SDHS Group. This lays a solid foundation to reduce financing costs and establish a diversified financing system in the future. In order to further optimize its capital structure, the Group has accelerated its deleveraging process and expanded equity financing channels. The Group has realized RMB2.0 billion in equity financing, which has effectively reduced the Company's debt ratio and further strengthened its financial stability. The Group has consistently reduced its debt ratio through multiple approaches, including asset structure optimisation, introduction of strategic investment funds, and expansion of equity financing instruments, achieving a financial indicator that is superior to the industry average.

The Group has steadily advanced the intelligent and digital upgrading reforms of internal systems as planned. With regard to the construction of the treasury system, the Company has completed a number of basic works. In addition, the financial sharing system has gradually completed the sorting, entry, migration and drawing of master data, accounting and business processes. Both systems have been fully deployed and officially operated during the Year. These efforts have enabled the Group keep on optimising its internal structure to improve resource utilization efficiency and inject boundless vitality into the future prosperous development.

The Group has also won numerous awards in the investor relations and environmental, social and governance (ESG). In 2024, the Group won the "Annual Investment Value Award" (年度投資價值獎) in the 9th GuruClub Global Investment Carnival for its outstanding performance in 2024. Such award focuses on examining the revenue and net profit growth of listed companies with a comprehensive evaluation from various aspects, including company scale, business model, management capability and innovation ability, which fully demonstrates the market's high recognition of the Group's profitability, stable investment returns and overall business strength. We won the "Best ESG Rookie Award" in the 7th China Excellent IR Selection. It was the outstanding team selected among many companies and groups through voting, surveys, etc. We won the "Stock Award –Best IR Team" (港股最佳IR團隊) in the 3rd Annual Best IR Teams List, which recognised the Company's proactive efforts in communicating with stakeholders. At the first Green Energy and Industrial Futures Forum and the 2024 Green Sunshine ESG Model Case Collection Event, we were rated as the top 10 in the 2024 Green Sunshine ESG Model Environmental Contribution List and jointly launched the "ESG100" Initiative. We were also awarded the "ESG Pledge Action Certificate" (ESG約章行動證書) by the Chinese Manufacturers' Association of Hong Kong and the Hong Kong Brand Development Council, which demonstrated our emphasis on the sustainability concepts and practices. In addition, we were awarded the Caring Company Logo by the Hong Kong Council of Social Service (HKCSS) for our efforts in actively fulfilling social responsibilities. We won the "Excellent Enterprise in ESG Disclosure" (ESG信息披露卓越企業) in the 2024 Mid-term GuruClub, which recognised the quality of the ESG report and statement of the Company. We also participated in the formulation of the "Disclosure Indicator System and Evaluation Guidelines for Energy Enterprises on Environmental Protection, Social Responsibility and Corporate Governance" (《能源企業環境保護、社會責任和公司治理披露指標體系與評價導則》), which is the first group standard of the domestic energy industry in the field of sustainable development. It was worth mentioning that Sustainable Fitch Hong Kong Limited had determined an environmental, social and governance entity rating of "2" for the Group with an entity score of 75, and the Group had obtained a "good" rating in terms of various indicators of environmental, social and corporate governance, indicating that the Group had good ESG performance and integrated ESG considerations into its business, strategy and management to facilitate the Company's business and its management innovation.

After a year of hard work, the Group's business performance in various fields has steadily improved under standardized guidance. We have focused on production and strived to complete annual tasks and targets. While achieving economic benefits, it has also won recognition and support from all walks of life. Looking forward, the Group will continue to be committed to promoting the high-quality development and ensure that the operation remains stable.

3. BUSINESS REVIEW

The Group was principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply service businesses in the PRC. During the Year, the industry development, although with a promising long-term perspective, faced a complex and challenging environment in the short term. On one hand, the Group's power plant construction and the sale of electricity business developed in an orderly manner, but on the other hand, it faced with uncontrollable factors such as the increase in power limitation rate due to the slowdown in domestic economic growth and short-term imbalance in demand, the decrease in the availability of wind energy resources compared to the last year, the intense market competition, the increase in the share of revenue from parity price projects (with the simultaneous decrease in the share of revenue from subsidized projects) and the continuation of a high-interest-rate environment abroad. As a result of these factors, the business and financial results for the Year were in a period of fluctuation and adjustment.

During the Year, the aggregate operating power generation[#] of the projects held and/or managed by the Group, its associates and joint ventures as at the end of the Year was approximately 6.52 million MWh (2023: approximately 6.23 million MWh), representing an increase of approximately 4.6% compared with the corresponding period of the last year.

[#] The operating power generation included (i) the power generation of the projects held by the Group, its associates and joint ventures; and (ii) the power generation of the projects managed by the Group through the provision of entrusted operation services.

3.1 Sale of Electricity and Entrusted Operation Services

During the Year, the Group has steadily developed its core businesses through the investment, development, construction, operation and management of clean energy power plant projects, and the aggregate revenue in respect of the sale of electricity and the provision of entrusted operation services amounted to RMB3,720.6 million (2023: approximately RMB3,780.7 million), remaining relatively flat as compared to the last year.

3.1.1 Photovoltaic Power Projects

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

During the Year, the Group's centralised photovoltaic power business operated steadily. The Group recorded revenue of approximately RMB1,939.9 million from the sale of electricity from the centralised photovoltaic power plants, representing approximately 43.9% of the Group's total revenue during the Year, which indicated that the centralised photovoltaic power business continued to be one of the important sources of revenue for the Group, despite a slight decrease in revenue as compared to the last year (approximately RMB2,138.4 million or approximately 47.7%).

As of 31 December 2024, 53 (2023: 53) centralised photovoltaic power plants covering 13 provinces, 3 autonomous regions and 1 municipality in the PRC and 1 (2023: 1) centralised photovoltaic power plant in Whyalla, Southern Australia, Australia was held by the Group and in operation. The aggregate on-grid capacity of these photovoltaic power plants reached approximately 2,602 MW, representing an increase from approximately 2,526 MW for 2023, which indicated a further expansion of the Group's scale in photovoltaic power generation, reflecting its continued development and deployment in the new energy sector. Details are set out below:

		31 December 2024			31 December 2023		
Location	**Photovoltaic resource area**	**Number of plants**	**Approximate total on-grid capacity** *(MW)*	**Approximate aggregate power generation** *(Note)* *(MWh)*	Number of plants	Approximate total on-grid capacity *(MW)*	Approximate aggregate power generation *(Note)* *(MWh)*
PRC-Subsidiaries and joint ventures:							
Hebei Province	II/III	**18**	**678**	**846,010**	18	678	847,194
Henan Province	III	**3**	**264**	**274,021**	3	264	291,709
Shandong Province	III	**5**	**243**	**295,928**	5	243	307,831
Guizhou Province	III	**4**	**189**	**191,547**	4	209	216,156
Anhui Province	III	**5**	**194**	**211,558**	5	194	240,622
Shaanxi Province	II	**2**	**161**	**162,020**	2	161	197,845
Jiangxi Province	III	**3**	**125**	**124,627**	3	125	130,510
Jiangsu Province	III	**2**	**183**	**238,359**	2	182	153,161
The Ningxia Hui Autonomous Region	I	**1**	**100**	**124,312**	1	100	147,732
Hubei Province	III	**3**	**70**	**69,052**	3	70	70,111
Jilin Province	II	**1**	**31**	**40,579**	1	31	39,944
The Tibet Autonomous Region	III	**1**	**30**	**26,907**	1	30	35,834
Tianjin Municipality	II	**1**	**32**	**43,785**	1	32	35,163
Yunnan Province	II	**1**	**22**	**30,116**	1	22	32,515
Shanxi Province	III	**2**	**139**	**88,887**	2	44	38,304
Guangdong Province	III	**1**	**135**	**135,423**	1	135	141,198
PRC-Sub-total		**53**	**2,596**	**2,903,131**	53	2,520	2,925,829
Overseas-Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	**1**	**6**	**4,598**	1	6	4,480
Total		**54**	**2,602**	**2,907,729**	54	2,526	2,930,309

Most of the Group's centralised photovoltaic power plant projects in the PRC are situated in east and central regions of the PRC, and in photovoltaic resource areas II and III as promulgated by the NDRC. Such geographical distribution has positive significance for the development of the Group's photovoltaic power business. Set out below are the project analysis by photovoltaic resource areas:

	31 December 2024			31 December 2023		
Photovoltaic resource area	**Number of plants**	**Approximate total on-grid capacity** *(MW)*	**Approximate aggregate power generation** *(Note)* *(MWh)*	Number of plants	Approximate total on-grid capacity *(MW)*	Approximate aggregate power generation *(Note)* *(MWh)*
PRC-Subsidiaries and joint ventures:						
I	**1**	**100**	**124,312**	1	100	147,732
II	**12**	**450**	**553,739**	12	450	601,857
III	**40**	**2,046**	**2,225,080**	40	1,970	2,176,240
Total	**53**	**2,596**	**2,903,131**	53	2,520	2,925,829

Note: It represented the approximate aggregate power generation of the projects from (i) the completion dates of acquisition by the Group; (ii) the dates of commencement of operation; and (iii) the beginning of the respective years (whichever is later), to the end of the respective years. Therefore, the above aggregate power generation may not reflect a full-year performance of these operations.

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

	31 December 2024	31 December 2023	Changes
Weighted average utilisation ratio *(%)*	**89.29**	93.19	(3.9)
Weighted average utilisation hours *(hours)*	**1,140**	1,264	(124)

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

During the Year, the distributed photovoltaic power business of the Group has maintained a robust and stable performance. Revenue from the sale of electricity reached approximately RMB547.0 million (2023: approximately RMB578.2 million). The total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 920 MW (2023: approximately 800 MW), mainly located in photovoltaic resource area III as promulgated by the NDRC such as Henan Province, Anhui Province, Shandong Province, Jiangsu Province and Hebei Province, which included the distributed photovoltaic power stations constructed by the Group in certain water plants of Beijing Enterprises Water Group Limited of which the Group sold electricity to respective water plants, and the distributed photovoltaic power plant constructed by the Group within the service area of expressway under SDHS Group of which the Group sold electricity to respective service area.

(d) Entrusted operation services

In addition to the above-mentioned sale of electricity from the Group's photovoltaic power plants, the Group provided entrusted operation services for photovoltaic power plant projects in the PRC and revenue of approximately RMB13.2 million (2023: approximately RMB5.7 million) was recognised during the Year.

3.1.2 Wind Power Plant Projects

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

With the addition of 3 new wind power plants in the second half of 2023, the relative business performance was able to be realised throughout the Year, enabling the Group's wind power business to maintain its leap-forward growth during the Year. This business expansion has resulted in significant growth in revenue. During the Year, the Group recorded revenue of approximately RMB1,186.8 million from the sale of electricity from the wind power plants, compared to approximately RMB955.7 million for the corresponding period of the last year, achieving a steady increase in revenue.

As of 31 December 2024, 19 (2023: 19) wind power plants covering 4 provinces and 2 autonomous regions in the PRC with an aggregate on-grid capacity of approximately 1,176 MW (2023: approximately 1,176 MW) were held by the Group and in operation, details of which are set forth below:

		31 December 2024			31 December 2023		
Location	**Wind resource area**	**Number of plants**	**Approximate total on-grid capacity**	**Approximate aggregate power generation** *(Note)*	Number of plants	Approximate total on-grid capacity	Approximate aggregate power generation *(Note)*
			(MW)	*(MWh)*		*(MW)*	*(MWh)*
PRC-Subsidiaries:							
Henan Province	IV	**8**	**372**	**841,037**	8	373	852,543
Shandong Province	IV	**3**	**234**	**481.565**	3	234	376,876
The Inner Mongolia Autonomous Region	I	**4**	**119**	**382,131**	4	119	427,860
Hebei Province	IV	**2**	**301**	**743,354**	2	300	281,068
Shanxi Province	IV	**1**	**50**	**115,396**	1	50	123,963
The Xinjiang Uygur Autonomous Region	I	**1**	**100**	**191,416**	1	100	7,796
Total		**19**	**1,176**	**2,754,899**	19	1,176	2,070,106

The majority of the Group's wind power plant projects in the PRC are located in Hebei Province, Henan Province, Shandong Province and Shanxi Province in the PRC, which belonged to wind resource area IV as promulgated by the NDRC, and the relevant regions layout is favourable for the development of the Group's Wind Power Business.

Set out below are the projects analysis by wind resource areas:

	31 December 2024			31 December 2023		
Wind resource area	**Number of plants**	**Approximate total on-grid capacity**	**Approximate aggregate power generation** *(Note)*	Number of plants	Approximate total on-grid capacity	Approximate aggregate power generation *(Note)*
		(MW)	*(MWh)*		*(MW)*	*(MWh)*
PRC-Subsidiaries:						
I	**5**	**219**	**573,547**	5	219	435,656
IV	**14**	**957**	**2,181,352**	14	957	1,634,450
Total	**19**	**1,176**	**2,754,899**	19	1,176	2,070,106

Note: It represented the approximate aggregate power generation of the projects from (i) the completion dates of acquisition by the Group; (ii) the dates of commencement of operation; and (iii) the beginning of the respective years (whichever is later), to the end of the respective years. Therefore, the above aggregate power generation may not reflect a full-year performance of these operations.

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

	31 December 2024	31 December 2023	Changes
Weighted average utilisation ratio *(%)*	**95.44**	96.61	(1.17)
Weighted average utilisation hours *(hours)*	**2,611**	2,629	(18)

(c) Entrusted operation services

In addition to the above-mentioned sale of electricity from the Group's wind power plants, the Group provided entrusted operation services for wind power plant projects in the PRC and revenue of approximately RMB33.7 million (2023: RMB96.9 million) was recognised during the Year.

3.2 Engineering, Procurement and Construction and Technical Consultancy Services

The Group is principally engaged in the clean energy businesses, including the engineering, procurement and construction and related services for photovoltaic, wind power and clean heat supply projects, and has extensive experience and qualifications in the design, engineering and construction of power-related projects. In recent years, the Group has prioritised the construction of self-owned projects related to photovoltaic and wind power, and continually adjusted and optimised its internal resource allocation. During the Year, the Group's revenue from provision of engineering, procurement and construction and related services was approximately RMB125.4 million (2023: approximately RMB124.3 million) in aggregate, representing approximately 2.8% (2023: approximately 2.8%) of total revenue.

3.3 Provision of Clean Heat Supply Services

As of 31 December 2024, through development and business acquisitions, 12 (2023: 12) clean energy projects in operation were held and/or managed by the Group and its joint ventures, which are located in Henan Province, Shanxi Province, Shaanxi Province, the Ningxia Hui Autonomous Region, Liaoning Province and other provinces and autonomous regions, and make use of natural gas, electricity, geothermal energy, biomass, photovoltaic power generation, industrial waste heat energy, clean coal-fired (ultra-low emission) energy, river water and other clean energy sources. The aggregate actual clean heat supply area reached approximately 35.321 million sq.m. (2023: approximately 33.948 million sq.m.), representing a year-on-year increase of approximately 4%; and the number of clean heat supply services users was approximately 211,144 households (2023: approximately 198,495 households), representing a year-on-year increase of approximately 6.4%. The Group recognised revenue arising from the provision of clean heat supply services of approximately RMB577.1 million during the Year, remained largely unchanged as compared to the corresponding period of the last year.

Among them, details of actual clean heat supply area and the number of clean heat supply services users of the projects in operation which were held and/or managed by the Group and its joint ventures are as follows:

Location	Approximate actual clean heat supply area			Approximate number of clean heat supply services users		
	31 December 2024 *('000 sq.m.)*	31 December 2023 *('000 sq.m.)*	Changes *(%)*	**31 December 2024 *(households)***	31 December 2023 *(households)*	Changes *(%)*
Northeast region, China	**14,862**	14,898	(0.2)	**45,389**	43,929	3.3
North region, China	**10,689**	10,261	4.2	**88,258**	86,033	2.6
Northwest region, China	**6,562**	6,599	(0.6)	**53,791**	52,240	3.0
East and central regions, China	**3,208**	2,190	46.5	**23,706**	16,293	45.5
Total	**35,321**	33,948	4.0	**211,144**	198,495	6.4

3.4 Exploration of New Chapter in Other New Energy Businesses

Driven by the wave of new energy, the Group is deeply expanding into the high value-added areas of the industrial chain and actively exploring diversified new energy application modes and scenarios in a brand-new attitude, with an aim to becoming a leading enterprise in the domestic new energy integrated service field. In order to achieve this ambitious blueprint, we will steadily move towards the international market and achieve new leaps in strategic synergistic development by relying on the conversion and application scenarios of large-scale green electricity.

In terms of transportation and energy integration business, the Group is making full use of the industrial advantages to accelerate the layout and expansion of the transportation and energy integration business, and is committed to constructing a new open energy ecosystem with the integration of sources, network, load and storage. In 2024, the Group is formulating the 3-5 Years Strategic Development Plan (2024-2028) of Shandong Hi-Speed New Energy Group (《山高新能源集團3-5年戰略發展規劃(2024-2028)》) and the International Business Strategic Plan (Going Global Stage Planning) of Shandong Hi-Speed New Energy Group (《山高新能源集團國際業務戰略規劃(走出去階段規劃)》), which will clarify the development direction and goals in the field of transportation and energy integration and provide clear strategic guidance for the expansion of international business in such field. At the same time, we continuously strengthened the transformation of industry-academia-research in the field of transportation and energy integration. We and Beihang University jointly established the "Beihang Shandong Hi-Speed Research Centre for Integrated Transport and Energy* (北航山高交能融合研究中心)" to lay a solid foundation for the innovative and diversified development of the new energy industry, so as to continue to lead the development trend in the field of national transportation and energy integration. The Group has finalised the Short-term Development Plan of the Beihang Shandong Hi-Speed Demonstration and Application Research Centre for Integrated Transport and Energy (《北航山高交能融合示範應用研究中心短期發展規劃》), and is promoting several pilot demonstration projects, including new business pilot projects on the integration of hydrogen energy and new energy and transportation and energy integration. By forming demonstration projects, we aim to develop a commercial practice path that is feasible and replicable.

In the field of zero-carbon and green computing power, we have successfully opened up a new chapter of "Electricity + Computing Power" and contributed wisdom and strength to the construction of a clean energy system and a new computing power network system. The Group, together with Beijing VNET Broad Band Data Center Co., Ltd. ("**Beijing VNET**") and the Municipal Government of Ulanqab, Inner Mongolia Autonomous Region, jointly signed a framework agreement on big data and new energy to jointly explore the extensive application of new energy. We will provide a stable supply of green power on the power generation side, while our partner, Beijing VNET will provide a stable power consumption on the consumption side, forming a source, network, load and storage integrated energy complex of "Green Energy Supply + Computing Infrastructure", realizing two-way empowerment and injecting new vitality and growth points for future development.

Against the strong impetus of national policies, the energy storage business has demonstrated an unprecedentedly broad prospect. Keeping pace with the times, the Group jointly established Shandong Hi-Speed Luzhong New Energy Co., Ltd.* (山東高速魯中新能源有限公司) with Shandong Hi-Speed New Energy Development Co., Ltd.* (山東高速新能源開發有限公司), to jointly launch the 100 MW/200 MWh independent energy storage project in Xintai City, Shandong Province, marking the official implementation of our first large independent energy storage project. The vigorous development of energy storage business not only forms a good complement with other new energy sources, but also effectively enhances the stability of local power grid systems, with promising prospects for the future.

In the field of electricity and carbon trading, the Group has proactively established a comprehensive management system and a three-tier electricity marketing management structure that connects the headquarters-regions-stations. Through policy research and the implementation of trading plans, the Group has not only conducted the first green electricity transaction, but also achieved revenue growth from green certificates and green electricity in multiple provinces this year. As mentioned above, the Group has actively participated in electricity trading in various provinces across the country, including conducting long-term work on electricity marketing in 11 provinces and regions, including Shandong Province, Hebei Province, Guangdong Province and Jiangsu Province, with an estimated annual electricity trading volume of 1.36 billion kWh. Meanwhile, the Group has also extended short-term work on electricity trading, which involves 23 projects with a capacity of 1.9 GW. These transactions have not only increased the Group's revenue, but also enhanced the Group's competitiveness in the electricity market. This series of measures not only demonstrates our determination to proactively respond to policy changes, but also promotes the process of green and low-carbon development, helping realise the goal of carbon peaking and carbon neutrality.

In the field of international business, the Group has set up an international working group and is formulating the International Business Strategic Plan (Going Global Stage Planning) of Shandong Hi-Speed New Energy Group, which provides a clear strategic guidance for the Group's international development in future. Through in-depth cooperation and signing of relevant strategic cooperation agreements with enterprises that have already gone overseas, the Group has begun to enter a number of emerging markets in Southeast Asia, South Asia and the Middle East, to jointly explore and develop a series of new energy projects with local partners.

In the new journey, the Group will continue to explore the infinite possibilities of various new energy sources at a more determined pace, contributing to the construction of a green, low-carbon and sustainable energy future.

3.5 Prospects and Outlook

Leadership and Breakthrough in the New Energy Wave. As we step into 2025, the new energy sector is developing at an unprecedented speed. In July 2024, State Grid Energy Research Institute released the "China New Energy Power Generation Analysis Report* (《中國新能源發電分析報告》)", showing that new energy has become the main force of the power generation increment in China, with the newly installed capacity doubling year-on-year, and as of the end of 2023, the accumulated installed capacity of new energy in China has successfully exceeded 1 billion kilowatts, accounting for 36% of the country's total installed capacity of power generation. More excitingly, the proportion of new energy power generation exceeded 15% for the first time. Meanwhile, the China Electricity Council released the "China Electricity Industry Annual Development Report* (《中國電力行業年度發展報告》)" in the same month, which estimated that the growth rate of national electricity consumption in 2024 will be close to that of 2023, with the proportion of installations of new energy also continuing to rise.

As mentioned above, with the in-depth implementation of the "Implementation Plan on Special Action for Optimizing the Regulation Capability of the Power System (2025-2027)" jointly issued by the NDRC and the National Energy Administration, the policy supports the reasonable consumption and utilization of additional over 200 million kilowatts of new energy annually from 2025 to 2027, with the national utilization rate of new energy not less than 90%. In February 2025, the National Energy Administration issued the "2025 Energy Work Guidelines", proposing the main objectives for energy work in 2025: the total installed power generation capacity nationwide will reach over 3.6 billion kilowatts, with newly added new energy power generation capacity exceeding 0.2 billion kilowatts; total power generation will reach approximately 10.6 trillion kWh; and inter-provincial and cross-regional power transmission capacity will continue to improve. In terms of green and low-carbon transformation, the proportion of non-fossil energy in total installed power generation capacity will increase to around 60%, and the share of non-fossil energy in total energy consumption will rise to about 20%. These milestones mark China's continued advancement into a new development stage characterized by a high proportion of new energy sources.

However, in January 2025, the NDRC and the National Energy Administration jointly issued the "Notice on Deepening Market-Oriented Reforms of New Energy Grid Feed-in Tariffs to Promote High-Quality Development of New Energy (NDRC Price [2025] No. 136)", and the National Energy Administration released the "Administrative Measures for the Development and Construction of Distributed Photovoltaic Power Generation". These regulatory actions signal that electricity pricing mechanisms will face unprecedented challenges in the coming period. In the face of long-term growth prospects coupled with short-term market volatility in the new energy industry, the Group keeps pace with the times. While benefiting from the dividends of industrial development, we actively respond to various challenges, dedicating ourselves to cultivating new business models in the new energy sector, accelerating the grid connection of project development and engineering, striving to achieve expected power generation targets, and fully preparing for electricity market participation. In order to further broaden the growth prospects, we are actively expanding the consumption fields and exploring innovative models, with a view to making breakthrough in the field of new energy.

In the deployment of photovoltaic, wind power and energy storage sector, promotion of the "Electricity + Computing Power" model, deepening of electricity market marketing and construction of the platform relating to green certificates and carbon asset management, the Group is striving to significantly enhance its core competitiveness in the short to medium term with unprecedented determination and strength. Meanwhile, the Group is also strengthening the cooperation of business-education-research in the field of transportation and energy integration, so as to take advantage of its educational resources to lay a solid foundation for the innovative and diversified development of the new energy industry, and continue to maintain our leading position in the field of national transportation and energy integration.

In addition, the strategic cooperation between the Group and SDHS Group has also injected new vitality into the Group's rapid development. Leveraging on the strong strengths of SDHS Group, which has been on the Fortune Global 500 list for three consecutive years, the Group will further consolidate its market position and develop more distinct competitive advantages.

Looking forward, the Group will continue to adhere to the corporate spirits of being brave to take responsibility and taking the lead and firmly seize the strategic opportunities arising from China's energy transformation and green and low-carbon development to pursue becoming a leading new energy company in the industry, and is committed to becoming a first-class integrated clean energy service provider. Such vision not only epitomizes the Group's ambition in the new energy sector, but also demonstrates the Group's positive contribution to the promotion of green and low-carbon development. In the future, the Group will continue to rely on the strong strengths and resource advantages to continuously enhance its core competitiveness and work hard to realise this ambitious goal.

4. FINANCIAL PERFORMANCE

4.1 Revenue and gross profit margin

The Group recorded revenue of approximately RMB4,423.1 million (2023: approximately RMB4,486.9 million) during the Year, representing a decrease of approximately 1.4% as compared to the corresponding period of the last year. The decrease was mainly due to the combined effects of (i) the addition of newly acquired power plants and self-built and commissioned power plants in the second half of 2023, which contributed to the increased revenue of electricity sales; (ii) a year-on-year reduction in revenue from the photovoltaic power generation business and the growth in revenue from the wind power business failing to meet expectations due to greater grid curtailment; and (iii) a reduction in revenue of entrusted operation services. Revenue from the sale of electricity amounted to approximately RMB3,673.7 million (2023: approximately RMB3,672.3 million) during the Year, remained largely unchanged compared to the last year.

The gross profit performance by business nature is set out below:

Location	**2024**			2023		
	Revenue *(RMB million)*	**Gross profit margin** *(%)*	**Gross profit** *(RMB million)*	Revenue *(RMB million)*	Gross profit margin *(%)*	Gross profit *(RMB million)*
Sale of electricity and entrusted operation services						
Photovoltaic power business	**2,486.9**	**52.7**	**1,309.6**	2,716.6	55.6	1,511.3
Wind power business	**1,186.8**	**53.8**	**638.5**	955.7	58.6	560.3
Entrusted operation services	**46.9**	**10.2**	**4.8**	108.4	34.4	37.2
Construction and related services	**125.4**	**14.0**	**17.6**	124.3	15.6	19.3
Provision of clean heat supply services	**577.1**	**8.8**	**50.8**	581.9	8.9	51.6
Total	**4,423.1**	**45.7**	**2,021.3**	4,486.9	48.6	2,179.7

Analysis of the above businesses are set out in the sub-section headed "3. Business Review" under the section of "Management Discussion and Analysis".

Gross profit for the sale of electricity business of approximately RMB1,948.1 million for the Year, accounted for 96.4% (2023: 95.0%) of the total gross profit of the Group. The contribution of sale of electricity to the Group's total gross profit increased, mainly due to the steady growth in the operation scale of the Group's photovoltaic and wind power plant projects. On the other hand, contribution of provision of clean heat supply services to the Group's total gross profit was 2.5% (2023: 2.4%) during the Year.

During the Year, the overall gross profit margin decreased from 48.6% for 2023 to 45.7%, representing a decrease of approximately 2.9 percentage points. The decrease in overall gross profit margin was mainly attributable to the combined effects of (i) the decrease in gross profit margin of the sale of electricity business due to greater grid curtailment and the decrease in consolidated tariffs of certain projects; and (ii) the low gross profit margin of certain newly acquired power plants at the end of 2023 and self-built and commissioned power plants during the Year which will not be entitled to tariff subsidies in accordance with the policy.

4.2 Other income and gains, net

The Group's other income and gains, net decreased by approximately RMB286.2 million to approximately RMB242.9 million (2023: approximately RMB529.1 million) during the Year, which mainly comprised (i) exchange gain of approximately RMB47.2 million (2023: nil); (ii) interest income of approximately RMB39.9 million (2023: approximately RMB81.0 million); (iii) fair value gain on financial assets at fair value through profit or loss of approximately RMB27.2 million (2023: nil); and (iv) gains on bargain purchase of subsidiaries of nil (2023: approximately RMB314.2 million) for the Year.

4.3 Administrative expenses

The Group's administrative expenses decreased to approximately RMB350.1 million (2023: approximately RMB436.4 million) during the Year, which was mainly due to the combined effect of (i) the decrease in bank charges as compared to the corresponding period of the last year due to the repayment of bank loans as a result of the cost control and efficiency enhancement of the Group; and (ii) the decrease in other expenses in the administrative expenses as a result of the cost control and efficiency enhancement of the Group.

4.4 Other operating expenses, net

The Group's other operating expenses achieved approximately RMB75.4 million (2023: approximately RMB223.9 million) during the Year, which mainly comprised (i) investment impairment of associates of approximately RMB56.9 million (2023: approximately RMB47.1 million); (ii) the impairments of approximately RMB3.6 million (2023: approximately RMB33.5 million) for the property, plant and equipment and operating concessions; (iii) exchange loss of nil (2023: approximately RMB63.8 million) for the Year; and (iv) fair value losses on financial assets at fair value through profit or loss of nil (2023: fair value losses of approximately RMB38.1 million) for the Year.

4.5 Finance costs

The decrease in finance costs of the Group by approximately RMB224.5 million to approximately RMB1,147.3 million (2023: approximately RMB1,371.8 million) was mainly attributable to a decrease in finance costs resulting from the replacement of high-cost financing with low-cost financing and advance repayment of high cost overseas borrowings during the Year.

4.6 Income tax expense

The Group conducted its principal activities in the PRC and the relevant standard corporate income tax rate was 25%. The decrease in income tax expense during the Year was mainly due to the combined effect of improved profitability of subsidiaries during the Year and the Group's active implementation of tax planning measures to maintain current income tax expenses while reducing deferred income tax expenses.

4.7 Property, plant and equipment

Property, plant and equipment mainly represented the carrying amounts of clean energy projects held by the Group and in operation or under construction, and the decrease was mainly attributable to the net effect of (i) the development of clean energy projects; (ii) depreciation provided during the Year.

4.8 Investment properties

The Group's investment properties mainly represented the fair value of an office and four parking spaces in Hong Kong and were leased to an independent third party.

4.9 Goodwill

Goodwill was attributable to the acquisition of subsidiaries since 2016.

4.10 Operating concessions and operating rights

Operating concessions represented the rights to operate certain photovoltaic power plants and clean heat supply projects under the Build-Operate-Transfer (BOT) basis, and operating rights represented the operating rights arising from the acquisition of clean energy businesses with reference to HKFRS 3 (Revised) Business Combinations. The decrease in operating concessions and operating rights was mainly attributable to the amortization provided.

4.11 Investments in joint ventures

It mainly represented the capital contributions made by the Group to the limited partnerships established in the PRC and joint ventures established for conducting the clean energy businesses. The change in the Group's investment in joint ventures from approximately RMB377.5 million as at 31 December 2023 to approximately RMB393.2 million as at 31 December 2024 was mainly due to the combined effects of (i) the investment in joint ventures during the Year; and (ii) the share of profits and losses of the joint ventures.

4.12 Investments in associates

It mainly represented (i) the Group's investment in Shandong High Speed Renewable Energy Group Limited（山高環能集團股份有限公司）, an associate owned as to 23.95% interest by the Group and was principally engaged in the organic waste hazard-free treatment and high-value resource utilisation business, the clean heat supply service business and the energy performance contracting business; (ii) the Group's investment in Beisheng Xinheng Technology Group Co., Ltd.*（北晟鑫恒科技集團有限公司）(formerly known as Beijing Enterprises City Investment Holdings Group Co., Ltd*（北控城投控股集團有限公司）), an associate owned as to 15% interest by the Group and was principally engaged in the investment, development and operation of infrastructural and properties-related businesses in the PRC; and (iii) the Group's investment in Tianjin Yili New Energy Technology Company Limited*（天津屹立新能源科技有限公司）, an associate owned as to 35% interest by the Group and was principally engaged in the sales of solar thermal power generation products, research and development of emerging energy technologies, and engineering management services in the PRC. The decrease in the Group's investment in associates from approximately RMB1,130.6 million as at 31 December 2023 to approximately RMB1,076.3 million as at 31 December 2024 was mainly attributable to the combined effects of (i) the share of profit and loss of associates; (ii) the impairment of the Group's investment in Beisheng Xinheng Technology Group Co., Ltd.*（北晟鑫恒科技集團有限公司）as the property sector is in a downturn; and (iii) the investment in associates during the Year.

4.13 Equity investments designated at fair value through other comprehensive income

Equity investments designated at fair value through other comprehensive income represent the Group's investment in Guangzhou Greater Bay Technology Co., Ltd. (廣州巨灣技研有限公司), being 2.70% equity interests owned by the Group. The company primarily engages in the research and development, production, sales, and services of power batteries, next-generation breakthrough energy storage devices and their related systems. The Group anticipates holding this investment for the long term.

4.14 Contract assets

Contract assets denominated in RMB as at 31 December 2024 of approximately RMB690.1 million (2023: approximately RMB768.4 million) represented (i) gross receivables of approximately RMB34.3 million (2023: approximately RMB125.3 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects and recognised on the basis of construction progress; (ii) gross receivables of approximately RMB659.9 million (2023: approximately RMB650.2 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that will be billed and settled upon registering into the list of national renewable energy power generation subsidies for the renewable energy power generation projects (the "**Project List**"); and (iii) loss allowances of contract assets denominated in RMB of approximately RMB4.1 million (2023: approximately RMB7.1 million). The decrease in contract assets denominated in RMB was mainly attributable to the increase in the extent of construction services provided for and settlements from customers during the Year.

4.15 Trade and bills receivables

Trade and bills receivables of approximately RMB8,674.3 million (2023: approximately RMB7,817.7 million) as at 31 December 2024 mainly comprised (i) gross receivables from the sale of electricity of the photovoltaic and wind power plant projects of approximately RMB7,614.2 million (2023: approximately RMB6,676.7 million); (ii) gross receivables with certain milestones completed, accepted and recognised by customers from the provision of engineering, procurement and construction services for clean energy businesses of approximately RMB786.3 million (2023: approximately RMB836.6 million); and (iii) loss allowances of trade and bills receivables of approximately RMB107.8 million (2023: approximately RMB108.4 million).

As at 31 December 2024, gross trade receivables for the sale of electricity of the photovoltaic and wind power plant projects mainly comprised (i) receivables of approximately RMB294.9 million (2023: approximately RMB287.9 million) from the sale of electricity mainly to State Grid Corporation of China, a state-owned enterprise principally engaged in the development and operation of nationwide power network; and (ii) receivables of approximately RMB7,174.2 million (2023: approximately RMB6,275.6 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that have been registered into the Project List.

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

The increase in prepayments, deposits and other receivables, other tax recoverables and financial assets at fair value through profit or loss by approximately RMB341.7 million in aggregate (non-current portion increased by approximately RMB92.7 million and current portion increased by approximately RMB249.0 million) to approximately RMB4,304.8 million (2023: approximately RMB3,963.1 million) in aggregate was mainly attributable to (i) the increase in prepayments, deposits and other receivables for the acquisition and development of clean energy projects; and (ii) recovery of prepayments, deposits and other receivables.

4.17 Cash and cash equivalents

The decrease in cash and cash equivalents by approximately RMB804.1 million to approximately RMB3,645.6 million (2023: approximately RMB4,449.7 million) was mainly attributable to net effect of (i) cash inflow from the second payment for the capital increase by the investor as a strategic investor and the funds raised from Industrial Bank through the establishment of a trust scheme; (ii) net cash inflow from daily operating activities; (iii) cash outflow on constructing, developing and operating clean energy projects; and (iv) the net decrease of interest-bearing bank loans and other borrowings during the Year.

4.18 Trade and bills payables

Trade and bills payables of approximately RMB890.3 million (2023: approximately RMB1,351.4 million) mainly represented trade and bills payables in relation to the provision of engineering, procurement and construction services for the development of clean energy projects.

4.19 Other payables and accruals

Other payables and accruals of approximately RMB1,009.5 million (2023: approximately RMB1,238.8 million) decreased by approximately RMB229.3 million, which was mainly due to the effect of (i) construction and equipment payables to contractors and suppliers in relation to the projects held by the Group; and (ii) settlement of the construction and equipment payables of projects acquired or under development by the Group during the Year.

4.20 Interest-bearing bank loans and other borrowings, corporate bonds (excluding operating leases)

As at 31 December 2024, the total interest-bearing bank loans and other borrowings, corporate bonds (excluding operating leases) amounted to approximately RMB25,687.5 million (2023: approximately RMB27,890.3 million), representing a decrease by approximately RMB2,202.8 million in aggregate (non-current portion decreased by approximately RMB836.8 million and current portion decreased by approximately RMB1,366.0 million), which was mainly attributable to the net effect of (i) the drawdown of bank loans and other borrowings for the development of the clean energy businesses; (ii) the repayment of bank loans and other borrowings; and (iii) the redemption of partial portions of corporates bonds during the Year.

4.21 Capital expenditures

During the Year, the Group's total capital expenditures amounted to approximately RMB962.4 million (2023: approximately RMB2,366.0 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects, and other property, plant and equipment of approximately RMB902.7 million (2023: approximately RMB1,476.8 million) in aggregate; (ii) acquisition of other intangible assets of approximately RMB11.0 million (2023: approximately RMB7.1 million); and (iii) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates and other equity investments of approximately RMB48.7 million (2023: approximately RMB882.1 million).

4.22 Liquidity and financial resources

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are mainly denominated in Renminbi ("**RMB**") and Hong Kong dollars ("**HK$**"). Surplus cash is generally placed in short-term deposits denominated in RMB and HK$.

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB3,645.6 million (2023: approximately RMB4,449.7 million).

Developments of the clean energy businesses require intensive initial capital investments and the Group funds such developments during the Year mainly by long-term bank loans and other borrowings (excluding operating leases), corporate bonds, the introduction of strategic investor and the establishment of a trust scheme to raise funds.

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

As at 31 December 2024, the Group's total borrowings including interest-bearing bank loans and other borrowings and corporate bonds (excluding operating leases) amounted to approximately RMB25,687.5 million (2023: approximately RMB27,890.3 million) comprised (i) bank loans of approximately RMB19,901.6 million (2023: approximately RMB18,625.0 million); (ii) corporate bonds of approximately RMB694.5 million (2023: approximately RMB333.0 million); and (iii) lease liabilities under finance lease arrangements and other loans of approximately RMB5,091.4 million (2023: approximately RMB8,932.3 million). Approximately 74% (2023: approximately 71%) of the Group's borrowings are long-term borrowings.

The debt ratio (total liabilities divided by total assets) of the Group as at the end of the Reporting Period has been further reduced to approximately 60% (2023: approximately 65%) after the second payment for the capital increase by the Ping An Introduction Strategy and the establishment of a trust scheme to raise funds from Industrial Bank and the payment for borrowings. Meanwhile, cash and cash equivalents of the Group amounted to approximately RMB3,645.6 million, with a current ratio of 1.87. The Group has sufficient financial reserves to provide for business development.

5. CHARGE ON THE GROUP'S ASSETS

The secured bank loans and other borrowings and bills payables of the Group as at 31 December 2024 are secured by:

i. pledges over certain of the Group's property, plant and equipment and operating concessions;

ii. pledges over certain of the Group's trade receivables and contract assets;

iii. pledges over the Group's equity interests in certain subsidiaries and an associate;

iv. guarantees given by the Company and/or its subsidiaries; and/or

v. pledges over certain of the Group's bank balances.

Save as disclosed above, at 31 December 2024, the Group did not have any charges on the Group's assets.

6. CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (2023: Nil).

7. FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. The Group's consolidated statement of profit or loss is affected by the exchange gains and losses of the non-RMB-based monetary assets and liabilities held by the Group generating from exchange rate fluctuations. If other currencies appreciates/depreciates against RMB, the Group would record a(n) increase/decrease in profits. During the Year, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

8. EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 1,886 employees (2023: 2,106 employees). The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group actively recruits talents and builds a strong team to sustain the overall business growth of the Group. In order to retain and motivate employees, the Group has formulated internal remuneration policies. When selecting and promoting employees, the Group will make reference to their qualifications, experience and suitability for the position. The performance of employees is also taken as the basis for reviewing their remuneration packages during the annual appraisals. At the same time, the Group will offer competitive remuneration packages to its employees with reference to the prevailing market level and individual expertise.

In addition, the Group also provides a series of welfare policies to its employees to enhance their sense of belonging and work enthusiasm, so as to jointly promote the sustainable development of the enterprise. In order to motivate employees to work hard, the Group will grant bonuses and incentives to employees with outstanding performance. The Group sets the working hours of its employees in accordance with relevant laws and regulations and provides transportation reimbursement and leave to its employees who work overtime. Moreover, the Group provides its employees with benefits such as social insurance, housing provident fund and mandatory provident fund.

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.

9. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES AND JOINT VENTURES

Very Substantial Disposal in relation to the Ping An Capital Increase Agreement

On 24 October 2023, Beiqing Smart, SDHS Group, the Company, 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 "**Investor**") and Tianjin Clean Energy Investment Company Limited* (天津富歡企業管理諮詢有限公司)("**Tianjin Clean Energy**"), an indirect wholly-owned subsidiary of the Company, entered into the capital increase agreement (the "**Ping An Capital Increase Agreement**"), pursuant to which the Investor 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 "**Ping An Capital Increase**"). To the best knowledge, information and belief of the Directors, the Investor is an insurance private fund initiated and established by Ping An Trendwin, where Ping An Trendwin is ultimately owned by Ping An Insurance (Group) Company of China, Ltd (中國平安保險(集團)股份有限公司).

The Investor paid RMB4,000,000,000 and RMB1,000,000,000 to Tianjin Clean Energy on 1 December 2023 and 3 January 2024 respectively. The completion of the Ping An Capital Increase took place on 3 January 2024 in accordance with the terms and conditions of the Ping An Capital Increase Agreement (the "**Completion of Ping An Capital Increase**"). Upon the Completion of the Ping An Capital Increase, Tianjin Clean Energy is held as to approximately 55.54% by Beiqing Smart and approximately 44.46% by the Investor. Tianjin Clean Energy continues to be accounted as a subsidiary of the Company. For further details on the Ping An Capital Increase which enabled the Group to raise fund of an aggregate of RMB5,000,000,000 through introduction of the Investor as a strategic investor, please refer to the joint announcement of the Company and SDHG dated 24 October 2023, the announcements of the Company dated 30 November 2023 and 13 December 2023 and the circular of the Company dated 15 November 2023.

Discloseable Transaction in relation to Acquisition of Equity Interest in Guangzhou Greater Bay Technology Co., Ltd.（廣州巨灣技研有限公司）(“Guangzhou Greater Bay”) through Equity Transfer and Capital Increase

Equity Transfer

On 28 December 2023, Heze Shandong Hi-Speed New Energy Development Co., Ltd.*（荷澤山高新能源開發有限公司）(“**SHNE Heze**”), an indirect wholly-owned subsidiary of the Company, and Huzhou Jinkun Equity Investment Partnership (Limited Partnership)*（湖州錦坤股權投資合夥企業（有限合夥））(“**Huzhou Jinkun**”) entered into the equity transfer agreement with Qiande Dayouwuhao (Shenzhen) Investment Partnership (Limited Partnership)*（乾德大有伍號（深圳）投資合夥企業（有限合夥））(“**Qiande Dayou**”), Xiamen Yingyuan Investment Partnership (Limited Partnership)*（廈門鷹遠投資合夥企業（有限合夥））(“**Xiamen Yingyuan**”) and Guangzhou Greater Bay (the “**Juwan Equity Transfer Agreement**”), pursuant to which, among other things, SHNE Heze shall acquire an aggregate of unpaid registered capital of Guangzhou Greater Bay of RMB792,735 (representing 0.73304% equity interest in Guangzhou Greater Bay) owned by Qiande Dayou (i.e. unpaid registered capital of Guangzhou Greater Bay of RMB536,146 or 0.49577% equity interest in Guangzhou Greater Bay) and Xiamen Yingyuan (i.e. unpaid registered capital of Guangzhou Greater Bay of RMB256,589 or 0.23727% equity interest in Guangzhou Greater Bay), respectively, at the total consideration of RMB1 and shall pay the corresponding outstanding investment amount of RMB76,102,500 to Guangzhou Greater Bay (“**Juwan Equity Transfer**”).

Capital Increase

On 28 December 2023, SHNE Heze and Huzhou Jinkun entered into the capital increase agreement with Mr. Huang Xiangdong, Mr. Pei Feng, Guangzhou Juwan Investment Partnership (Limited Partnership)*（廣州巨灣投資合夥企業（有限合夥））(“**Juwan Investment**”), Guangzhou Automobile Group Co., Ltd.*（廣州汽車集團股份有限公司）(“**GAC Group**”), GAC Capital Co., Ltd.（廣汽資本有限公司）(“**GAC Capital**”) and Guangzhou Tuoxin Gongjin Investment Partnership (Limited Partnership)*（廣州拓新共進投資合夥企業（有限合夥））(“**Tuoxin Gongjin**”) and Guangzhou Greater Bay (the “**Juwan Capital Increase Agreement**”), pursuant to which, among other things, SHNE Heze has conditionally agreed to subscribe to 1.98165% of the enlarged equity interest in Guangzhou Greater Bay and make RMB223,897,500 cash contribution to Guangzhou Greater Bay, of which RMB2,201,199 and RMB221,696,301 are to increase its registered capital and capital reserve respectively (“**Juwan Capital Increase**”).

The total consideration payable by SHNE Heze under the Juwan Equity Transfer and the Juwan Capital Increase is approximately RMB300,000,000. The completion of Juwan Equity Transfer and Juwan Capital Increase took place on 25 January 2024, and SHNE Heze therefore directly holds an aggregate of 2.69532% of the equity interest in Guangzhou Greater Bay. For further details, please refer to the announcement of the Company dated 28 December 2023.

Discloseable Transactions and Connected Transactions in relation to the Repurchase of an Aggregate of 30% Equity Interest in Thermal Co

As stated in the supplemental announcement of the Company dated 6 February 2024, Thermal Co and each of the Vendors entered into the Supplemental Agreements on 6 February 2024, in relation to, among others, (a) the consideration of RMB49,982,500 paid by Thermal Co under the Repurchase Agreement A has been confirmed and fully discharged; and (b) the consideration under each of Repurchase Agreement B, Repurchase Agreement C, Repurchase Agreement D, Repurchase Agreement E and Repurchase Agreement F, has been reduced to RMB35,000,000, RMB30,243,800, RMB14,000,000, RMB13,000,000 and RMB5,705,400 respectively, as a result of the Group's continuous efforts and the further negotiation between the Board and each of the Vendors. The completion of the Repurchases took place in April 2024. Upon completion of the Repurchases, the registered capital of Thermal Co was reduced from RMB960,000,000 to RMB672,000,000. Thermal Co became an indirect wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the Company's financial statements.

For further details relating to the Supplemental Agreements, please refer to the announcements of the Company dated 25 May 2023, 4 December 2023, 1 February 2024, 6 February 2024, 12 March 2024 and 30 May 2024.

Discloseable Transaction in relation to Acquisition of the Entire Equity Interest in Nanyang Qingdian

On 5 January 2024, Beiqing Smart, an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement (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 (the "**Equity Transfer**") which owns all the assets in respect of the 100 MW wind power and smart energy storage project located in Sheqi County（社旗縣）, Henan Province of the PRC (the "**Target Project**"); and (ii) repay the liabilities of Nanyang Qingdian, at the consideration of RMB800,000,000, comprising the aggregate amount of the consideration for the entire equity interest in Nanyang Qingdian of RMB200,000,000 and the aggregate amount of liabilities of Nanyang Qingdian of up to RMB600,000,000 incurred and to be incurred in relation to the construction, grid connection for power generation and operation of the Target Project as of the date of the agreement to be signed relating to the Equity Transfer. 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 the Company. For further details relating to the Cooperation Agreement, please refer to the announcement of the Company dated 5 January 2024.

Discloseable Transactions in relation to Subscription of the Trust Scheme

On 30 April 2024, Beiqing Smart (an indirect wholly-owned subsidiary of the Company, as the subordinate entrustor and subordinate beneficiary), entered into a trust contract with Industrial Bank Co., Ltd. ("**Industrial Bank**") (as the superior entrustor and superior beneficiary) and Northern International Trust Co., Ltd. (as the trustee) ("**Trust Contract**"). Pursuant to the Trust Contract, Beiqing Smart and Industrial Bank agreed to subscribe for the trust units of Jingye No.9 Collective Fund Trust Scheme (the "**Trust Scheme**") of closed-end collective funds with no fixed term set from the date of its establishment at a consideration of RMB670 million and RMB1 billion respectively. The completion of the subscription by Beiqing Smart took place on 30 April 2024. Upon completion of the subscription by Beiqing Smart, the Trust Scheme was consolidated as a non-wholly owned subsidiary of the Group. For further details relating to Trust Contract, please refer to the announcement of the Company dated 30 April 2024.

Discloseable Transaction in relation to the EPC Contract

On 25 October 2024, Heze Shandong Hi-Speed Clean Energy Co., Ltd.*（菏澤山高清潔能源有限公司）("**HZHS Clean Energy**") (a wholly-owned subsidiary of the Company, as the principal), entered into the engineering, procurement and construction contract ("**EPC Contract**") with PowerChina Beijing Engineering Corporation Limited*（中國電建集團北京勘測設計研究院有限公司）("**PowerChina Beijing**") as the contractor. Pursuant to the EPC Contract, HZHS Clean Energy agreed to engage PowerChina Beijing to provide relevant EPC services in relation to 93.75 MW wind power project in Mudan District, Heze City, Shandong Province, China (the "**Project**"). Upon completion of the construction, the wind farms of the Project shall be owned and operated by HZHS Clean Energy. For further details relating to the EPC Contract, please refer to the announcement of the Company dated 25 October 2024.

Save as disclosed above, the Group did not have significant investments, material acquisition and disposal of subsidiaries, associates and joint ventures during twelve months ended 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

Particular of the Group's major events after the reporting period and up to the date of this announcement are as follows:

1. **Mandatory unconditional cash offer by Huatai Financial Holdings (Hong Kong) Limited for and on behalf of SDHG to acquire all the issued Shares and to cancel all the outstanding share options granted by the Company pursuant to the share option scheme adopted by the Company on 11 June 2013 (the "Options") (other than those already owned or agreed to be acquired by the SDHG and parties acting in concert with it)**

    On 28 January 2025, SDHG and the Company jointly issued a composite document (the "**Composite Document**") in relation to, among others, making (i) a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by SDHG and parties acting in concert with it) (the "**Share Offer**") under Rule 26.1 of The Code on Takeovers and Mergers issued by the SFC (the "**Takeovers Code**"); and (ii) an appropriate cash offer to the holders of any Options to cancel all the Options (the "**Option Offer**", together with the Share Offer, the "**Offers**") under Rule 13 of the Takeovers Code.

    On 18 February 2025, the Offers were closed at 4:00 p.m. and SDHG had received:

    (i) 13 valid acceptances in respect of a total of 82,936,512 Shares under the Share Offer, representing approximately 3.69% of the entire issued share capital of the Company; and

    (ii) no valid acceptance for the Option Offer.

    Immediately after the close of the Offers, SDHG and parties acting in concert with it were interested in an aggregate of 1,362,814,764 Shares, representing approximately 60.66% of the entire issued share capital of the Company.

    Further details of the Offers and the results of the Offers are set out in the joint announcements of SDHG and the Company dated 27 November 2024, 18 December 2024, 27 December 2024, 28 January 2025 and 18 February 2025 and the Composite Document dated 28 January 2025.

2. Change in information of the Directors

Set out below the following changes in information of the Directors since the publication of the last interim report of the Company and up to the date of this announcement:

1. Mr. He Yongbing resigned as an executive Director with effect from 20 February 2025.

2. Mr. Sun Qingwei resigned as an executive Director, an authorised representative of the Company (an "**Authorised Representative**") and the member of Sustainability Committee on 28 February 2025.

3. Mr. Liu Zhijie was appointed as an executive Director, an Authorised Representative and the member of Sustainability Committee on 28 February 2025.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2023: nil).

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on maintaining high standards of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board and the management of the Company strive for adhering to the principles of corporate governance and have adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, risk management, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Group. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard shareholders' interests.

In the opinion of the Board, save as disclosed below, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "**Code Provision**") contained in Appendix C1 (the "**CG Code**") of the Listing Rules throughout the Year.

(a) Pursuant to the Code Provision C.2.1 of the CG Code, the roles of the chairman of the Board (the "**Chairman**") and chief executive officer of the Company (the "**CEO**") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly established and set out in writing.

Mr. Wang Xiaodong has been the Chairman since 19 May 2022 to 2 August 2024 and Mr. Li Tianzhang has been the Chairman since 2 August 2024. The office of the CEO was vacant since Mr. Yang Guang resigned as an executive Director and CEO on 19 May 2022. The Company has been actively identifying a suitable candidate to fill the vacancy of CEO.

To ensure the balance of power and authority, the day-to-day management of business of the Group has been delegated to other executive Directors and management of the Group with the clear directions on the corporate actions that must be reported to and approved by the Board and the executive committees of the Company before making any decisions or entering into any commitments on behalf of the Company. The Board, with the assistance of the nomination committee of the Company, shall review the structure, size and composition of the Board from time to time and further announcement(s) will be made by the Company in relation to the appointment of CEO when required in accordance with the Listing Rules.

(b) As disclosed in the announcements of the Company dated 4 December 2023 and 12 March 2024 and the section headed "Corporate Governance Report – Thermal Co's internal control mechanism at the time of entering into the Repurchase Agreements" in the annual report of the Company for the year ended 31 December 2023 (the "**Annual Report 2023**"), there were deficiencies of the internal control mechanism on the execution of the Repurchase Agreements at the level of Thermal Co, which resulted in the Company's failure to publish an announcement in relation to the discloseable transactions and connected transactions under the Repurchase Agreements in accordance with the Listing Rules in a timely manner, and the failure to obtain complete information on the transactions. As such, the Group has conducted an internal investigation and engaged an internal control consultant (the "**IC Consultant**") to identify the relevant deficiencies of the internal control mechanism on the execution of the Repurchase Agreements at the level of Thermal Co and review the internal control mechanism of the Group as a whole. For further details, please refer to the aforementioned section in the Annual Report 2023 and the announcement of the Company dated 12 March 2024. The IC Consultant has completed the internal control follow-up review and confirmed that all previously identified internal control deficiencies of the Group have been rectified.

In addition, the Group has conducted its internal training for the senior management of the Group on the Listing Rules compliance and internal control, minimizing the risks of having non-compliance incidents in the future. Furthermore, the Group has conducted external trainings for its directors on 19 August 2024 which has been performed by lawyer and Ernst & Young (China) Advisory Limited, further strengthening the Board's understanding of the best practices of the Listing Rules compliance and internal control.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct for dealings in securities of the Company by the Directors on terms no less exacting than the required standard of the Model Code. Having made specific enquiries to all the Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik. The chairman of the Audit Committee is Mr. Victor Huang. The annual results of the Group for the Year have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by the Company's auditor 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 HKICPA and consequently, no assurance has been expressed by the Company's auditor on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.shneg.com.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the abovementioned websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to our Shareholders and business partners for their continuous support and our staff for their dedication and hard work throughout the Year.

DEFINITIONS

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

"Beiqing Smart"	Tianjin Beiqing Electric Smart Energy Co., Ltd.* (天津北清電力智慧能源有限公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors of the Company
"Company"	Shandong Hi-Speed New Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1250)
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director"	the directors of the Company
"Group"	the Company and its subsidiaries
"GW"	gigawatt
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"kWh"	kilowatt hour
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"MW"	megawatt
"MWh"	megawatt-hour
"NDRC"	the National Development and Reform Commission of the PRC

"Ping An Introduction Strategy"	the fund raising of an aggregate of RMB5,000,000,000 through introduction of 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)) as a strategic investor under the Ping An Capital Increase
"Ping An Trendwin"	Ping An Trendwin Capital Management Co., Ltd.* (平安創贏資本管理有限公司), a company established in the PRC with limited liability
"PRC" or "China"	the People's Republic of China
"Reporting Period" or "Year"	the year ended 31 December 2024
"Repurchase Agreement A"	the agreement executed on 4 March 2022 and entered into between Thermal Co and Vendor A in relation to, among others, the repurchase of approximately 10.52% equity interest in Thermal Co in the total consideration of RMB45,500,000 plus certain interests amount
"Repurchase Agreement B"	the agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor B in relation to, among others, the repurchase of approximately 7.29% equity interest in Thermal Co in the consideration of RMB45,540,000
"Repurchase Agreement C"	the agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor C in relation to, among others, the repurchase of approximately 5.52% equity interest in Thermal Co in the consideration of RMB34,480,000
"Repurchase Agreement D"	the agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor D in relation to, among others, the repurchase of approximately 2.92% equity interest in Thermal Co in the consideration of RMB18,220,000
"Repurchase Agreement E"	the agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor E in relation to, among others, the repurchase of approximately 2.71% equity interest in Thermal Co in the consideration of RMB16,900,000

"Repurchase Agreement F"	the agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor F in relation to, among others, the repurchase of approximately 1.04% equity interest in Thermal Co in the consideration of RMB6,510,000
"Repurchase Agreements"	collectively, Repurchase Agreement A, Repurchase Agreement B, Repurchase Agreement C, Repurchase Agreement D, Repurchase Agreement E, Repurchase Agreement F
"Repurchases"	the repurchase of approximately 10.52%, 7.29%, 5.52%, 2.92%, 2.71% and 1.04% equity interests in Thermal Co from Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F, respectively
"RMB"	Renminbi, the lawful currency of the PRC
"SDHG"	Shandong Hi-Speed Holdings Group Limited (山高控股集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 412)
"SDHS Group"	Shandong Hi-Speed Group Co. Ltd. (山東高速集團有限公司), a company established in the PRC with limited liability and an indirectly controlling shareholder of the Company
"SFC"	the Securities and Futures Commission of Hong Kong
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreements"	supplemental agreements entered into between Thermal Co with each of the Vendors, respectively, on 6 February 2024
"Thermal Co"	Shandong Hi-Speed Thermal Group Company Limited* (山高熱力集團有限公司), a limited liability company established in the PRC, and an indirect non-wholly owned subsidiary of the Company

"Vendor A"	Tibet Fengtai Nuohong Venture Capital Partnership (Limited Partnership)* (西藏風泰諾宏創業投資合夥企業(有限合夥)), a limited partnership established in the PRC, being the minority shareholder of Thermal Co
"Vendor B"	Fuzhou Yuze Phase I Investment Partnership (Limited Partnership)* (福州禹澤一期投資合夥企業(有限合夥)), a limited partnership established in the PRC, being the minority shareholder of Thermal Co
"Vendor C"	Beijing Yingtong Subway Energy Saving Technology Co., Ltd.* (北京營通地鐵節能技術有限公司), a limited liability company established in the PRC, being the minority shareholder of Thermal Co
"Vendor D"	Ningxia Zhucheng Investment Co., Ltd.* (寧夏助誠投資有限公司), a limited liability company established in the PRC, being the minority shareholder of Thermal Co
"Vendor E"	Tibet Yuze Investment Management Co., Ltd.* (西藏禹澤投資管理有限公司), a limited liability company established in the PRC, being the minority shareholder of Thermal Co
"Vendor F"	Xi'an Huayu Kangneng Electronic Technology Partnership (Limited Partnership)* (西安華宇康能電子科技合夥企業(有限合夥)), a limited partnership established in the PRC, being the minority shareholder of Thermal Co
"Vendors"	collectively, Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F

By Order of the Board
Shandong Hi-Speed New Energy Group Limited
Li Tianzhang
Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the Board comprises Mr. Li Tianzhang, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Ms. Liao Jianrong, Mr. Liu Zhijie, Mr. Li Li and Mr. Wang Meng as executive Directors; and Professor Qin Si Zhao, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik as independent non-executive Directors.

* *for identification purpose only*