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

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 01250

Unleash the world's potential
Green prosperity worldwide

商界展關懷
caringcompany 2023/24
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

ANNUAL REPORT
2024

This Report is printed on environmentally friendly paper from sustainably managed forests and controlled sources

Corporate Mission

Unleash the world's potential.
Green prosperity worldwide.

Corporate Vision

Becoming the first-class integrated clean energy service provider.

Corporate Values

Pursuing the great aspiration with high-speed, amity and persistence.

Corporate Spirits

Brave to take responsibility and take the lead.

Management Philosophies

Long-termism. Goal orientation.
Persistence and innovation.
Coordination and sharing.

Corporate Atmosphere

Fellowship & Openmindedness.

Contents

Corporate Structure

31 December 2024

Shandong Hi-Speed Holdings Group Limited#
(Stock Code: 412)

56.97%

Shandong Hi-Speed New Energy Group Limited#
(Stock Code: 1250)

Photovoltaic Power Business*

Hebei Province

Cangzhou ("滄州")
Chengde ("承德")
Xingtai ("邢台")
Yuxian ("蔚縣")

Henan Province

Anyang ("安陽")
Qixian Miaokou ("淇縣廟口")
Qixian Beiyang ("淇縣北陽")

Shandong Province

Xintai ("新泰")
Weishan ("微山")

Guizhou Province

Xingyi ("興義")
Pu'an Louxia ("普安樓下")
Pu'an Moshe ("普安磨舍")

Anhui Province

Jinzhai ("金寨")

Shaanxi Province

Yuyang ("榆陽")
Jingbian ("靖邊")

Jiangsu Province

Baoying ("寶應")

Guangdong Province

Kaiping ("開平")

Other Province and Autonomous Region

Zhongning ("中寧")
Nanchang ("南昌")
Wuxiang ("武鄉")

Wind Power Business

Henan Province

Qixian Huangdong ("淇縣黃洞")
Xinxiang Yuanyang ("新鄉原陽")
Xinxiang Fengqiu ("新鄉封丘")
Yexian Liancun ("葉縣廉村")
Yexian Dengli ("葉縣鄧李")
Shangqiu Ningdian ("商丘寧電")
Lankao Gold Wing ("蘭考金風")
Shenqiu Yingdian ("沈丘穎電")

Shandong Province

Binzhou Lusa ("濱州魯薩")
Binzhou Yangxin ("濱州陽信")
Dezhou Lingcheng ("德州陵城")

The Inner Mongolia Autonomous Region

Baotou ("包頭")
Alashan ("阿拉善盟")

Hebei Province

Nangong ("南宮")
Linxi ("臨西")

Shanxi Province

Wuxiang ("武鄉")

The Xinjiang Uygur Autonomous Region

Urumqi ("烏魯木齊")

Clean Heat Supply Business

Shanxi Province

3 Projects

Liaoning Province

1 Project

The Ningxia Hui Autonomous Region

1 Project

Shaanxi Province

2 Projects

Shandong Province

1 Project

Shanghai Municipality

1 Project

Henan Province

1 Project

The Inner Mongolia Autonomous Region

2 Projects

\# Listed on the main board of The Stock Exchange of Hong Kong Limited.
* Only projects held by the Group's subsidiaries and in operation with capacity of 50MW or above are disclosed.
Note: The above group structure only lists out major projects held by the Group's subsidiaries and in operation.

Dear Shareholders,

The year 2024 marks a transformative milestone in the Company's high-quality development journey. Empowered by the precise, powerful and effective support of capital, resources, and mechanisms from our controlling shareholder, the Company seized new opportunities in the "dual-carbon" sector, accelerated the integration into the industrial ecosystem of SDHS Group, further optimized the capital structure and asset quality, and promoted the construction of a compliance control system and management standardization. These efforts have achieved remarkable development results: Firstly, the market development has made a historic breakthrough, with a cumulative new energy project indicators of over 4 GW for the year, a year-on-year increase of more than 300%, which is the largest scale of project indicators obtained in the Company's history; secondly, the construction of major projects such as the wind power project in Mudan district, Heze city, Shandong Province has been fully launched, the preliminary project indicators have been gradually transformed into tangible outcomes, with incremental grid-connected capacity steadily growing, further strengthening the Company's development momentum; thirdly, the internal control management continued to be standardized, the compliance governance system operated efficiently and orderly, and the Environmental, Social and Governance ("**ESG**") performance highlighted the Company's sustainable development value.

SHAREHOLDER EMPOWERMENT, MANAGEMENT OPTIMISATION AND SUSTAINABLE DEVELOPMENT

(I) Shareholders have empowered the Company to achieve significant breakthroughs in high-quality development

Since becoming a member of SDHS Group, the Company has leveraged the outstanding brand influence of SDHG to secure a number of large-scale and high-quality wind and photovoltaic power project indicators. Following the securing of over 380 MW of wind power indicators in 2023, the Company obtained an additional of more than 550 MW of wind power project indicators across various locations in Shandong Province in 2024, bringing the total to nearly 1 GW over two years, which is equivalent to the Company's current installed wind power capacity. At the same time, the Company has further strengthened industrial collaboration with member of the ecosystem of its controlling shareholder, SDHG Group, and has focused on developing a new business model integrating "new energy power + intelligent algorithm power", achieving the precise implementation of its first project and successfully securing the 300 MW wind and photovoltaic power project indicator for the source, network, load and storage in Inner Mongolia Autonomous Region. In addition, benefiting from the overall high-quality credit system of SDHS Group, the Company has made new strides in its credit rating upgrade efforts, with the domestic rating upgraded to AAA, making it the first emerging sector enterprise and the seventh subsidiary within SDHS Group to be rated as a 3A enterprise.

(II) Market development has achieved zero-breakthroughs and new breakthroughs in multiple regions

The Company has actively expanded into key provinces and integrated advantageous regions outlined in the national clean energy plan, including the Greater Bay Area and its surrounding regions, the Hexi Corridor, and Xinjiang Uygur Autonomous Region. It has achieved zero breakthroughs in securing project indicators in provinces such as Xinjiang Uygur Autonomous Region, Guangxi Zhuang Autonomous Region and Gansu Province, successfully securing indicators for projects including the 1 GW wind power project in Xinjiang Uygur Autonomous Region, the 400 MW wind power project in Guangxi Zhuang Autonomous Region, and the 50 MW wind power project in Gansu Province. At the same time, the Company has been deeply cultivating in important provinces such as Shanxi Province and Jiangsu Province, deepening strategic cooperation with local governments and partners. Through the rolling development of projects, the Company had secured large-scale project indicators such as the 350 MW wind and photovoltaic power project in Shanxi Province during the Year, and will take further steps to gradually cultivate a gigawatt-level source of project indicators. In 2024, the Company cumulatively obtained approximately 3 GW of wind power indicators, accounting for approximately 70% of the annual development targets, further optimizing and improving the structure of the incremental business.

(III) Achieving new progress in internal control, compliance management and ESG

The Company's management has consistently adhered to a strict approach to vigorously advance the construction of management standardization. By focusing on the integrated control system of compliance, internal control, and risk management, the Company has pushed the internal control of the audit process into the rectification and improvement stage. The Company attaches great importance to compliance management for listed companies, and has established a long-term compliance mechanism to continuously optimize corporate information disclosure management systems. According to S&P Global's 2024 Corporate Sustainability Assessment ("**CSA**"), the Company's various disclosure is highly transparent, with its comprehensive score ranking among the top in the industry. The Company continues to enhance its ESG management and practices. On 18 July of this year, Sustainable Fitch Hong Kong Limited had determined an ESG entity rating of "2" for the Company with an entity score of 75, indicating that the Group has good ESG performance. S&P Global awarded the Group a CSA score of 41 and an ESG score of 42 for the year, both representing a 7-point increase from 2023 and exceeding the global utilities industry average by 5 points, demonstrating the Company's steady improvement in ESG performance.

PERFORMANCE

In 2024, the Group focused on the strong sustainable electricity sales business, and actively expanded the entrusted power operation and maintenance service and other electricity-related professional service projects, with a view to building an excellent operation brand. As of 31 December 2024, the Group recorded a revenue of approximately RMB4,423 million and gross profit margin of 45.7%, respectively. The profit of the Group for the period was approximately RMB462.8 million, representing an increase of approximately 32% as compared to the corresponding period of the last year. In 2024, the profit attributable to the equity holders of the Company was approximately RMB284 million, representing a decrease of approximately 16.9% compared to the corresponding period of the last year. In 2024, the aggregate operating power generation of the projects held and/or managed by the Group, its associates and joint ventures was approximately 6.52 million MWh, representing an increase of approximately 4.6% as compared to the corresponding period of the last year. The core financial indicators such as revenue and net profit were successfully achieved and fulfilled the annual objectives.

In terms of the photovoltaic power related businesses, in 2024, the photovoltaic power generation of the Group amounted to approximately 3.76 million MWh. In particular:

In terms of the centralised photovoltaic power related business, as of 31 December 2024, the aggregate on-grid installed capacity of the centralised photovoltaic power plants held by the Group reached approximately 2,602 MW, mainly located in Anhui Province, Shandong Province, Hebei Province, Henan Province and other provinces which are classified as photovoltaic resource areas II and III as promulgated by the NDRC. The weighted average utilisation hours of the centralised photovoltaic power plant projects held by the Group and in operation during the period amounted to 1,140 hours.

In terms of the distributed photovoltaic power related business, as of 31 December 2024, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 920 MW, mainly located in photovoltaic resource area III as promulgated by the NDRC.

In terms of the wind power related businesses, in 2024, the wind power generation of the Group amounted to approximately 2.75 million MWh. The weighted average utilisation hours of the wind power plant projects held by the Group and in operation during the period amounted to 2,474 hours.

As of 31 December 2024, the aggregate installed capacity of on-grid wind power plants held by the Group was approximately 1,176 MW, which were located in Henan Province, Shandong Province and the Inner Mongolia Autonomous Region, and mainly situated in wind resource area IV as promulgated by the NDRC.

In terms of the clean heat supply businesses, as of 31 December 2024, the Group's clean heat supply area in operation reached approximately 3,532.1 million square meters.

FUTURE OUTLOOK

Since the launch of the "14th Five-Year Plan", China has been making steady and significant strides in the green and low-carbon transformation of its energy and power sector, with rapid advancements in the construction of the new power system. At the 2025 National Energy Work Conference, it was proposed to vigorously promote the development and utilisation of wind power and photovoltaic power. The new installed capacity of wind power and photovoltaic power is expected to reach 200 million kilowatts, indicating vast potential in the expanding market. The Company remains in the industry boom cycle, as well as a strategic window for leap-forward and high-quality development.

This year marks a pivotal stage in driving the Company's sustainable and high-quality development, as early-stage development targets are progressively implemented and major engineering projects commence construction. The Company is transitioning its strategic focus from a singular emphasis on project development to a dual-core model encompassing both development and grid integration. In 2025, the Company will intensify its efforts to enhance both speed and quality, foster collaborative breakthroughs, and reinforce its commitment to responsible execution. Anchoring its strategic position as SDHS Group's flagship new energy enterprise and a first-class domestic new energy enterprise, the Company will leverage shareholder empowerment and support to deepen resource collaborations and strengthen its presence in key areas. By ensuring the achievement of its annual development and grid integration targets, the Company will establish a robust foundation for the successful conclusion of the "14th Five-Year Plan" while paving the way for a strong commencement of the high-quality development in the "15th Five-Year".

(I) Comprehensively organize the formulation of strategic plans

We will expedite the establishment of a strategic planning framework centered on business development, seamlessly integrated with supporting strategies regarding market, capital, talent and brand, give full play to proactive leadership and guidance, and drive strategic implementation with the spirit of perseverance. Maintaining our steadfast focus on wind and photovoltaic power as core businesses, we will strategically plan and advance the high-quality development in businesses including onshore and offshore wind power, photovoltaics, hydropower, integrated energy, new energy storage and international operations. Through these initiatives, we will speed up the formation of a new industrial pattern characterized by wind-photovoltaic complementarity, multi-sector synergy and coordinated development.

(II) Proactively forge differentiated competitive edges in the market

The first is to make full use of the unique advantages of shareholder empowerment to deeply integrate into the industrial framework and ecosystem of SDHS Group. Leveraging the strengths of provincial backbone enterprises, we will aim to secure additional quotas for onshore centralised and distributed wind power projects, striving to achieve a breakthrough from zero in offshore wind power projects in Shandong Province. Moreover, drawing upon SDHS Group's extensive network of highways and its influential brand image across the national expressway sector, we will further expand the business model of "New Energy + Big Transportation", explore new opportunities for projects in the transportation-energy integration area, including road-area distributed photovoltaic projects and distributed wind power projects, and build a road-area energy industrial system based on the integration of resources, network, load and storage, thus maintaining the Company's leading advantage in the transportation and energy integration. Meanwhile, leveraging the environmental protection scenarios such as wastewater treatment plants under BEWG, an important shareholder, we will further advance our "New Energy + Big Environmental Protection" business model through distributed photovoltaic projects in water plants, and deepen long-term strategic cooperation with other key enterprises, so as to maintain the Company's scale advantage in the domestic distributed photovoltaic sector.

The second is to adhere to the path of differentiated and innovation-driven development. Based on the resources within VNET and other ecological circles under SDHG Group, we will concentrate on building an "electricity + computing power" business model that unifies resources, network, load and storage and make continuous efforts to implement new targets. Additionally, we will methodically explore emerging business models such as "new energy + green hydrogen/green ammonia".

The third is to adhere to the cluster-based and intensive development approach, concentrating premium resources for long-term cultivation in key provinces and advantageous regions. By thoroughly considering regional characteristics and project variations, we will deepen strategic collaborations with local governments and partners to establish GW-level new energy bases with multi-energy complementarity, with an aim to achieve cluster-based, large-scale and long-term project development to build up a scale-based advantage.

(III) Continuously boost the capability of enhancing electricity trading and boosting operational efficiency

Firstly, we will enhance the development of power marketing competencies. Actively following the new trend and requirements of electricity market liberalization, and precisely understanding the "Notice on Deepening the Market-oriented Reform of New Energy Feed-in Tariff to Promote High-quality Development of New Energy"(《關於深化新能源上網電價市場化改革、促進新能源高質量發展的通知》) (NDRC Price [2025] No. 136) ("**No. 136**") by the National Energy Administration, we aim to build a professional electricity sales team with robust capabilities and high proficiency. Through various forms such as market-oriented transactions, green certificates and green electricity trading, and carbon asset trading, our sales team will spare no effort to explore potential, increase income and boost proficiency, as well as elevate the synergy in efficiency generation between the electricity trading sector and the production, operation and maintenance sector. Secondly, we will do our best to cut down operation and maintenance costs. By steadfastly implementing intensive, intelligent and information-driven operation and maintenance models, we will expand the scale of building unmanned stations, further reducing production costs and improving the quality and benefits of operation and maintenance. Thirdly, we will continue to expand the market scale of our entrusted operation and maintenance. Leveraging SDHS Group's brand strength, we will proactively build differentiated service advantages, and widen the business scope of asset operation services. At the same time, we will cultivate operation and maintenance talents for the Group's self-held projects, and develop a professional entrusted operation and maintenance brand that commands influence across the nation.

(IV) Expedite the construction and grid integration of key engineering projects

Adhering to the development strategy of transitioning its focus from a singular emphasis on project development to a dual-core model encompassing both development and grid integration, the Company will continuously improve the engineering management system, and concentrate its efforts to overcome difficulties, dedicating itself to the construction of the first and second batch of centralised onshore wind power bidding projects in Shandong Province and distributed wind power projects along highways and road-area distributed photovoltaic projects. We will prioritize the construction of various key projects and focus on achieving early grid integration and power generation, so as to propel the Company's installed capacity to new heights.

(V) Comprehensively enhance internal management to support and safeguard the high-quality development of business

The first is to refine and upgrade the treasury management system. Taking the establishment of a treasury and financial shared service center as an opportunity, we will steadily advance the digital and intelligent transformation of our financial operations. This involves creating a comprehensive financial compliance management framework encompassing budgeting, financing, guarantees, credit facilities, bills, overseas capital and supply chain finance. In doing so, we aim to significantly enhance our financial control capabilities and support functions.

The second is to optimize the capacity to support investment decision-making. Closely monitoring the latest national industrial policies, we will conduct in-depth analysis of the impact of policies such as document No. 136 on the Company's project investments, thereby strengthening our ability to perceive and leverage policies, and further optimizing the internal investment decision-making mechanism. With key variables identified and scientific models established, we can fully utilise our comprehensive evaluation system to ensure the steady and sustainable development of the Company's business operations.

The third is to build a sound and long-term system for talent development. To align with the Company's overall strategy and development landscape, we will keep optimizing and adjusting our talent team structure, establish a comprehensive competency evaluation and performance appraisal system, and continue to refine our talent selection and appointment processes. We will intensify our efforts in cultivating and selecting outstanding talents, aiming to build a talent team with balanced age distribution, diverse expertise, and well-structured echelon.

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

Li Tianzhang
CHAIRMAN

Hong Kong, 26 March 2025

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.

1. MARKET REVIEW (CONTINUED)

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.

1. MARKET REVIEW (CONTINUED)

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.

2. GROUP STRATEGY AND OPERATIONS (CONTINUED)

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 Zhuang Autonomous Region.

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.

2. GROUP STRATEGY AND OPERATIONS (CONTINUED)

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.

2. GROUP STRATEGY AND OPERATIONS (CONTINUED)

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.

2. GROUP STRATEGY AND OPERATIONS (CONTINUED)

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.

2. GROUP STRATEGY AND OPERATIONS (CONTINUED)

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.

2. GROUP STRATEGY AND OPERATIONS (CONTINUED)

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%).

3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.1 Photovoltaic Power Projects (Continued)

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

As of 31 December 2024, 53 (2023: 53) centralised photovoltaic power plants covering 13 provinces, 2 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

3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.1 Photovoltaic Power Projects (Continued)

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

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.

3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.1 Photovoltaic Power Projects (Continued)

(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.

3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.2 Wind Power Plant Projects (Continued)

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

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 (MW)**	**Approximate aggregate power generation *(Note)* (MWh)**	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation *(Note)* (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 (MW)**	**Approximate aggregate power generation *(Note)* (MWh)**	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation *(Note)* (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.

3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.2 Wind Power Plant Projects (Continued)

(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.

3. BUSINESS REVIEW (CONTINUED)

3.3 Provision of Clean Heat Supply Services (Continued)

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

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.

3. BUSINESS REVIEW (CONTINUED)

3.4 Exploration of New Chapter in Other New Energy Businesses (Continued)

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. BUSINESS REVIEW (CONTINUED)

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 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.

3. BUSINESS REVIEW (CONTINUED)

3.5 Prospects and Outlook (Continued)

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.

4. FINANCIAL PERFORMANCE (CONTINUED)

4.1 Revenue and gross profit margin (Continued)

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

	2024			2023		
Location	**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. FINANCIAL PERFORMANCE (CONTINUED)

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. FINANCIAL PERFORMANCE (CONTINUED)

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. FINANCIAL PERFORMANCE (CONTINUED)

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. FINANCIAL PERFORMANCE (CONTINUED)

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. FINANCIAL PERFORMANCE (CONTINUED)

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. DEBENTURE ISSUED

Corporate bonds of the Group as at 31 December 2024:

(a) Corporate bonds with an aggregate principal amount of RMB465 million were issued by a subsidiary of the Company to certain institutional investors on 20 December 2022, with interest rates ranging from 4.20% to 4.90% per annum. The corporate bonds are guaranteed by trade receivables and repayable on 12 December 2025.

(b) Super short-term commercial paper with an aggregate principal amount of RMB500 million were issued by a subsidiary of the Company on 23 August 2024, with interest rates of 2.24% per annum, and are repayable on 20 May 2025.

Details of the Corporate Bonds are included in note 33, to the financial statements.

8. 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.

9. EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 1,886 employees (2023: 2,106 employees). The staff cost are set out in note 6 to the financial statements. 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.

10. 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.

10. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES AND JOINT VENTURES (CONTINUED)

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.

10. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES AND JOINT VENTURES (CONTINUED)

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.

10. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES AND JOINT VENTURES (CONTINUED)

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.

Disclosable 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 93.75MW 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.

11. FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2024, the Group did not have any future plans for material investments or capital assets.

12. PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Fluctuation in currency exchange rates

The Group primarily operates its businesses in the PRC and most of its transactions are mainly denominated in RMB. The value of RMB against HK$ and other currencies may fluctuate and is affected by, among others, changes in the economic conditions and policies. The conversion of RMB into foreign currencies, including HK$, has been based on rates as promulgated by the People's Bank of China. The Group monitors foreign exchange exposures and takes appropriate measures to mitigate and manage the risk on a timely and effective manner by, including but not limited to, raising debt financing denominated in RMB to match the currency of operating cash flows.

12. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Liquidity risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due. During the Year, the Group steadily expanded the clean energy businesses, which require material funding in investment and development stages. In managing the liquidity risk, the Group, among others, (i) obtains long-term bank loans and other borrowings and the Ping An Introduction Strategy as detailed under the sub-section headed "4.22 Liquidity and financial resources" under the section of "Management Discussion and Analysis" in this annual report; (ii) monitors and maintains an adequate level of cash and credit facilities; and (iii) timely monitors the settlements of receivables.

Policy risks

The Group's clean energy businesses are dependent on the relevant governmental support measures (including the preferential tax policies, subsidies and government grants, electricity generation dispatch priority, laws and regulations, etc.) for steady and healthy development. Although the Chinese government has been supportive to the growth of the clean energy businesses, it is possible that the existing governmental support measures will be modified. The Group will strictly cohere to the government measures and will closely monitor the policy planning to grasp the business opportunities and get understanding on the risks associated with the policy modifications in advance.

Other business risks

The risks and uncertainties on the Group's clean energy businesses, in particular the photovoltaic power business and the wind power business, also comprise (i) the risks on project performance; and (ii) grid curtailment risks. If any of these risks and uncertainties materialise, overall growth and profitability would be affected. In mitigating the risks on project performance, the Group places significant emphasis on, among others, (i) implementing effective investment due diligence, approval and review processes; (ii) monitoring and controlling the quality and performance of its assets and businesses; (iii) human capital and technical strengths; and (iv) relationships with customers and suppliers, in order to facilitate the positive development of these businesses. On the other hand, in mitigating the curtailment risks, the Group strategically focuses on developing the photovoltaic power business and the wind power business in regions which are well-developed with power transmission network and with stronger economy and electricity demand, and in general do not have curtailment issue.

13. CONSTITUTIONAL DOCUMENTS

At the extraordinary general meeting held on 26 June 2024, the memorandum and articles of association of the Company was amended by the approval of the shareholders of the Company. An up-to-date consolidated version of the memorandum and articles of association of the Company is available on both the websites of the Company and the Stock Exchange.

14. EVENTS AFTER THE REPORTING PERIOD

Particular of the Group's major events after the reporting period and up to the date of this annual report 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 report:

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.

15. CORPORATE SOCIAL RESPONSIBILITY

Environmental, Social and Governance report

Further details of the Group's commitment and strategies to sustainability and the performance in environmental contributions, employee relations, supply chain management, occupational health and safety and social investments of the core businesses of the Group for the Year are set out in the Group's Environmental, Social and Governance Report for the year ended 31 December 2024, which was published on the websites of the Company (www.shneg.com.hk) and the Stock Exchange (www.hkexnews.hk).

* *For identification purposes only*

EXECUTIVE DIRECTORS

Mr. Li Tianzhang

Mr. Li Tianzhang, aged 48, has been appointed as an executive director of the Company and the chairman of the Board, a member and the chairman of the nomination committee of the Company on 2 August 2024. Mr. Li Tianzhang is currently serving as an executive director of SDHG, a company listed on the Main Board of the Stock Exchange (Stock Code: 412), the chairman of the board of directors of SDHG, a member and the chairman of the nomination committee of SDHG, and a member and the chairman of the executive committee of SDHG.

Mr. Li Tianzhang has over 20 years of working experience in investment, industrial operation and corporate management. He served as the chairman of the board of directors of Shan Dong Hi-Speed Investment Holding Co., Ltd. from March 2021 to July 2024, a director and the general manager of Shandong Hi-Speed New Industrial Development Group Co., Ltd. from October 2020 to March 2021 and a director and the general manager of Shandong Qilu Cultural Tourism Group Co., Ltd.*（山東齊魯文旅集團有限公司）from July 2019 to October 2020. Mr. Li Tianzhang held senior management positions such as deputy general manager and chairman of the board of directors in Shandong Geology and Mining Group Co., Ltd.*（山東地礦集團有限公司）and its subsidiaries from January 2014 to July 2019. He worked for Shandong Hi-Speed Group Co. Ltd. from August 2001 to January 2014 and served as a deputy director of the investment development department.

Mr. Li Tianzhang had obtained a bachelor's degree in economics from the Department of Finance*（財政金融系）of Shandong Economics College* (山東經濟學院, currently known as Shandong University of Finance and Economics) in July 1999 and a master's degree in business administration from Beijing Jiaotong University in July 2007.

Mr. Zhu Jianbiao

Mr. Zhu Jianbiao ("Mr. Zhu"), aged 51, has been appointed as an executive director of the Company on 19 May 2022 and the chairman and a member of sustainability committee of the Company on 20 July 2023. He currently serves as an executive director and the vice chairman of the board, the chairman and a member of the strategic development committee, a member of the executive committee and the chief executive officer of SDHG.

Mr. Zhu has been an independent non-executive director of Beijing Energy International Holding Co., Ltd（北京能源國際控股有限公司）, a company listed on the Main Board of the Stock Exchange (Stock Code: 686) since June 2021. Mr. Zhu has been an independent non-executive director of IPE Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 929) since November 2022. Mr. Zhu has been appointed as the executive director and co-chairperson of VNET Group, Inc.（世紀互聯集團*), a company listed on Nasdaq (Stock Symbol: VNET) since January 2024.

Mr. Zhu has graduated from Jiangxi University of Finance and Economics, with a bachelor's degree in economics, and holds a master's degree and a doctorate degree in finance from Jinan University. Mr. Zhu has over 20 years of experience in private equity investment, secondary market investment and financial management, and served as the chief operating officer of CITIC Private Equity Funds Management Co., Ltd., the executive deputy general manager of Changsheng Fund Management Co., Ltd., etc. Mr. Zhu was previously a lecturer of the Faculty of Investment and Finance of Guangdong University of Finance and Economics.

EXECUTIVE DIRECTORS (CONTINUED)

Mr. Wang Wenbo

Mr. Wang Wenbo, aged 55, has been appointed as an executive director of the Company on 19 May 2022. He is currently a non-executive director of SDHG and a member of the audit committee of SDHG. Mr. Wang Wenbo holds a bachelor's degree in vacuum technology and equipment from Hefei University of Technology and a master's degree of arts in international economic and trade relations jointly granted by Nankai University and Flinders University of South Australia. He is a senior economist with in-depth knowledge in investment and legal fields. Mr. Wang Wenbo has been an independent non-executive director of Zhongtai Securities Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600918) since 29 April 2024.

Mr. Wang Wenbo joined SDHS Group since January 2001 and worked in various branches and departments in SDHS Group. He assumed management positions in core departments of SDHS Group such as the head of key project monitoring office, deputy chief of the audit and legal affairs and the director of fixed assets management office. Since 2020, he has been serving as the director of investment development department (property management department) of SDHS Group, during which he accumulated extensive experience in corporate management.

Mr. Liu Zhijie

Mr. Liu Zhijie ("Mr. Liu"), aged 50, has been appointed as an executive Director, authorised representative and a member of sustainabiltiy committee of the Company on 28 February 2025. He currently serves as an executive Director, a member of each of the executive committee and the remuneration committee and the chief financial officer of SDHG. He is also a director of a number of subsidiaries of SDHG.

Mr. Liu previously served as the general manager of Planning and Financial Management Department of China Shandong International Economic and Technical Cooperation Group Limited and a director of Shandong International Economics (HK) Limited. He successively held audit, tax and financial management positions in accounting firms and large-scale state-owned enterprises. He also oversaw various overseas companies and has extensive experience in financial management, investment and financing, as well as overseas business exposure.

Mr. Liu obtained a bachelor's degree from Shandong University of Finance and Economics. He is a senior accountant and selected as high-grade accountant personnel.

EXECUTIVE DIRECTORS (CONTINUED)

Ms. Liao Jianrong

Ms. Liao Jianrong (whose former name is 廖劍榮)(“Ms. Liao”), aged 54, has been appointed as an executive director and a member of the remuneration committee of the Company on 19 May 2022. She also serves as a director of certain subsidiaries of the Company. She is currently an executive director of SDHG and a member of the executive committee of SDHG. Ms. Liao has more than 20 years of experience in administration and human resource management, financial management and bank management sectors. She has also acquired knowledge in investment and financing management and has deep insights into the economic development.

Ms. Liao worked for several companies and entities such as Yongzhou Municipal Committee Policy Research Office* (永州市委政策研究室) and Bank of Changsha Co., Ltd.* (長沙銀行股份有限公司). Ms. Liao was an executive director of Future World Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 572), during February 2022 to April 2022. She was an executive director of SDHG during May 2019 to May 2020.

Ms. Liao has obtained a bachelor of national economic management from the Xiangtan University* (湘潭大學) in China in June 2003 and a master of business administration from City University of Macau (formerly known as Asia International Open University (Macau)) in November 2008. She has been admitted as certified public accountant in the PRC in May 1996.

Mr. Li Li

Mr. Li Li (“Mr. Li”), aged 59, has been appointed as an executive director of the Company on 19 May 2022. Mr. Li has been serving as an executive director of Beijing Enterprises Water Group Limited (“**BEWG**”), a company listed on the main Board of the Stock Exchange (Stock Code: 371) since February 2014 and the chief operating officer of BEWG since 30 March 2016. Mr. Li joined BEWG in October 2010. Since 1 August 2022, Mr. Li has been re-designated from a non-executive director to an executive director of Beijing Enterprises Urban Resources Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3718).

Prior to joining BEWG, Mr. Li was a senior engineer, a technical quality director and vice president of the Mechanical Industry First Design & Research Institute Company Limited (currently known as Zhong Ji First Design & Research Institute Company Limited). Mr. Li held various key positions of Beijing Sound Environmental Group Company Limited* (北京桑德環保集團有限公司) from 2001 to 2010. He has extensive experience in investment, construction and operation in water industry.

Mr. Li graduated from Xi'an Jiaotong University in mechanical engineering and obtained a doctor of philosophy in engineering at School of Environment, Tsinghua University. He is a Senior Engineer and qualified Senior Project Manager.

Mr. Wang Meng

Mr. Wang Meng, aged 54, has been appointed as an executive director of the Company on 20 July 2023. Mr. Wang Meng worked at BEIJING HENGWAN CONSTRUCTION COMPANY* (北京恒萬建築公司) during the years from 1994 to 2000 and Beijing Zedu Law Firm* (北京市則度律師事務所) during the years from 2001 to 2018. Mr. Wang Meng joined Zhejiang Qiqiao Ice and Snow Business Management Co., Ltd.* (浙江啟喬冰雪企業管理有限公司) since 2018 and is currently serving as chairman and is also serving as senior vice president and director of law department of Tus-Holdings Co., Ltd.

He had obtained bachelor's degree from Beijing University of Technology in 1994.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Qin

Professor Qin Si Zhao ("Professor Qin"), aged 61, has been appointed as an independent non-executive director and a member of the nomination committee of the Company on 20 July 2023. He is currently President of Lingnan University and Wai Kee Kau chair professor of Data Science. He has been serving as inaugural dean of the School of Data Science and chair professor of Data Science at the City University of Hong Kong from January 2020 to June 2023. During the three years from 2014 to 2016, Professor Qin served as vice president and presidential chair professor of The Chinese University of Hong Kong, Shenzhen. During 2011 to 2013, he served as associate dean of Chemical Engineering and Materials Science at the University of Southern California in the United States of America.

Professor Qin is a member of the European Academy of Sciences and Arts, fellow of the Hong Kong Academy of Engineering Sciences, fellow of the U.S. National Academy of Inventors, fellow of the International Federation of Automatic Control ("**IFAC**"), fellow of the American Institute of Chemical Engineers ("**AIChE**") and fellow of the Institute of Electrical and Electronics Engineers ("**IEEE**") respectively. He is the recipient of the CAST Computing in Chemical Engineering award by AIChE and the IEEE CSS Transition to Practice award. In his early career he received the U.S. National Science Foundation CAREER award, the Northrop Grumman Best Teaching award at Viterbi School of Engineering, the DuPont Young Professor award, Halliburton/Brown & Root Young Faculty Excellence award, NSF-China Outstanding Young Investigator award, MOE-China Changjiang Professorship and the IFAC Best paper Prize for a model predictive control paper published in Control Engineering Practice. Professor Qin served as first president of North America Federation of Tsinghua Alumni Associations and founding president of Tsinghua Alumni Academia Club.

Professor Qin received his bachelor's degree and master's degree in Automatic Control from Tsinghua University in 1984 and 1987 respectively. He then continued studying his Doctor of Philosophy (PhD) in Automation at Tsinghua University until 1989. He completed his PhD in Chemical Engineering at University of Maryland, College Park in the United States of America in June 1992.

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Mr. Victor Huang

Mr. Victor Huang ("Mr. Huang"), aged 53, appointed as an independent non-executive director, the chairman and a member of the audit committee and a member of the remuneration committee of the Company on 19 May 2022 and a member of the sustainability committee on 20 July 2023. Mr. Huang has over 30 years of experience in finance, accounting and transaction services. He joined PricewaterhouseCoopers in Hong Kong in January 1993 and became its partner in 2005. During 2014 to 2017, he served as partner at KPMG in Hong Kong.

Mr. Huang currently holds the following positions with companies listed on the Stock Exchange and the Shanghai Stock Exchange respectively:

Company Name	Stock Exchange	Stock Code	Position (Date of Appointment)
Topsports International Holdings Limited	Stock Exchange	6110	Independent non-executive director (20 June 2019)
ManpowerGroup Greater China Limited	Stock Exchange	2180	Independent non-executive director (15 March 2019)
Scholar Education Group	Stock Exchange	1769	Independent non-executive director (11 June 2019)
New Times Energy Corporation Limited	Stock Exchange	0166	Independent non-executive director (19 June 2020)
COSCO SHIPPING Energy Transportation Co., Ltd.	Stock Exchange Shanghai Stock Exchange	1138 600026	Independent non-executive director (22 June 2020)
Giordano International Limited	Stock Exchange	709	Independent non-executive director (3 April 2024)

During February 2020 to November 2020, he served as an independent non-executive director of China Bright Culture Group, a company listed on the Main Board of the Stock Exchange (Stock Code: 1859). During December 2018 to December 2020, he served as an independent non-executive director of Trinity Limited, a company listed on the Main Board of the Stock Exchange and the listing of which was cancelled on 31 October 2022 (Stock Code: 891). During November 2020 to November 2021, he served as an independent non-executive director of Evergrande Property Services Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 6666). During February 2018 to February 2024, he served as an independent non-executive director of LBX Pharmacy Chain Co., Ltd., a company listed on Shanghai Stock Exchange (Stock Code: 603883). During August 2018 to July 2024, he served as an independent non-executive director of Qingdao Haier Biomedical Co., Ltd., a company listed on Shanghai Stock Exchange (Stock Code: 688139).

Mr. Huang obtained a bachelor's degree of arts in economics and business from University of California, Los Angeles in 1992. He is a member of the Hong Kong Institute of Certified Public Accountants. He is also a qualified independent director of the Shanghai Stock Exchange and is a member of the Hong Kong Independent Non-Executive Director Association.

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Mr. Yang Xiangliang

Mr. Yang Xiangliang ("Mr. Yang"), aged 64, has been appointed as an independent non-executive director, a member of the audit committee and a member of the nomination committee of the Company on 19 May 2022. Mr. Yang has been serving as a consultant of the Shandong Province Electricity Association* (山東省電力企業協會) since 2017. He served as the deputy general manager and director of the production safety department of National New Energy Group Co., Ltd. (Shandong Branch)* (國家新能源集團公司山東分公司) from 2007 to 2017 and 2003 to 2004 respectively. Mr. Yang held the position of general manager of Shandong Heze Power Plant* (山東菏澤發電廠) during 2004 to 2007. He worked at Shandong Rizhao Power Plant* (山東日照發電廠) as deputy factory manager and chief engineer during 1997 to 2003 and Shandong Zou County Power Plant* (山東鄒縣發電廠) as production supervisor, safety and quality control director and deputy chief engineer from 1982 to 1997.

Mr. Yang holds a doctorate degree in thermal power awarded by North China Electric Power University and graduated from Shandong Industrial Institute* (山東工學院) (currently known as Shandong University) with a bachelor's degree majoring in thermal power in 1982. He was awarded the qualification of Researcher in 2006.

Mr. Chiu Kung Chik

Mr. Chiu Kung Chik ("Mr. Chiu"), aged 40, has been appointed as an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee of the Company in 29 July 2016. Mr. Chiu is currently a non-executive director of Link Holdings Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8237). He is currently an independent non-executive director of GoFintech Quantum Innovation Limited (formerly known as GoFintech Innovation Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 290). During 2008 to 2015, Mr. Chiu worked with UBS AG in the investment banking department in its Hong Kong office, primarily focusing on advising large scale corporate clients on their capital market activities. During the aforesaid time, he had completed a number of high-profile transactions with over US$20 billion in total transaction value.

Mr. Chiu has graduated from the University of Chicago with a bachelor's degree in economics. Mr. Chiu has extensive experience and knowledge in investment banking, including capital financing, corporate restructuring, merger and acquisition, complex transaction structuring for public and private companies, etc.

CHANGES IN INFORMATION OF DIRECTOR(S) UNDER RULE 13.51B(1) OF THE LISTING RULES

The changes in the information of the directors of the Company since the publication of the 2024 interim report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules up to the date of this report is set out below:

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.

Save as disclosed above, there is no other information of the Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

* *For identification purpose only*

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the Year.

The Company's corporate governance policies and practices are applied and implemented in the manners as stated in the below Corporate Governance Report.

The Board is responsible for promoting the Group's desired culture and aligning it with the Group's purpose, values and strategies.

CORPORATE MISSION

Unleash the world's potential. Green prosperity worldwide.

CORPORATE VISION

Becoming the first-class integrated clean energy service provider.

CORPORATE VALUES

Pursuing the great aspiration with high-speed, amity and persistence.

CORPORATE SPIRITS

Brave to take responsibility and take the lead.

MANAGEMENT PHILOSOPHIES

Long-termism. Goal orientation. Persistence and innovation. Coordination and sharing.

CORPORATE ATMOSPHERE

Fellowship & Openmindedness.

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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (CONTINUED)

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 for Securities Transactions by Directors of Listed Issuers. 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.

BOARD OF DIRECTORS

Role and delegation

The Board is responsible for the leadership and directing and supervising the Group's businesses to enable the long term success of the Group, formulating corporate strategies, strategic goals and strategic decisions, and overseeing and evaluating the Group's performance. The Board reserves for its decision on all major matters of the Group, including the approval and monitoring of all material acquisitions and disposals, material contracts, notifiable and/or connected transactions, appointment or reappointment of Directors and the financial performance in pursuit of its strategic goals.

The Board is also responsible for the developing and reviewing the appropriate corporate governance practices applicable to the Company's circumstances and ensuring processes and procedures are in place to achieve the Company's corporate governance objectives.

BOARD OF DIRECTORS (CONTINUED)

Role and delegation (Continued)

Besides, the Board has delegated certain functions to the Company's audit committee (the "**Audit Committee**"), nomination committee (the "**Nomination Committee**"), remuneration committee (the "**Remuneration Committee**") and sustainability committee (the "**Sustainability Committee**"), further details of which are set out in this report.

All Directors are required to discharge their responsibilities as directors of the Company. All Directors have timely access to all relevant information of the Company and the advice of the management. Any Director may also seek independent professional advice in appropriate circumstances at the Company's expenses upon reasonable request made to the Board.

Board Composition

The Board composition of the Company as at 31 December 2024 and up to the date of this annual report is set out as below:

Directors/Committees	Audit Committee	Nomination Committee	Remuneration Committee	Sustainability Committee
Executive Directors				
Mr. Li Tianzhang *(Chairman)*(Note 1)	–	Chairman	–	–
Mr. Wang Xiaodong *(Chairman)*(Note 2)	–	Chairman	–	–
Mr. Zhu Jianbiao	–	–	–	Chairman
Mr. Wang Wenbo	–	–	–	–
Mr. Sun Qingwei(Note 3)	–	–	–	Member
Mr. Liu Zhijie(Note 4)	–	–	–	Member
Ms. Liao Jianrong	–	–	Member	–
Mr. Li Li	–	–	–	–
Mr. He Yongbing(Note 5)	–	–	–	–
Mr. Wang Meng	–	–	–	–
Independent non-executive Directors				
Professor Qin Si Zhao	–	Member	–	–
Mr. Victor Huang	Chairman	–	Member	Member
Mr. Yang Xiangliang	Member	Member	–	–
Mr. Chiu Kung Chik	Member	–	Chairman	–

Notes:

1. Mr. Li Tianzhang has been appointed on 2 August 2024. Mr. Li Tianzhang confirmed that he (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 2 August 2024 and (ii) understands his obligations as a director of a listed issuer under the Listing Rules.
2. Mr. Wang Xiaodong has resigned on 2 August 2024.
3. Mr. Sun Qingwei has resigned on 28 February 2025.
4. Mr. Liu Zhijie has been appointed on 28 February 2025. Mr. Liu Zhijie confirmed that he (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 28 February 2025 and (ii) understands his obligations as a director of a listed issuer under the Listing Rules.
5. Mr. He Yongbing has resigned on 20 February 2025.

The biographical details of the Directors are set out in the section headed "Directors' Profile" in this annual report. Directors have disclosed their number and nature of offices held in public companies or organisations and other significant commitments in their biographies. They are also reminded to notify the Company of any change of the information in a timely manner. Save for the relationships (including financial, business, family, and other material and relevant relationships) as disclosed in the biographies of the Directors set out in the section headed "Directors' Profile" of this annual report, there are no other relationships among the Board members as at the date of this annual report.

BOARD OF DIRECTORS (CONTINUED)

Chairman and Chief Executive Officer

During the year under review, the office of the CEO was vacant. 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 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.

The Chairman has executive responsibilities, provide leadership to, and oversee the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. With the support of the executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received, in a timely manner, the accurate, clear, complete and reliable information. The Chairman promotes a culture of openness and actively encourage Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with Shareholders and other stakeholders as outlined in this annual report.

Independent non-executive Directors

The Board considers that the independent non-executive Directors can provide independent advices and exercise independent judgement on the Company's business strategies, performance, management, performance reporting and connected transactions (if any) so as to safeguard the interests of the Company and its Shareholders.

The Company has received a written annual confirmation from each of the independent non-executive Directors confirming his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

BOARD COMMITTEES

The Board has established Board committees to strengthen its functions and corporate governance practices, namely, the Nomination Committee, the Audit Committee, Remuneration Committee and the Sustainability Committee. The Nomination Committee, the Audit Committee, the Remuneration Committee and the Sustainability Committee perform their specific roles in accordance with their respective written terms of reference. The terms of reference of these committees stipulating their respective authorities and responsibilities are available on the Company's website.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Victor Huang (chairman), Mr. Yang Xiangliang and Mr. Chiu Kung Chik during the Year.

The Audit Committee is mainly responsible for considering all relationships between the Company and the external auditor (including the provision of non-audit services), monitoring the integrity of the Company's financial statements and issues arising from the audit, and reviewing independently the effectiveness of the Group's financial reporting system, risk management and internal control systems and corporate governance matters whereby the Board had delegated such responsibility to the Audit Committee.

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

The meetings of the Audit Committee shall be held at least twice a year and when necessary. During the year under review, the Audit Committee had held two physical meetings and the related matters were passed by two written resolutions during which the Audit Committee has performed the following major works:

- reviewed the annual audit service plan of the external auditor in relation to the results of the Group for the year ended 31 December 2023;
- reviewed the results announcements and the financial statements for the year ended 31 December 2023 and for the six months ended 30 June 2024 respectively;
- reviewed the continuing connected transactions of the Group;
- considered and approved the audit work of the external auditor and monitored its independence and objectivity;
- reviewed the business and financial performance of the Company;
- reviewed the effectiveness of the Company's financial reporting system, internal audit function, risk management and internal control systems;
- made recommendation to the Board to put forward a resolution in respect of the re-appointment of external auditor at the AGM.

The attendance of meetings for each member of the Audit Committee is set out in the section headed "BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS" of this report.

Auditor's remuneration

The Audit Committee is also responsible for reviewing the non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

The remuneration paid or payable to the external auditor of the Company during the Year are set out as below:

Services rendered for the Group	RMB million
Audit services#	6.0
Non-audit services*	7.4
Total	13.4

Such services included, among others, the annual audit services of the annual report and the annual internal control audit services rendering to the Group and audit services for special projects rendering to subsidiaries of the Group.

* Such services included, among others, the agreed-upon procedures engagements for the Group's interim report, results announcements review, compliance review relating to continuing connected transactions, tax advisory services, environmental, social and governance consulting services and other agreed-upon procedures and consulting services .

The Audit Committee is satisfied that the non-audit services in 2024 did not affect the independence of the external auditor.

BOARD COMMITTEES (CONTINUED)

Nomination Committee

The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Li Tianzhang (chairman) (appointed on 2 August 2024), Mr. Wang Xiaodong (chairman) (resigned on 2 August 2024), Professor Qin Si Zhao and Mr. Yang Xiangliang during the year under review.

The Nomination Committee is responsible for, among other things, reviewing the structure, size and composition of the Board; and formulating policy and making recommendations to the Board on nominations, appointment and re-appointment of Directors and Board succession with reference to the Company's nomination policy (the "**Nomination Policy**") and board diversity policy (the "**Board Diversity Policy**") from time to time.

The meeting of the Nomination Committee shall be held at least once a year and when necessary. During the year under review, the Nomination Committee had held two meetings during which the Nomination Committee has performed the following major works:

- considered and made recommendations to the Board on the resignation of Mr. Wang Xiaodong as executive Director, the chairman of the Board, a member and the chairman of the Nomination Committee;

- considered and made recommendations to the Board on the appointment of Mr. Li Tianzhang as executive Director, the chairman of the Board and a member and the chairman of the Nomination Committee;

- made recommendations to the Board on the re-appointment of the retiring Directors at the AGM;

- reviewed the size, structure and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- reviewed the implementation and effectiveness of the Nomination Policy and the Board Diversity Policy in accordance with the CG Code;

- assessed the independence of independent non-executive Directors.

The attendance of meeting for each member of the Nomination Committee is set out in the section headed "BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS" of this report.

BOARD COMMITTEES (CONTINUED)

Nomination policy and Board diversity

The Board has adopted a Nomination Policy which sets out the selection criteria and procedures of appointment and re-appointment of a Director. The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for election as Directors at general meetings or appoint as additional Directors to the Board or Directors to fill casual vacancies in accordance with the Nomination Policy. In the nomination process, the Nomination Committee shall consider candidates from a wide variety of backgrounds, identify and nominate potential candidates and makes recommendations for the Board's consideration and approval.

When assessing the suitability of a proposed candidate for directorships, the Nomination Committee shall consider the following factors:

- accomplishment and experience in the industry, in particular, in the clean energy segment;
- reputation for integrity;
- commitment in respect of available time and relevant interest;
- merit and contribution will bring to the Board;
- contribution to diversity of the Board; and
- in the case of independent non-executive Directors, the independence of the candidate and tenure of services, and in particular, whether they have served the Board for more than nine years.

The above factors are for reference only, and not meant to be exhaustive and conclusive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate. The nomination of the new Director, Mr. Li Tianzhang, was considered and recommended by the Nomination Committee to the Board for approval during the Year.

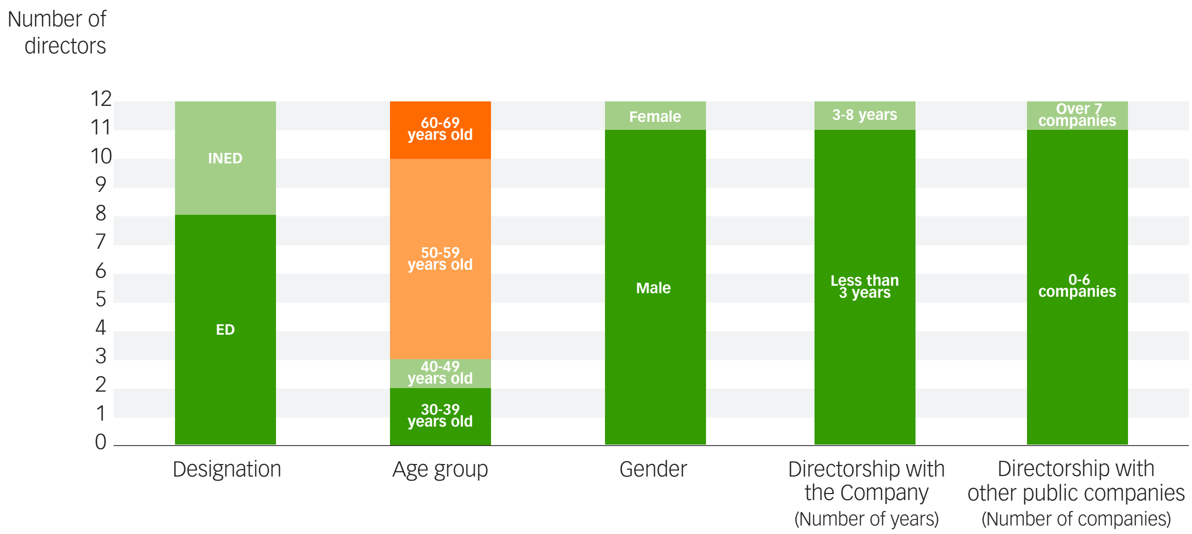
The Board also adopted a Board Diversity Policy formulated by the Company in accordance with the requirements of the Listing Rules. During the Year, no changes to the Board Diversity policy were considered necessary. It aims to set out the approach to achieve diversity on the Board. The Board endeavours to ensure that it has a balance of skills, experience and diversity of perspectives which are appropriate to the requirements of the Group's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, nationality and ethnicity, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Board Diversity Policy on annual basis, and the Nomination Policy from time to time to ensure the continued effectiveness of such policies.

BOARD COMMITTEES (CONTINUED)

Nomination policy and Board diversity (Continued)

During the Year, there were twelve Directors with extensive experience and/or professional backgrounds to formulate and give direction of the Group's corporate strategies and business development. The composition, experience and balance of skills on the Board are regularly reviewed with longstanding and deep knowledge of the Group alongside new Directors who bring fresh perspectives and diverse experiences to the Board. The process for the nomination of Directors is led by the Nomination Committee.

The illustration of the Board diversity as at 31 December 2024 is shown below while the detailed biographies (including their roles, function, skills and experience) are set out in this annual report under the section headed "Directors' Profile".



Remarks: ED – Executive Directors
INED – Independent non-executive Directors

During the Year, the Board has one female Director out of twelve Directors. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

In terms of implementing the Board Diversity Policy, there are the following measurable objectives:

1. The number of independent non-executive Directors shall be no less than three and at least one-third of the Board of Directors.

2. At least one independent non-executive Director shall have appropriate professional qualifications or appropriate accounting or related financial management expertise.

3. Ensuring the Board is composed of members of different genders.

BOARD COMMITTEES (CONTINUED)

Nomination policy and Board diversity (Continued)

During the Reporting Period, the Board has achieved measurable targets under the Board Diversity Policy.

As at 31 December 2024, the Group maintained approximately 73:27 ratio of men to women in the workplace. The Company is committed to attract a diverse workforce (including but not limited to gender, age, cultural and educational background, skills, knowledge and experience) and to create a fair and supportive workplace for the employers.

The Board believes that its composition is well balanced with a strong independent element on the Board, and it has a balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Group's business, and the Directors devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities.

Tenure

In accordance with the fourth amended and restated memorandum and articles of association of the Company (the "**Articles of Association**"), all Directors are subject to retirement by rotation. At each AGM, one-third of the Directors for the time being, or, if the number of Directors is not 3 or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Any Director appointed by the Board either to fill a casual vacancy or as an additional Director shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election. The Directors to be re-elected approved by the Nomination Committee will then be proposed to the Board for final approval and, where appropriate, for recommendation to the Shareholders for their approval at the annual general meeting of the Company.

All Directors (including the independent non-executive Directors) had entered into the letters of appointment or service agreements (as the case may be) with the Company for a term of three years subject to retirement from office by rotation and re-election at the AGM in accordance with the Articles of Association.

Directors' induction and continuous professional development

Upon appointment to the Board, each newly appointed Director would receive a comprehensive induction package covering the statutory and regulatory obligations of a director of a listed company, as well as an introduction on the business, operations and development of the Group.

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable statutory and regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Besides, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged trainings for Directors in the form of seminar and provision of reading materials. Guidance notes and memorandum are issued to Directors where appropriate, to ensure awareness of best corporate governance practices.

BOARD COMMITTEES (CONTINUED)

Directors' induction and continuous professional development (Continued)

According to the records maintained by the Company, the Directors received the following training in respect of the roles, functions and duties of a director of a listed company in compliance with the requirements of the CG Code on continuous professional development during the Year:

	Corporate Governance/Updates on laws, rules & regulations	
Name of Directors	**Reading materials**	**Attended seminars/briefings**
Executive Directors		
Mr. Li Tianzhang[1]	✓	✓
Mr. Wang Xiaodong[2]	✓	✓
Mr. Zhu Jianbiao	✓	✓
Mr. Wang Wenbo	✓	✓
Mr. Sun Qingwei[3]	✓	✓
Ms. Liao Jianrong	✓	✓
Mr. Li Li	✓	✓
Mr. He Yongbing[4]	✓	✓
Mr. Wang Meng	✓	✓
Independent non-executive Directors		
Professor Qin Si Zhao	✓	✓
Mr. Victor Huang	✓	✓
Mr. Yang Xiangliang	✓	✓
Mr. Chiu Kung Chik	✓	✓

Notes:

1. Mr. Li Tianzhang has been appointed on 2 August 2024.
2. Mr. Wang Xiaodong has resigned on 2 August 2024.
3. Mr. Sun Qingwei has resigned on 28 February 2025.
4. Mr. He Yongbing has resigned on 20 February 2025.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee

The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Chiu Kung Chik (chairman), Ms. Liao Jianrong and Mr. Victor Huang during the Year.

The Remuneration Committee adopted the operation model where it performs an advisory role to the Board and to make recommendations to the Board on the remuneration packages of Directors and senior management with the Board retaining the final authority to approve Directors' and senior management's remuneration. It is also responsible to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

It is the Company's policy to offer remuneration packages which are competitive and sufficient to retain such individuals. The remuneration packages are made reference to, among others, the corporate goals, the prevailing market rate, duties, responsibilities and performance of the individual and the results of the Group. No Director is involved in decision of his/her own remuneration.

The meeting of the Remuneration Committee shall be held at least once a year and when necessary. During the Year under review, the Remuneration Committee had held two meetings during which the Remuneration Committee has performed the following major works:

- reviewed and recommended to the Board to the adjustments in relation to the outstanding share options of the Company under the share option scheme adopted by the Company on 11 June 2013 and updated on 8 June 2021 and expired on 9 June 2023 (close of business on the business day immediately preceding the tenth anniversary thereof);

- reviewed the terms of service agreements and remuneration packages of Mr. Li Tianzhang as an executive Director, the chairman of the board, member and chairman of Nomination Committee;

- reviewed the remuneration policy and structure of the Company;

- reviewed and recommended to the Board the remuneration packages of executive Directors and senior management of the Company; and

- reviewed and recommended to the Board the remuneration packages of the independent non-executive Directors.

The attendance of meeting for each member of the Remuneration Committee is set out in the section headed "BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS" of this report.

BOARD COMMITTEES (CONTINUED)

Sustainability Committee

The Sustainability Committee comprises four members, including Mr. Zhu Jianbiao (chairman), Mr. Sun Qingwei (resigned on 28 February 2025) and Mr. Liu Zhijie (appointed on 28 February 2025), each executive Director, Mr. Victor Huang, an independent non-executive Director and Ms. Ng Wing Yan, Claudia, the board secretary of the Group.

The Sustainability Committee is primarily responsible for (i) formulating sustainable development vision, strategies, objectives, policies, implementation, management approach and assessment, (ii) guiding, promoting and reviewing the implementation of sustainable development vision, strategies and structure, and (iii) reviewing ESG reports/sustainable development reports and making recommendations to the Board, so as to facilitate the development and implementation of sustainable development matters of the Group, and to provide advice to the Board in order to drive the Company's high-quality and sustainable development and growth.

The attendance of meetings for each member of the Sustainability Committee is set out in the section headed "BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS" of this report.

The meetings of the Sustainability Committee shall be held at least once a year and when necessary. During the year under review, the Sustainability Committee had held one meeting during which the Sustainability Committee has performed the following major works:

- reviewed the Company's compliance with the CG Code and environmental, social and governance report for the year ended 31 December 2023;
- formulated the ESG management enhancement roadmap of the Company with selection of six major management direction, establishment of three major ESG management tools and comprehensively improvement of four major information disclosure channels in the next three years;
- reviewed the proposal on the management measures of sustainability development related works of the Company; and
- discussed the ESG management enhancement matters, especially the integration of ESG with the Company's business.

BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS

The individual attendance records of each Director at the meetings of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee, the Sustainability Committee, the AGM and the extraordinary general meetings held during the Year are set out below:

	Meetings attended/held						
Name of Directors	**Board**	**Audit Committee[5]**	**Nomination Committee**	**Remuneration Committee**	**Sustainability Committee**	**AGM**	**Extraordinary General Meetings**
Executive Directors							
Mr. Li Tianzhang *(Chairman)*[1]	5/13	–	–	–	–	–	–
Mr. Wang Xiaodong *(Chairman)*[2]	8/13	–	2/2	–	–	1/1	1/1
Mr. Zhu Jianbiao	13/13	–	–	–	1/1	1/1	1/1
Mr. Wang Wenbo	10/13	–	–	–	–	1/1	1/1
Mr. Sun Qingwei[3]	13/13	–	–	–	1/1	1/1	1/1
Ms. Liao Jianrong	13/13	–	–	2/2	–	1/1	1/1
Mr. Li Li	10/13	–	–	–	–	1/1	1/1
Mr. He Yongbing[4]	12/13	–	–	–	–	1/1	1/1
Mr. Wang Meng	10/13	–	–	–	–	1/1	1/1
Independent non-executive Directors							
Professor Qin Si Zhao	9/13	–	2/2	–	–	1/1	1/1
Mr. Victor Huang	13/13	4/4	–	2/2	1/1	1/1	1/1
Mr. Yang Xiangliang	13/13	4/4	2/2	–	–	1/1	1/1
Mr. Chiu Kung Chik	13/13	4/4	–	2/2	–	1/1	1/1

Notes:

1. Mr. Li Tianzhang has been appointed as an executive Director, the chairman of the Board and the member and the chairman of the Nomination Committee with effect from 2 August 2024.
2. Mr. Wang Xiadong has resigned as an executive Director, the chairman of the Board and the member and the chairman of the Nomination Committee with effect from 2 August 2024.
3. Mr. Sun Qingwei has resigned as an executive Director and the member of Sustainability Committee on 28 February 2025.
4. Mr. He Yongbing has resigned as an executive Director on 20 February 2025.
5. During the Year, the Audit Committee had held two physical meetings and resolved the matters by two written resolutions.

During the Year, the Chairman held one meeting with the independent non-executive Directors, without the presence of other executive Directors.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the Year, the Directors have selected suitable accounting policies and applied them consistently (except for the adoption of revised standards, amendments to standards and interpretation); adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the financial statements on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The responsibility of Ernst & Young, the Company's external auditor, is set out on pages 92 to 96 of the "Independent Auditor's Report" in this annual report.

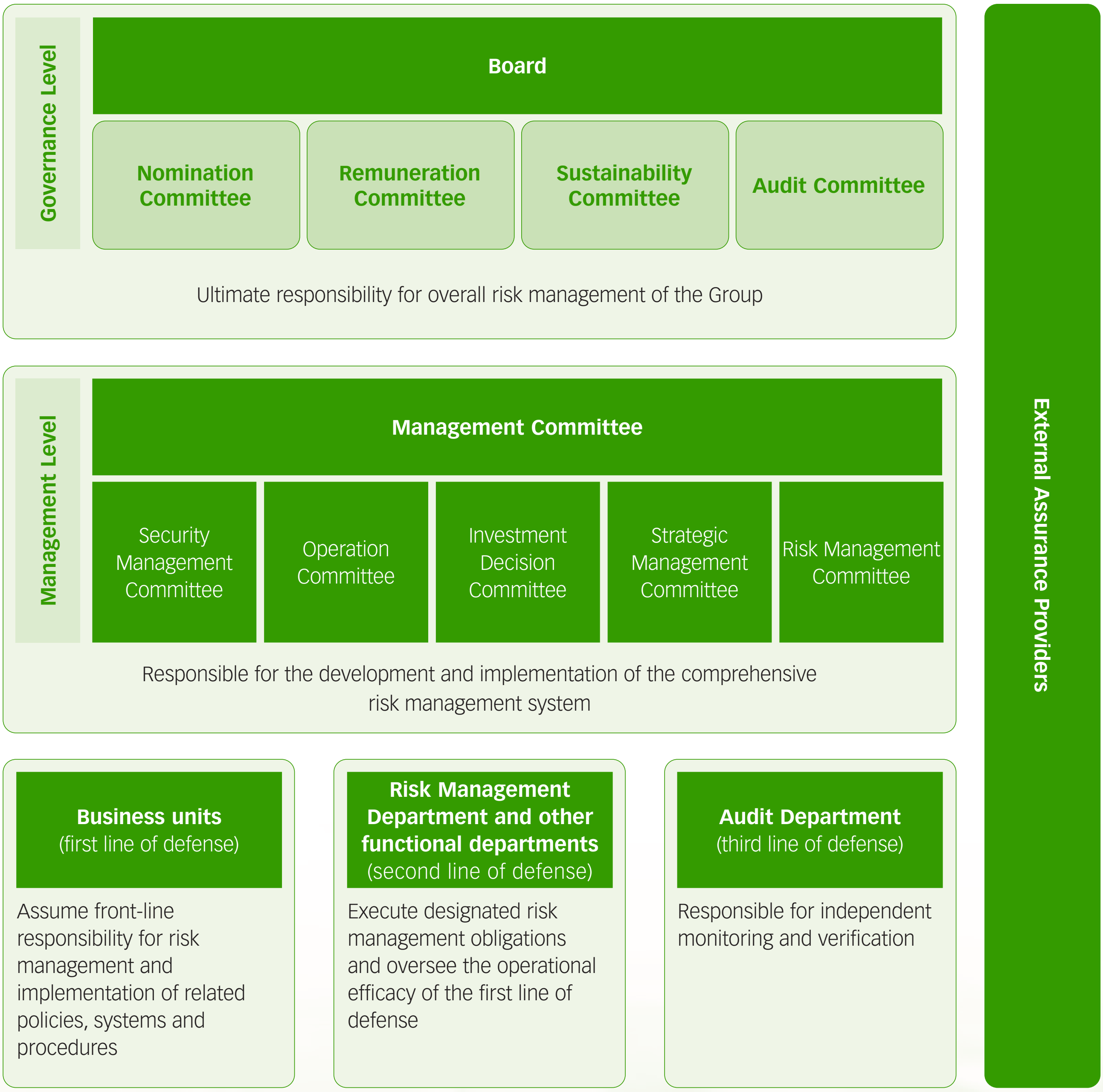
RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for overseeing the risk management and internal control systems on an on-going basis, and reviewing the effectiveness of the Group's risk management and internal control systems at least annually covering material controls, including financial, operational and compliance key controls, to ensure that the systems in place are adequate and effective, so as to achieve business sustainability of the Group and safeguard the interests of the Shareholders and the assets of the Group.

The Board understands that it is responsible for evaluating and determining the nature and extent of the risks it is willing to take and ensuring that the Group has established and maintained appropriate structures and processes and effective risk management and internal control systems. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

During the Year, the Group's risk governance structure continued to maintain the "Three Lines Model". The following diagram illustrates the Group's risk governance framework:



RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

The Board is the Group's organizational governance body for risk management and internal control, with primary accountability to provide organisation oversight through integrity, leadership and transparency. The Board delegates to Audit Committee its responsibility to overseeing and reviewing the effectiveness of the risk management and internal control systems of the Group. The Group has established a management committee, with the authority delegated by the Board to manage and approve significant matters relating to the Group's operation management and investment and financing. The Board also delegates the responsibility and resources for the ongoing design, implementation and monitoring of risk management and internal control systems, to the management for strategy execution and to achieve the Group's objectives, while legal, regulatory and ethical expectations are met.

The responsibility of management of the Group is to achieve the Group's objectives. Such responsibility comprises both first and second line roles.

First line roles of management (e.g. the management from each business centre and supporting department) have to lead, direct and support operations to achieve the Group's objectives, to manage risk and to ensure compliance with legal, regulatory and ethical expectations. It has to establish and maintain appropriate structures, processes and internal controls for the management of operations and risk. It also has to maintain a continuous dialogue with the governing body and report on outcomes and risks associated with the Group's objectives and business operations.

Second line roles of management provide complementary expertise, support, monitoring and challenge to those with first line responsibilities and risk management-related areas, including the development, implementation and continuously improvement of the risk management practices of the Group at all levels; and the achievement of risk management objectives. It also has to provide analysis and reports on the adequacy and effectiveness of risk management and internal control systems. The Group has established a risk management committee under the management committee, with a dedicated risk management department as the permanent secretariat of the risk management committee and as the centralised management function of risk governance (the "**Risk Management Department**"). The Risk Management Department undertakes the coordination and organisation, scheduling and monitoring, and coordination and supervision of the overall risk management of the Company, as well as the implementation of project investment evaluation management, project post-investment tracking management, project post-investment evaluation management, promotion and application of risk management results, and risk management assessment and evaluation, etc., so as to provide decision support for the decision-makers and enable the Company to effectively control various risks.

The audit department of the Group (the "**Audit Department**"), as the third line roles, assumes the role of internal audit supervision and is accountable to the governing body and independent of management. It is provided with sufficient resources and has unfettered access to people and data needed to complete its work. It provides independent and objective assurance and advice to management and governing body on the adequacy and effectiveness of governance, risk management and internal control systems. It will report its findings, recommendations and remedial measures to management and the governing body to promote and facilitate continuous improvement and rectify deficiencies.

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Within this framework, an on-going process has been established for identifying, evaluating and managing the significant risks faced by the Group. The process involves:

(i) Risk Identification: identify risks that may potentially affect the Group's businesses and operations;

(ii) Risk Evaluation: consider the impact of risks on the business and the likelihood of their occurrence; and

(iii) Risk Management: perform on-going and periodic monitoring of the risks and ensure that appropriate internal control processes are in place.

The Audit Department has conducted an assessment in respect of the risk management and internal controls of the Group for the Year and reported the review results to the Audit Committee. All major findings were also communicated to management of the respective business units or departments to enforce the remediation.

In addition, the Company may engage independent consultants to conduct review of the internal control system and risk management of the Group as and when necessary.

The Board, through the Audit Committee and the Sustainability Committee, has conducted a review on the Group's risk management and internal control systems for the Year, including financial, operational, compliance procedural and risk management functions and internal control matters identified by the Audit Department. The review includes considering the internal evaluations conducted by the Audit Department and management, the internal and external auditors as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting. It also conducted review on the internal audit functions with particular emphasis on the scope and quality of management's on-going monitoring of risks and of the internal control systems and the works of the Audit Department. The identified risks and relevant measures have been disclosed in the sub-section headed "12. PRINCIPAL RISKS AND UNCERTAINTIES" under the section of "Management Discussion and Analysis" in this annual report.

Based on the results of the review, save as disclosed below, no other material issues on the Group's risk management and internal control systems were identified and reported to the Board. The Board considered that the risk management and internal control systems of the Group for the Year, were effective and adequate.

THERMAL CO'S INTERNAL CONTROL MECHANISM AT THE TIME OF ENTERING INTO THE REPURCHASE AGREEMENTS

As disclosed in the announcements of the Company dated 4 December 2023 and 12 March 2024, 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. For further details of the Repurchase Agreements, please refer to the sub-section headed "10. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES AND JOINT VENTURE" under the section of "Management Discussion and Analysis" in this annual report and the announcements of the Company dated 25 May 2023, 4 December 2023, 1 February 2024, 6 February 2024 and 12 March 2024.

Internal investigation

After receiving the Demand Letter, the Group has conducted an internal investigation. The scope of the internal investigation conducted by an investigation group of the Company covers: (A) details of the Repurchase Agreements and the reasons for conducting the Repurchases; (B) the validity and enforceability of the Repurchase Agreements; (C) the reasons for the entering into and execution of the Repurchase Agreements not being approved by the Board at the material time and the Repurchases not being timely disclosed through publishing announcement in accordance with the Listing Rules; and (D) implementation of the internal control policies on the execution of the Repurchase Agreements. Based on the results of the internal investigation, the main reasons for not having approval from the Board at the material time on the entering into and execution of the Repurchase Agreements and the Repurchases not being disclosed by announcement at the material time in accordance with the Listing Rules are as follows:

(i) The then general manager of Thermal Co (the "**Former Thermal GM**") did not timely report to the Board at the material time in accordance with the Company's internal policies as he considered himself had the authority given under the meetings to approve the Repurchases and the prepayment of the consideration to Vendor A through the board meeting and shareholders' meeting at the level of Thermal Co;

(ii) The Former Thermal GM had a limited understanding of the disclosure requirements under the Listing Rules, and he was not aware of whether such transactions triggered the Listing Rules. The Former Thermal GM also did not realize that he needed to notify the Board at relevant time before signing the Repurchase Agreements to determine whether an announcement shall be made by the Company upon entering into and executing the Repurchase Agreements;

(iii) The Former Thermal GM instructed his colleague to send the email relating to the notification of, inter alia, the Repurchase Agreements having been entered into (the "**Notification Email**") to the then four executive Directors at the material time, but the relevant staff member failed to forward the Notification Email to the then four executive Directors as she was on leave at that time. On the other hand, regarding the approval requirements for signing the Repurchase Agreements, the management of Thermal Co should obtain the relevant approval before the execution of the Repurchase Agreements pursuant to the delegated management policy, however, the Former Thermal GM did not comply with such policy for execution of the Repurchase Agreement. On the matter of publishing the announcement in relation to the Repurchase Agreements, the management of Thermal Co should have informed the Company Secretary or the then Directors in advance before signing of the Repurchase Agreements, and the Company Secretary or the then Directors should have commented on how to handle the announcement matters, instead of sending it to the Company's CEO's office. According to the division of responsibilities, the staff members of the CEO's office was not responsible for the Listing Rules compliance matters and do not have the ability to make judgments on announcement matters. The relevant matter should be reported to the Directors or Company Secretary, but not the CEO's office of the Company;

THERMAL CO'S INTERNAL CONTROL MECHANISM AT THE TIME OF ENTERING INTO THE REPURCHASE AGREEMENTS (CONTINUED)

Internal investigation (Continued)

(iv) Other than the then three executive Directors, each of the then Directors did not have knowledge of the Repurchases and the Repurchase Agreements. The then three executive Directors were aware of the intention for repurchasing the equity interest in Thermal Co from the Vendors, but they did not know the execution of the Repurchase Agreements; and

(v) There were deficiencies in Thermal Co's internal control policy at the time of entering into the Repurchase Agreements.

Internal control review by internal control consultant

The Company has also engaged Mazars Risk Advisory Services Limited as 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. The internal control review on the Group covered the selected subsidiaries, including a testing and assessment of the effectiveness of the procedures, systems and controls established by the Group of their major operational cycles, such as investment management cycle, treasury management (including cash management) cycle, connected person and connected transactions management cycle, as well as the overall corporate governance practice of the Group.

The key findings of the latest internal control review report prepared by the IC Consultant (the "**IC Report**") are stated as below:

(i) Under the IC Report, the following deficiencies of the internal control mechanism on the execution of the Repurchase Agreements at the level of Thermal Co were identified: (i) delayed disclosure of discloseable transactions and connected transaction; (ii) approval procedure of Repurchase Agreements not in accordance to the delegated management policy; (iii) policies and procedures of investment management to be enhanced; (iv) absence of upper limit of each approver set in regard to payment approval; (v) procedures of convening board meetings to be enhanced; (vi) procedures of convening shareholders' meetings to be enhanced; (vii) procedures of approval of Repurchase Agreements to be enhanced; and (viii) failure to complete the registration of the share transfer upon consideration of share repurchase being settled. The risk levels of the above deficiencies were classified as "medium to high", which means that the likelihood and extent of the adverse impact of the relevant finding as a result of the internal control system weaknesses/deficiencies upon the business operations/resources utilization of the business unit(s) is a bit high at the moment; or the impact of the relevant finding as a result of the internal control system weaknesses/deficiencies of the business unit(s) upon the truth and fairness of the Group's financial statements is considered as a bit high as of reporting date. Accordingly, recommendation is provided as it is considered essential for the business unit(s) to implement the recommendation for improving the overall internal control mechanism.

THERMAL CO'S INTERNAL CONTROL MECHANISM AT THE TIME OF ENTERING INTO THE REPURCHASE AGREEMENTS (CONTINUED)

Internal control review by internal control consultant (Continued)

(ii) The risk level of the internal control findings related to the review on the Group (other than Thermal Co) are all classified as "low" or "low to medium". No findings of "medium" or above risk level were identified. The risk level of "low" means that the likelihood and extent of the adverse impact of the relevant finding as a result of the internal control system weaknesses/deficiencies upon the business operations/resources utilization of the business unit(s) is relatively low at the moment; or the impact of the relevant finding as a result of the internal control system weaknesses/deficiencies of the business unit(s) upon the truth and fairness of the Group's financial statements is considered as not material as of reporting date. However, recommendation is still provided in order to improve effectiveness and/or efficiency of the overall internal control mechanism. The risk level of "low to medium" means that the likelihood and extent of the adverse impact of the relevant finding as a result of the internal control system weaknesses/deficiencies upon the business operations/resources utilization of the business unit(s) is a bit low at the moment; or the impact of the relevant finding as a result of the internal control system weaknesses/deficiencies of the business unit(s) upon the truth and fairness of the Group's financial statements is considered as not potentially high as of reporting date. Accordingly, recommendation is provided in order to improve effectiveness and/or efficiency of the overall internal control mechanism.

(iii) During the testing period of the first-phase internal control review, no other similar cases were identified apart from the Repurchases.

Conclusion and rectification measures

In view of the findings of the internal investigation and the IC Report, the Directors are of the view that, the incident of the Repurchases was mainly attributable to the internal control deficiencies of Thermal Co prior to the completion of the subscription of shares in the Company by SDHG, as well as the management personnel misconduct of Thermal Co. Other than that, minor deficiencies were noted for the Group's internal controls over its major operation cycles and overall corporate governance practice, but the risks to the identified deficiencies are insignificant and remote.

Pursuant to the recommendations for rectification (including but not limited to recommendations for rectification and enhancement of existing policy design and implementation procedures) made by the IC Consultant in the IC Report in respect of each of the internal control deficiencies identified during the internal control review, the Company implemented each of the recommendations to ensure that the internal control system of the Group would be improved completely and effectively and to prevent the recurrence of event similar to the Repurchases. 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, after discussions between the Group and the Former Thermal GM, the Former Thermal GM tendered his resignation with effect on 1 March 2024 and no longer has any position in Thermal Co and the Group. The Group will further rearrange the board structure of Thermal Co in this regard. 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.

For further details of the internal investigation and the IC Report, please refer to the announcement of the Company dated 12 March 2024.

WHISTLEBLOWING POLICY AND ANTI-CORRUPTION POLICY

The Group has established whistleblowing procedures and reporting channel for employees to raise concerns to the Audit Department when they identify any possible improprieties within the Group. The identity of the whistleblower will be kept in the strictest confidence. The Company has also established an anti-corruption policy that promotes and supports all applicable anti-corruption laws and regulations in force in the jurisdictions in which the Group has operation.

CORPORATE GOVERNANCE FUNCTIONS

- To develop and review the Company's policies and practices on corporate governance and make recommendations;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To review the Company's compliance with the CG Code and its disclosure requirements in the Corporate Governance Report;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- To review and monitor the training and continuous professional development of Directors.

During the Year, the Board performed the above duties with the support of the Audit Committee.

MECHANISM TO ENSURE INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD

The Company has adopted certain mechanisms to ensure independent views and input are available to the Board, details of its key features are as follows:

- The Board aims to appoint at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors in accordance with the Listing Rules, and appoint independent non-executive Directors to other board committees whenever possible, in order to ensure the inclusion of independent views;
- Independent non-executive Directors are not granted equity-based compensation with performance-related elements (such as share options or share awards) because such compensation may lead to biased decision-making and compromise their objectivity and independence;
- The Nomination Committee must strictly adhere to the nomination policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors. Each independent non-executive Directors is required to inform the Company as soon as practicable if there is any change in his/her own personal information that may materially affect his/her independence;
- The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement;

MECHANISM TO ENSURE INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD (CONTINUED)

- Each Director has the right to seek further information and documents from the management on the matters to be discussed at the Board meetings when fulfilling their duties and may also seek assistance from the Company Secretary and, if necessary, seek external independent professional advice, at the expenses of the Company;

- If any Director or any closely connected person of the Director has a significant interest in any contract or arrangement, the Director shall not vote on any Board resolution related to such contract or arrangement, and their presence shall not be counted in the quorum for the meeting; and

- The chairman of the Board should at least annually hold meeting with the independent non-executive Directors without the presence of other directors to discuss significant matters and any concerns.

The Board should review the implementation and effectiveness of the abovementioned mechanisms on an annual basis; and had reviewed the same for the Reporting Period and is of the opinion that those are proper, adequate and/or effective.

INSIDE INFORMATION

The Company has a policy on inside information in place setting out the principles and the measures to identify inside information and preserve its confidentiality until proper dissemination via the electronic publication system operated by the Stock Exchange. Every senior management of the Company must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company from time to time. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Board accordingly for taking the appropriate action promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide, the course of actions for rectifying the problem and avoiding recurrence.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars regarding Directors' remuneration and the five highest paid employees during the Year as disclosed pursuant to Appendix D2 of the Listing Rules are set out in notes 8 and 9 to the financial statements in this annual report, respectively.

COMPANY SECRETARY

Mr. Cheung Chin Wa, has been appointed as the Company Secretary and, is a full time employee of the Company with the day-to-day knowledge of the Company's affairs and has taken not less than 15 hours of the relevant professional training required under Rule 3.29 of the Listing Rules during the Year.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting ("EGM") by Shareholders

Pursuant to article 64 of the Articles of Association, the Board may whenever it thinks fit call an EGM. Any one or more Shareholders (including a recognised clearing house (or its nominees)) holding, at the date of deposit of the requisition, in aggregate not less than one tenth of the voting rights at general meetings (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an EGM and/or add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

SHAREHOLDERS' RIGHTS (CONTINUED)

Procedures for directing Shareholders' enquiries to the Board

Shareholders may contact investor relations department of the Company by email to ir@shneg.com.hk at any time send their enquiries to the Board for the attention of the Company Secretary or may to the Company's head office and principal place of business in Hong Kong at 38th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong or by telephone at (852) 3903 0990. Shareholders may also make enquiries with the Board at general meetings of the Company.

Procedures for putting forward proposals at Shareholders' meetings

Shareholders representing not less than one tenth of the voting rights at general meetings in the share capital of the Company may put forward proposal for consideration at the general meeting, by sending a request in writing to the Company in accordance with the procedures as set out in the above sub-section headed "Convening an extraordinary general meeting ("**EGM**") by Shareholders". Shareholders may at any time send their request in writing to the Board for the attention of the Company Secretary in accordance with the above sub-section headed "Procedures for directing Shareholders' enquiries to the Board".

Procedures for Shareholders to propose a person for election as a Director

The procedures for Shareholders to propose a person election as a Director is available on sub-section headed "Corporate Governance" under the section of "About SHNE" on the website of the Company at www.shneg.com.hk.

INVESTOR RELATIONS

Shareholders Communication Policy

The Board believes that effective and proper investor relations play an important role in creating Shareholders value, enhancing the corporate transparency as well as establishing market confidence.

Our Company website is one of the principal communication channels with our Shareholders and potential investors of our Company. Information shall be communicated to Shareholders and potential investors mainly through the Company's financial reports (interim and annual reports), AGMs and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and corporate communications on the HKEx website and the Company's website. During the Year, the Company has proactively taken the following measures to ensure effective Shareholders' communication and enhance our transparency in accordance with the shareholders communication policy of the Company (the "**Shareholders Communication Policy**"):

1. Disseminate corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) electronically to the Shareholders under the Listing Rules, and the Company shall send the printed copies of the corporate communication to the Shareholders upon receipt of their requests;

2. AGM or other general meetings (including extraordinary general meetings) of the Company provides a face-to-face forum for Shareholders to raise questions and comments and exchange their views with the Board;

3. Via the Company's website at www.shneg.com.hk, Shareholders can obtain updated and key information on the major developments of the Group. Information, such as financial statements, results announcements, circulars, notices of general meetings and all announcements, released by the Company on the HKEx website at www.hkex.com.hk is also posted on the Company's website immediately thereafter;

INVESTOR RELATIONS (CONTINUED)

Shareholders Communication Policy (Continued)

4. The Company's Hong Kong branch share registrar deals with the Shareholders on the shareholdings, share registration and related matters for the Shareholders' enquiries;

5. A dedicated investor relations section is available on the Company's website at www.shneg.com.hk and information on the Company's website is updated on a regular basis;

6. Shareholders and investors who have any query in respect of the Company may contact the investor relations department of the Company by email to ir@shneg.com.hk or contact the Company Secretary at the Company's principal place of business in Hong Kong.

The above measures will provide the Shareholders with the latest development of the Group as well as the relevant industry.

During the Year, the Board reviewed the implementation and effectiveness of the Shareholders Communication Policy. The website of the Company was updated on a regular basis in order to maintain an effective ongoing communication with the Shareholders. Shareholders could access the latest information released by the Company through the company website. Shareholders were given the face-to-face opportunities to meet and communicate with the Directors and to raise questions, comments and exchange their views with the Board in the AGM and other general meetings. Enquiries from the Shareholders were responded within a specific time frame. Based on the above, the Board was of the view that the Shareholder Communication Policy was effective.

The chairman of the Board and the chairman of the Audit Committee, Remuneration Committee and Nomination Committee would attend AGM and be available to answer questions. The Auditor is also invited to attend AGM to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

The Directors are pleased to present their report and the audited financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC. Details of the principal activities of the Company's principal subsidiaries are set out in note 1 to the financial statements.

BUSINESS REVIEW

A discussion and review on the business activities of the Group, including an indication of likely future development in the Group's businesses and an analysis of the Group's performance during the Year using financial key performance indicators are provided in "Chairman's Statement" and sub-sections headed "Business Review" and "Financial Performance" under section of "Management Discussion and Analysis" of this annual report.

The financial risk management objectives and policies of the Group are set out in note 47 to the financial statements. Description of principal risks and uncertainties that the Group may be facing, environmental policies and performance of the Group, compliance with relevant laws and regulations which have a significant impact on the Group and relationship with stakeholders are set out in sections headed "ENVIRONMENTAL POLICIES AND PERFORMANCE", "COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS" AND "RELATIONSHIP WITH STAKEHOLDERS" of this report.

RESULTS

The Group's results for the Year and the Group's financial position as at 31 December 2024 are set out in the financial statements on pages 97 to 202 of this annual report.

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

Dividend Policy

The objective of the Company's dividend policy (the "**Dividend Policy**") is to allow Shareholders to participate in the Company's profits, while also ensuring that adequate reserves are retained for future prospects of the Group. According to the Dividend Policy, in deciding whether to declare and/or recommend any dividend distribution, the Board shall take into account, including but not limited to, the following factors:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- the level of the Group's debts to equity ratio, return on equity, contractual restrictions and relevant financial covenants to which the Group is subject;
- taxation considerations;
- general economic conditions, business cycle of the Group's businesses and other internal or external factors that may have an impact on the businesses or financial performance and position of the Company;

RESULTS (CONTINUED)

Dividend Policy (Continued)

- statutory and regulatory restrictions; and
- other factors that the Board deems relevant.

Any declaration and payment of dividend shall remain to be determined at the discretion of the Board and subject to the compliance with all applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group as at 31 December 2024 and for the last four financial years, as extracted from the published audited financial statements of the Company and adjusted for the change of presentation currency, is set out on page 203 of this annual report. This summary does not form part of the audited financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2024 are set out in note 1 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year, together with the reasons therefor, are set out in note 35 to the financial statements.

DONATIONS

During the Year, the Group has donated approximately RMB25,000 (2023: approximately RMB80,000).

EQUITY-LINKED AGREEMENTS

Save as the share option scheme of the Company as disclosed in the section headed "SHARE OPTION SCHEME" of this report and note 36 to the financial statements, no equity-linked agreement was entered into by the Company during the Year or subsisted at the end of the Year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or relevant laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

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

Save as disclosed above in the sub-section headed "7. DEBENTURE ISSUED" under the section of "Management Discussion and Analysis" of this annual report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Year.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the Shareholders as at 31 December 2024 amounted to approximately RMB7,676.7 million (2023: approximately RMB7,656.7 million).

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders of the Company by reason of their holding of its shares.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is dedicated to environmental sustainability and combat climate change by strategically expanding into the photovoltaic power business, wind power business, clean heat supply business and other clean energy businesses, which offer clean energy and make valuable contributions to the widespread use of renewable energy. The Group is also committed to sustainable development of the environment, minimising the environmental impact of its operations by reinforcing environmental awareness and implementing measures for the responsible use of resources, energy saving and waste management.

The Board is the core body of the Company's sustainable development governance structure, the Sustainability Committee as the supervisory body, the investor relations department, serving as ESG management office, organizing the annual sustainable development related work plan, and the ESG working group as the working group to steadily carry out the sustainable development related works.

Particulars of the environmental policies and performances of the Company during the Year are set out in 2024 Environmental, Social and Governance Report which is available on the website of the Company at www.shneg.com.hk.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, as far as the Group is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that stakeholders including employees, shareholders and investors, customers, suppliers and contractors, government entities, industry partners and community partners are the key to corporate sustainability and is keen on developing long-term relationships with these stakeholders. Some examples on supporting and communicating with the stakeholders include:

(a) Employees : The Group places significant emphasis on human capital and strives to foster an environment in which the employees can develop to their fullest potential and can assist their personal and professional growth. The Company provides a fair and safe workplace, promotes diversity to our staff, and provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfilment in their positions.

(b) Shareholders and investors : Details of which are set out in the section headed "Investor Relations" in the "Corporate Governance Report" of this annual report.

RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

(c)	Customers	:	The Group understands that it is important to maintain good relationship with customers and provide products in a way that satisfy their needs and requirements. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.
(d)	Suppliers and contractors	:	The Group is dedicated to develop good relationship with suppliers and contractors as long-term business partners to ensure stable supply of materials and timely delivery of construction works. We reinforce business partnerships with suppliers and contractors by on-going communication in a proactive and effective manner so as to ensure quality and timely delivery.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate percentage of sales attributable to the Group's five largest customers is approximately 54% of the total sales of the Group, and the largest customer included therein amounted to approximately 17%.

During the Year, less than 30% of the Group's purchases were attributable to the Group's five largest suppliers.

During the Year, none of the Directors, or any of their close associates, or any shareholders of the Company (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the Year and up to the date of this report are:

Executive Directors

Mr. Li Tianzhang *(Chairman)* (appointed on 2 August 2024)
Mr. Wang Xiaodong *(Chairman)* (resigned on 2 August 2024)
Mr. Zhu Jianbiao
Mr. Wang Wenbo
Mr. Sun Qingwei (resigned on 28 February 2025)
Mr. Liu Zhijie (appointed on 28 February 2025)
Ms. Liao Jianrong
Mr. Li Li
Mr. He Yongbing (resigned on 20 February 2025)
Mr. Wang Meng

Independent Non-executive Directors

Professor Qin Si Zhao
Mr. Victor Huang
Mr. Yang Xiangliang
Mr. Chiu Kung Chik

DIRECTORS (CONTINUED)

In accordance with articles 108 and 112 of the Articles of Association, Mr. Li Tianzhang, Mr. Wang Wenbo, Mr. Liu Zhijie, Ms. Liao Jianrong, Mr. Li Li and Mr. Victor Huang shall retire from office by rotation at the AGM and, being eligible, offer themselves for re-election.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considered all independent non-executive Directors to be independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are disclosed in the section headed "DIRECTORS' PROFILE" of this annual report.

DIRECTORS' SERVICE CONTRACTS

All executive Directors had entered into service agreements and all independent non-executive Directors had entered into letters of appointment with the Company for a term of three years but are subject to retirement by rotation and re-election in accordance with the Articles of Association.

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at the AGM. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the Remuneration Committee. During the Year, Mr. Li Tianzhang (appointed on 2 August 2024), Mr. Wang Xiaodong (resigned on 2 August 2024), Mr. Wang Wenbo, Mr. Sun Qingwei and Mr. He Yongbing agreed to waive emoluments for the Year. Details of the Directors' remuneration are set out in note 8 to the financial statements.

EMOLUMENT POLICY

The emolument of each of the Directors and the employees of the Group is on the basis of their merit, qualification, competence and experience in the industry, the profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. The Directors and employees of the Group also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

DEFINED CONTRIBUTION PLANS

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in central pension schemes operated by the local governments, the assets of which are held separately from those of the Group. Contributions are made by the subsidiaries based on a percentage of the participating employees' salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes. The employer contributions vest fully once made.

DEFINED CONTRIBUTION PLANS (CONTINUED)

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong (the "**MPF Scheme**") under the Hong Kong's Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Except for voluntary contributions, no forfeited contributions under the above pension schemes and the MPF Scheme are available to reduce the contribution payable in future years.

During the Year, total contributions to the Group's pension scheme contributions charged to profit or loss amounted to approximately RMB25,678,000 (2023: approximately RMB25,971,000).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the sections headed "CONTINUING CONNECTED TRANSACTIONS" and "CONNECTED TRANSACTIONS" below and note 42 to the financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2024, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business that competed or was likely to compete with the business of the Group.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty.

The Company has arranged appropriate Directors' and officers' liability insurance to indemnify its Directors against liabilities arising out of legal action from their performance of their duties. Such insurance coverage is reviewed and renewed with consultant advice on an annual basis. During the Year, no claim was made against the Directors and officers of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS" and "SHARE OPTION SCHEME" of this report, and "SHARE OPTION SCHEME" in note 36 to the financial statements, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children under the age of 18, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such positions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code were as below:

Interests and underlying shares of the Company

Name of Director	Interests in underlying shares under equity derivatives *(Note 1)*	% of total issued shares
Mr. Chiu Kung Chik	200,000	0.02%

Note:

1. The interests in underlying shares under equity derivatives represent the share options of the Company granted by the Company on 15 September 2020. For details, please refer to the section headed "SHARE OPTION SCHEME" of this report.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to the Shareholders' resolution passed on 11 June 2013 and update to the terms of the Share Option Scheme was adopted by the Shareholders' resolution passed on 8 June 2021 and expired on 9 June 2023 (close of business on the business day immediately preceding the tenth anniversary thereof). Subsequent to the expiry of the Share Option Scheme on 9 June 2023, every fifty (50) issued Shares were consolidated into one (1) Share on 26 June 2023. As a result of the Share Consolidation, adjustments were made to the number of Shares subject to, and exercise price of, the share options under the Share Option Scheme (the "**Share Options**") which were then outstanding, with effect from 26 June 2023. The exercise price per Shares was adjusted from HK$0.08 to HK$4.00 for the outstanding Share Options and the number of Shares to be issued upon exercise of the outstanding Share Options were adjusted from 993,000,000 to 19,860,000, on 26 June 2023.

During the Year, 590,000 outstanding Share Options lapsed. As at the date of this report, the total number of Shares subject to the outstanding Share Options available for issue under the Share Option Scheme is 19,010,000, representing approximately 0.85% of the Company's total number of issued Shares. The maximum number of Shares in respect of which Share Options may be granted under the Share Option Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other scheme shall not exceed 10% of the Company's issued share capital on the date of adoption of the Share Option Scheme, being 135,050,794 after the Share Consolidation (representing approximately 6.01% of the issued Shares as at the date of this report). Following the expiry of the Share Option Scheme on 9 June 2023, no further Share Option can be granted, but the provisions of the Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any Share Options granted prior thereto or otherwise as may be required in accordance with the Share Option Scheme.

SHARE OPTION SCHEME (CONTINUED)

The major terms of the Share Option Scheme are summarized as follows:

(i) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel for the development of the Group's business; to provide additional incentive to the selected eligible participants; and to promote the success of the business of the Group.

(ii) Eligible participants

Any employee (full-time or part-time), director, consultant or advisor, substantial shareholder, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group and also any entity in which the Company directly or indirectly holds any equity interest.

(iii) Total number of shares available for issue

Upon the expiry of the Share Option Scheme on 9 June 2023, no further Share Option can be granted. As at the date of this report, the total number of the Shares which may be issued upon the exercise of the outstanding Share Options granted under the Share Option Scheme was 19,010,000 (representing approximately 0.85% of the issued Shares) after the Share Consolidation.

(iv) Limit for each participant

Each grant of the Share Options to a director, chief executive or substantial shareholders of the Company or any of their respective associates must be approved.

The total number of shares issued and to be issued upon exercise of the Share Options granted to each participant (including both exercised and outstanding Share Options) under the Share Option Scheme or any other scheme of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

(v) Exercise period

The exercise period of any Share Option under the Share Option Scheme shall be determined by the Board in its absolute discretion at the time of grant, but in any event such period shall not exceed ten years from the date of grant of the relevant Share Options.

(vi) Vesting period

The Board has the authority to determine any minimum period(s) for which a Share Option must be held and performance targets that must be achieved before a Share Option can be exercised.

(vii) Acceptance and payment on acceptance of the Share Options

The acceptance of an offer of the grant of the Share Options must be made within seven days from the date of the relevant offer (inclusive of the date on which a Share Option offered to a participant) with a non-refundable payment of HK$1.00 from each participant.

SHARE OPTION SCHEME (CONTINUED)

(viii) Exercise price

The exercise price shall be a price solely determined by the Board and notified to participant and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share on the date of grant.

(ix) Remaining life

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme on 11 June 2013 and expiring on 9 June 2023 (close of business on the business day immediately preceding the tenth anniversary thereof).

Particulars of the outstanding Share Options granted under the Share Option Scheme and their movements during the Year were as follows:

				Number of share options				
Category of participants/Name	Date of grant *(Note 1)* (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Adjusted exercise price HK$ *(Note 2)*	As at 1 January 2024 *(Note 3)*	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period	As at 31 December 2024
Independent non-executive Director								
Mr. Chiu Kung Chik	15/09/2020	15/09/2023-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2024-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2025-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2026-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2027-14/09/2030	4.00	40,000	–	–	–	40,000
Former Executive Directors								
Mr. Hu Xiaoyong (Resigned as an executive Director on 16 May 2022)	15/09/2020	15/09/2023-14/09/2030	4.00	1,600,000	–	–	–	1,600,000
	15/09/2020	15/09/2024-14/09/2030	4.00	1,600,000	–	–	–	1,600,000
	15/09/2020	15/09/2025-14/09/2030	4.00	1,600,000	–	–	–	1,600,000
	15/09/2020	15/09/2026-14/09/2030	4.00	1,600,000	–	–	–	1,600,000
	15/09/2020	15/09/2027-14/09/2030	4.00	1,600,000	–	–	–	1,600,000
Mr. Tan Zaixing (Resigned as an executive Director on 16 May 2022)	15/09/2020	15/09/2023-14/09/2030	4.00	1,360,000	–	–	–	1,360,000
	15/09/2020	15/09/2024-14/09/2030	4.00	1,360,000	–	–	–	1,360,000
	15/09/2020	15/09/2025-14/09/2030	4.00	1,360,000	–	–	–	1,360,000
	15/09/2020	15/09/2026-14/09/2030	4.00	1,360,000	–	–	–	1,360,000
	15/09/2020	15/09/2027-14/09/2030	4.00	1,360,000	–	–	–	1,360,000

SHARE OPTION SCHEME (CONTINUED)

Category of participants/Name	Date of grant *(Note 1)* (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Adjusted exercise price HK$ *(Note 2)*	Number of share options: As at 1 January 2024 *(Note 3)*	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period	As at 31 December 2024
Former Independent non-executive Directors								
Mr. Li Fujun (Resigned as an independent non-executive Director on 19 May 2022)	15/09/2020	15/09/2023-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2024-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2025-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2026-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2027-14/09/2030	4.00	40,000	–	–	–	40,000
Mr. Xu Honghua (Resigned as an independent non-executive Director on 19 May 2022)	15/09/2020	15/09/2023-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2024-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2025-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2026-14/09/2030	4.00	40,000	–	–	–	40,000
	15/09/2020	15/09/2027-14/09/2030	4.00	40,000	–	–	–	40,000
Sub-total				15,400,000	–	–	–	15,400,000
Employees of the Group and associated corporations of the Group								
In aggregate	15/09/2020	15/09/2023-14/09/2030	4.00	840,000	–	–	118,000	722,000
	15/09/2020	15/09/2024-14/09/2030	4.00	840,000	–	–	118,000	722,000
	15/09/2020	15/09/2025-14/09/2030	4.00	840,000	–	–	118,000	722,000
	15/09/2020	15/09/2026-14/09/2030	4.00	840,000	–	–	118,000	722,000
	15/09/2020	15/09/2027-14/09/2030	4.00	840,000	–	–	118,000	722,000
Sub-total				4,200,000	–	–	590,000	3,610,000
Total				19,600,000	–	–	590,000	19,010,000

Notes:

1. The share options granted on 15 September 2020 are subject to a vesting scale in five tranches of 20% each per annum starting from the third anniversary and will be fully vested on the seventh anniversary of the date of grant. Apart from the aforesaid vesting dates, each tranche of the share options shall be vested and exercisable on the condition that each participant has passed the cultural values and performance assessment of the Company.

2. The closing price per ordinary share as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 14 September 2020 was HK$0.039. As a result of the Share Consolidation, the exercise prices per Share were adjusted to HK$4.00 for the grant of share options on 15 September 2020.

3. Pursuant to the terms of the Share Option Scheme, adjustments are required to be made to the exercise price and the number of Shares that can be subscribed for under the outstanding share options as a result of the completion of Share Consolidation of the Company that every fifty (50) issued and unissued ordinary shares of the Company be consolidated into one consolidated ordinary share with effect from 26 June 2023. The number of Shares to be issued upon exercise of the outstanding Share Options were adjusted from 993,000,000 to 19,860,000 on 26 June 2023.

Save as disclosed above, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme. Following the expiry of the Share Option Scheme on 9 June 2023, no further Share Option can be granted. During the Year, no share option was granted to other eligible participants who are not Directors of the Company or employees of the Group and associated corporations of the Group.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company as disclosed above) had, or were deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly interested in 5% or more of the issued voting shares of any other member of the Group or held any option in respect of such shares and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Long position/Short position in the shares and/or underlying shares of the Company

Name of shareholders	Long/Short position	Capacity in which shares are held	Number of shares held *(Note 1)*	Approximate percentage of the Company's total issued shares *(Note 2)*
SDHS Group *(Note 3)*	Long position	Interest of controlled corporation	1,279,878,252	56.97%
SDHG *(Note 3)*	Long position	Beneficial owner	1,279,878,252	56.97%
Beijing Enterprises Group Company Limited ("**BE Group**") *(Note 4)*	Long position	Interest of controlled corporation	405,063,291	18.03%
Beijing Enterprises Holdings Limited ("**BEHL**") *(Note 4)*	Long position	Interest of controlled corporation	405,063,291	18.03%
Beijing Enterprises Water Group Limited ("**BEWG**") *(Note 4)*	Long position	Interest of controlled corporation	405,063,291	18.03%

Notes:

1. Number of shares held by relevant Shareholders were adjusted upon share consolidation of the Company effective from 26 June 2023, where every fifty (50) issued ordinary shares of the Company of par value of HK$0.001 each in the share capital of the Company were consolidated into one (1) consolidated ordinary share of the Company of par value of HK$0.05 each.

2. The approximate percentage was calculated on the basis of 2,246,588,726 shares of the Company in issue as at 31 December 2024.

3. SDHS Group is deemed to be interested in an aggregate of 1,279,878,252 shares of the Company as a result of its indirect holding of such shares through the following entities:

Name	Long/Short position	Number of Shares held
SDHG	Long position	1,279,878,252
Shandong International (Hong Kong) Limited	Long position	1,279,878,252
山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*)	Long position	1,279,878,252

SDHG, a company listed on the Main Board of the Stock Exchange (Stock Code: 412), beneficially holds 1,279,878,252 shares of the Company. SDHG is directly held as to approximately 22.68% by SDHS Group and approximately 20.77% by Shandong International (Hong Kong) Limited. Shandong International (Hong Kong) Limited is wholly owned by 山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*). 山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*) is wholly-owned by SDHS Group.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Long position/Short position in the shares and/or underlying shares of the Company (Continued)

Notes: (Continued)

4. BE Group is deemed to be interested in an aggregate of 405,063,291 shares of the Company as a result of its indirect holding of such shares through the following entities:

Name	Long/Short position	Number of Shares held
Fast Top Investment Limited ("**Fast Top**")	Long position	405,063,291
BEWG	Long position	405,063,291
Beijing Enterprises Environmental Construction Limited ("**BE Environmental**")	Long position	405,063,291
BEHL	Long position	405,063,291
Beijing Enterprises Group (BVI) Company Limited ("**BE BVI**")	Long position	405,063,291

Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 405,063,291 shares of the Company. BEWG, a company listed on the Main Board of the Stock Exchange (Stock Code: 371), is directly held as to approximately 41.03% by BE Environmental, approximately 0.34% by Beijing Holdings Limited ("**BHL**") and approximately 0.10% by BEHL. The remaining shares of BEWG are held by public shareholders. BE Environmental is a wholly-owned subsidiary of BEHL, a company listed on the Main Board of the Stock Exchange (Stock Code: 392), which is deemed to be interested in approximately 62.16% by BE BVI (by itself and through its subsidiaries) and approximately 0.28% by BHL. The remaining shares of BEHL are held by public shareholders. Both BE BVI and BHL are wholly-owned by BE Group.

Save as disclosed above, as at 31 December 2024, no other interests or short positions in the shares or underlying shares of the Company were notified to the Company and the Stock Exchange required to be recorded in the register kept by the Company under Section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

CONTINUING CONNECTED TRANSACTIONS

During the Year, the following transactions continued as continuing connected transactions for the Company which are required under Chapter 14A of the Listing Rules disclosed in this annual report:

(I) The Sales of Electricity

On 30 December 2022, the Company and BEWG entered into an agreement (the "**2022 Electricity Sales Agreement**") in respect of the sales of electricity to be generated by the distributed photovoltaic power stations constructed/to be constructed and to be operated by the Group in certain water plants to BEWG (the "**Sales of Electricity**") for a term commenced from 1 January 2023 to 31 December 2025, may be renewable for another term upon mutual agreement between BEWG and the Company within one month prior to the expiry date. The annual cap amount relating the electricity fees receivable by the Group in respect of the Sales of Electricity for each of the three years ending 31 December 2025 being the term of the 2022 Electricity Sales Agreement, will not exceed RMB20,449,710.17, RMB21,196,804.71 and RMB21,015,863.99 (the "**Existing Annual Caps**") respectively.

On 28 December 2023, the Company and BEWG entered into the supplemental agreement to the 2022 Electricity Sales Agreement (the "**2023 Electricity Supplemental Agreement**") to revise certain terms of the 2022 Electricity Sales Agreement including the Existing Annual Caps and the relevant pricing policy. The revised annual caps for each of the three years ending 31 December 2025 was RMB20,449,710.17, RMB30,988,166.11 and RMB34,530,678.92 respectively.

As at the date of the announcement of the Company on 28 December 2023, BEWG was a substantial shareholder of the Company indirectly holding approximately 18.03% of the total issued share capital of the Company and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the 2023 Electricity Supplemental Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For further details of the 2022 Electricity Sales Agreement and the 2023 Electricity Supplemental Agreement, please refer to the joint announcements of the Company and SDHG dated 30 December 2022 and 28 December 2023 respectively.

(II) Factoring Agreement

On 18 September 2023, Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd.*（山高雲創（山東）商業保理有限公司）("**SG Yunchuang**") and Beiqing Smart, an indirect wholly-owned subsidiary of the Company, entered into the factoring agreement, pursuant to which SG Yunchuang agreed to accept the transfer of the account receivables of not less than RMB240,000,000 payable to Beiqing Smart/the Group by its customer(s) for the sale of goods or provision of services pursuant to certain commercial agreements and provide recourse factoring financing service to Beiqing Smart (the "**Factoring Agreement**") for the total principal amount of not exceeding RMB240,000,000 with a term not exceeding 1 year from the relevant drawdown date plus a grace period of 90 days and interest on the outstanding principal amount at the rate of 5% per annum (on the basis of a 360-day year). The Company had on the same date provided a guarantee to SG Yunchuang for the due performance of the repayment obligations of Beiqing Smart under the Factoring Agreement. The annual cap amount relating the maximum factoring credit limit for each of the two years ending 31 December 2024, will not exceed RMB243,500,000 and RMB252,200,000 respectively.

As at the date of the announcement of the Company on 18 September 2023, (i) SG Yunchuang was wholly-owned by SDHSC, a non-wholly owned subsidiary of SDHS Group; (ii) SDHS Group through various entities owned an aggregate of approximately 43.44% of the issued share capital of SDHG and approximately 43.45% of the issued share capital of the Company; and (iii) the Company was an indirect non-wholly owned subsidiary of SDHG. SDHS Group was therefore an indirect controlling shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, SG Yunchuang was an associate of SDHS Group, and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Factoring Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(III) SHNE Pingyin Electricity Sales Agreement

On 1 November 2023, Shandong Hi-Speed New Energy (Pingyin) Co., Ltd.* (山高新能源(平陰)有限公司) ("**SHNE Pingyin**") and Qilu Expressway (Shandong) Assembly Co., Ltd. (齊魯高速(山東)裝配有限公司) ("**Qilu Expressway Assembly**") entered into the agreement in respect of the sales of electricity generated by photovoltaic power stations to be constructed and operated by the Company in the designated areas of the production plant operated by Qilu Expressway Assembly (the "**SHNE Pingyin Electricity Sales Agreement**") for a term of three years commencing from 1 November 2023 and expiring on 31 October 2026 (subject to compliance with the requirements of the applicable laws and regulations, may be renewable for a period of three years or shorter upon mutual agreement of the parties to the SHNE Pingyin Electricity Sales Agreement, and the duration of the SHNE Pingyin Electricity shall be up to twenty-five years). The annual caps for the estimated electricity fee receivable by the Group under the SHNE Pingyin Electricity Sales Agreement for the three years ending 31 December 2025 and for the period from 1 January 2026 to 31 October 2026 are RMB0, RMB1,742,361.60, RMB1,735,328.00 and RMB1,468,294.40, respectively.

As at the date of the announcement of the Company on 1 November 2023, as (i) SHNE Pingyin was an indirect wholly-owned subsidiary of the Company and an indirect non-wholly-owned subsidiary of SDHG; (ii) SDHS Group through various entities owned an aggregate of approximately 43.44% of the issued share capital of SDHG and approximately 43.45% of the issued share capital of the Company; (iii) the Company was a non-wholly owned subsidiary of SDHG, and SDHS Group is therefore an indirect controlling shareholder and a connected person of the Company under Chapter 14A of the Listing Rules; (iv) Qilu Expressway Assembly was an indirect non-wholly owned subsidiary held as to 60% by Qilu Expressway; and (v) SDHS Group through its subsidiary, SDHSC, indirectly held approximately 38.93% of the issued share capital of Qilu Expressway, Qilu Expressway Assembly was therefore an associate of SDHS Group and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions under the SHNE Pingyin Electricity Sales Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 to 14A.83 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into within a 12-month period or were otherwise related. As a result of (i) the entering into of the energy management agreement entered into between Jinan Shandong Hi-Speed New Energy Technology Co., Ltd.* (濟南山高新能源科技有限公司) (being an indirect wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG) and Shandong Hi-Speed Service Development Group Co., Ltd* (山東高速服務開發集團有限公司) ("**SDHS Service Development**") on 14 November 2022 ("**Previous Agreement A**") and the framework agreement entered into between the Company and Shandong Hi-Speed Yunnan Development Co., Ltd.* (山東高速雲南發展有限公司) ("**SDHS Yunnan**") on 24 April 2023 ("**Previous Agreement B**") respectively in respect of the sales of electricity generated by the distributed photovoltaic power stations owned by the Group within a 12-month period in the designated areas specified under the Previous Agreement A and Previous Agreement B respectively; (ii) SDHS Service Development and SDHS Yunnan are wholly-owned subsidiaries of the SDHS Group; and (iii) the nature of the transactions and the principal terms of the Previous Agreement A and the Previous Agreement B are almost identical to those of the SHNE Pingyin Electricity Sales Agreement. Therefore, the transactions under the SHNE Pingyin Electricity Sales Agreement, the Previous Agreement A and the Previous Agreement B should be aggregated under Rules 14A.81 to 14A.83 of the Listing Rules. The aggregated annual caps for the estimated electricity fee receivable by the Group under the SHNE Pingyin Electricity Sales Agreement, Previous Agreement A and Previous Agreement B for the three years ending 31 December 2025 and for the period from 1 January 2026 to 31 October 2026 are approximately RMB762,707.13, RMB4,044,894.55, RMB4,006,352.88 and RMB1,468,294.40, respectively.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(III) SHNE Pingyin Electricity Sales Agreement (Continued)

As all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregated annual caps of the sales of electricity under the SHNE Pingyin Electricity Sales Agreement and the transactions under the Previous Agreement A and Previous Agreement B conducted by the Group are below the minimum threshold (all applicable percentage ratios other than the profits ratio are below 0.1%), the sales of electricity under the SHNE Pingyin Electricity Sales Agreement is fully exempt from all the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company. Details of SHNE Pingyin Electricity Sales Agreement are set out in the joint announcement of the Company and SDHG dated 1 November 2023.

The continuing connected transactions set out above were carried out within the respective annual caps, details of which are set out in note 44 to the financial statements.

In accordance with Rule 14A.55 of the Listing Rules, the continuing connected transactions set out above (except for the transactions contemplated under SHNE Pingyin Electricity Sales Agreement which constituted fully exempt connected transaction for the Company) have been reviewed by the independent non-executive Directors who confirmed that the aforesaid continuing connected transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) carried out on normal commercial terms or better; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's external auditor, Ernst & Young, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants.

Ernst & Young has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

CONNECTED TRANSACTIONS

During the Year, the following transactions were connected transactions for the Company which are required under Chapter 14A of the Listing Rules disclosed in this annual report:

(I) Discloseable transaction and connected transactions relating to SDHS Thermal

For details please refer to the section headed "10. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES AND JOINT VENTURES" under the section of "Management Discussion and Analysis" in this annual report.

(II) Formation of Joint Venture I

On 20 March 2024, the Company entered into the investment agreement with China SDHS International Economic and Technical Cooperation Co., Ltd.*（中國山東國際經濟技術合作有限公司）("**SD International Cooperation**") and SDHS Energy Development Co., Ltd.*（山東高速能源發展有限公司）("**SDHS Energy Development**") in respect of the formation of Shandong Hi-Speed International New Energy Co., Ltd.*（山東高速國際新能源有限公司）(the "**Joint Venture I**") in the PRC ("**Investment Agreement**"). Pursuant to the Investment Agreement, the total contribution amount (comprising the whole of the registered capital of Joint Venture I) shall be RMB45,000,000, in which 30% (i.e. RMB13,500,000) shall be contributed by the Company, 40% (i.e. RMB18,000,000) shall be contributed by SD International Cooperation and the remaining 30% (i.e. RMB13,500,000) shall be contributed by SDHS Energy Development.

As at the date of the announcement of the Company dated 20 March 2024, (i) each of SD International Cooperation and SDHS Energy Development was a direct wholly-owned subsidiary of SDHS Group; (ii) SDHS Group through various entities owned an aggregate of approximately 43.45% of the issued share capital of the Company. SDHS Group is therefore an indirect controlling shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, each of SD International Cooperation and SDHS Energy Development was an associate of SDHS Group, and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Investment Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of formation of Joint Venture I are set out in the announcement of the Company dated 20 March 2024.

(III) Formation of Joint Venture II

On 14 May 2024, Essense (Hong Kong) Limited ("**Essense Hong Kong**"), being a direct wholly-owned subsidiary of the Company, entered into the investment cooperation agreement with Shandong Hi-Speed New Energy Development Co., Ltd.*（山東高速新能源開發有限公司）("**SDHS New Energy Development**") in respect of the formation of Shandong Hi-Speed Luzhong New Energy Co., Ltd.*（山東高速魯中新能源有限公司）(a tentative name subject to the industrial and commercial registration) (the "**Joint Venture II**") in the PRC ("**Investment Cooperation Agreement**"). Pursuant to the Investment Cooperation Agreement, the total contribution amount (equivalent to the total amount of the registered capital of Joint Venture II) is RMB60,000,000, in which 40% (i.e. RMB24,000,000) shall be contributed by Essense Hong Kong and the remaining 60% (i.e. RMB36,000,000) shall be contributed by SDHS New Energy Development.

CONNECTED TRANSACTIONS (CONTINUED)

(III) Formation of Joint Venture II (Continued)

As at the date of the announcement of the Company dated 14 May 2024, (i) SDHS New Energy Development was a non-wholly owned subsidiary of SDHS Group which was owned as to 45% directly and 45% indirectly by SDHS Group; and (ii) SDHS Group through various entities owned approximately 43.45% of the issued share capital of the Company. Pursuant to Chapter 14A of the Listing Rules, (a) SDHS Group was therefore an indirect controlling shareholder and a connected person of the Company; (b) SDHS New Energy Development was regarded as an associate of SDHS Group and a connected person of the Company; and (c) the transaction contemplated under the Investment Cooperation Agreement constituted a connected transaction of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into within a 12-month period or were otherwise related. Since (i) the Investment Cooperation Agreement and the Investment Agreement were entered into by the Company's subsidiary and the Company, with direct or indirect subsidiaries of SDHS Group, respectively within a 12-month period; and (ii) the transactions under the Investment Cooperation Agreement and the Investment Agreement are of the same nature, the transactions under the Investment Cooperation Agreement and the Investment Agreement shall be aggregated.

Details of formation of Joint Venture II are set out in the announcement of the Company dated 14 May 2024.

(IV) Connected Transactions in relation to the Cooperation Agreements

On 24 December 2024, (i) Shandong Hi-Speed Taidong Highway Co., Ltd.* (山東高速泰東公路有限公司) ("**SDHS Taidong**") entered into the cooperation agreement ("**Cooperation Agreement A**") with Jinan Shandong Hi-Speed New Energy Technology Co., Ltd.* (濟南山高新能源科技有限公司) ("**JNHS New Energy**"), being an indirect wholly-owned subsidiary of the Company, in relation to the lease of the certain locations and space on expressways such as toll stations, service areas, slopes, tunnels and ramp circles in Jinan City and Taian City, Shandong Province ("**Designated Area A**"); (ii) Shandong Hi-Speed Heze Development Co., Ltd.* (山東高速菏澤發展有限公司) ("**SDHS Heze**") entered into the cooperation agreement ("**Cooperation Agreement B**") with JNHS New Energy, being an indirect wholly-owned subsidiary of the Company, in relation to the lease of certain locations and space on expressways such as toll stations, service areas, slopes, tunnels and ramp circles in Heze City, Shandong Province ("**Designated Area B**"); and (iii) Shandong Hi-Speed Linyi Development Co., Ltd.* (山東高速臨沂發展有限公司) ("**SDHS Linyi**") entered into the cooperation agreement ("**Cooperation Agreement C**", together with Cooperation Agreement A and Cooperation Agreement B, collectively as the "**Cooperation Agreements**") with JNHS New Energy, being an indirect wholly-owned subsidiary of the Company, in relation to the lease of certain locations and space on expressways such as toll stations, service areas, slopes, tunnels and ramp circles in Linyi City ("**Designated Area C**"), Shandong Province. The rental service fee payable by JNHS New Energy is RMB0.02 per watt per annum (inclusive of tax at a tax rate of 6%) under each of the Cooperation Agreement A, the Cooperation Agreement B and the Cooperation Agreement C, to be received by SDHS Taidong, SDHS Heze and SDHS Linyi upon the completion of the construction of the photovoltaic power plants in the Designated Area A, the Designated Area B and the Designated Area C, respectively, and the commencement of the electricity supply from such photovoltaic power plants, which shall be calculated based on the actual construction capacity of the completed photovoltaic power plants. Taking into account the expected construction capacities of the photovoltaic power plants of 40 MW, 20 MW and 50 MW under the Cooperation Agreement A, the Cooperation Agreement B and the Cooperation Agreement C, respectively, and the construction plans thereof, it is expected that the total amounts of the rental service fee during the term of the Cooperation Agreement A, the Cooperation Agreement B and the Cooperation Agreement C will be RMB16,000,000, RMB8,000,000 and RMB20,000,000, respectively, which will be financed by internal resources of the Group.

CONNECTED TRANSACTIONS (CONTINUED)

(IV) Connected Transactions in relation to the Cooperation Agreements (Continued)

As at the date of the announcement of the Company dated 24 December 2024, (i) SDHS Taidong was a non-wholly owned subsidiary of SDHS Group, while SDHS Heze and SDHS Linyi were both wholly-owned subsidiaries of SDHS Group; and (ii) SDHS Group through various entities owned an aggregate of approximately 43.45% of the issued share capital of the Company, therefore pursuant to Chapter 14A of the Listing Rules, (a) SDHS Group was an indirect controlling shareholder and a connected person of the Company; and (b) SDHS Taidong, SDHS Heze and SDHS Linyi were regarded as associates of SDHS Group and connected persons of the Company.

In accordance with HKFRS 16 "Leases", the lease of the Designated Area A, Designated Area B and Designated Area C under each of the Cooperation Agreements will be recognised as three separate right-of-use assets of the Group. Pursuant to the Cooperation Agreement A, the aggregate value of the right-of-use assets recognised by the Company is approximately RMB12,597,402.00. Pursuant to the Cooperation Agreement B, the aggregate value of the right-of-use assets recognised by the Company is approximately RMB6,298,702.00. Pursuant to the Cooperation Agreement C, the aggregate value of the right-of-use assets recognised by the Company is approximately RMB15,746,753.00. Accordingly, the lease of the Designated Area A, Designated Area B and Designated Area C contemplated under each of the Cooperation Agreements constitute three one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of Cooperation Agreements are set out in the announcement of the Company dated 24 December 2024.

To the best knowledge of the Directors, save as disclosed in the above sections headed "Connected Transactions" and "Continuing Connected Transactions"in this annual report, none of the related party transactions as disclosed in note 42 to the financial statements constituted as connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, which were in compliance with the disclosure requirements under Chapter 14A of the Listing Rules during the Year.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save for certain transactions as disclosed in note 42 to the financial statements, neither the Company nor any of its subsidiaries has entered into any contract of significance with a controlling Shareholder or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries during the Year.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

During the Year, details of the agreements (the "**Agreement(s)**") with covenants relating to specific performance of the controlling shareholder which constitute disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount	Final Maturity	Specific performance obligations
30 April 2021, 21 December 2022 and 29 June 2023	Term loan facility with a syndicate of banks	HK$992.16 million and US$31.8 million (for the period from 1 January 2024 to 23 February 2024, being the date of termination of the relevant Agreements)	April 2024	Note 1
19 November 2021, 2 March 2022, 21 December 2022 and 29 June 2023	Term loan facility with a syndicate of banks	HK$844.72 million and US$75.7 million (for the period from 1 January 2024 to 16 May 2024, being the date of termination of the relevant Agreements)	November 2024	Note 1

Note:

1. (a) The State-owned Assets Supervision and Administration Commission of Shandong Provincial Government*（山東省人民政府國有資產監督管理委員會, "**Shandong SASAC**") does not or ceases to own, directly or indirectly, more than 51% of the beneficial shareholding, carrying more than 51% of the voting rights in SDHS Group; (b) Shandong SASAC does not or ceases to (i) supervise SDHS Group; and/or (ii) have management control over SDHS Group; (c) SDHS Group does not or ceases to (i) supervise SDHG; and/or (ii) have control over SDHG; (d) SDHS Group does not or ceases to own, directly or indirectly, at least 40% of the beneficial shareholding, carrying at least 40% of the voting rights, in SDHG, or is not or ceases to be the single largest shareholder of SDHG, free from any security; (e) SDHG does not or ceases to directly or indirectly, (i) supervise the Company; and/or have control over the Company; and (f) the Company does not or ceases to be a subsidiary of SDHG directly or indirectly.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER (CONTINUED)

According to the respective terms and conditions of the Agreements, the banks may declare any commitment under the Agreements to be cancelled and/or declare all outstanding amounts together with interest accrued thereon and all others sums to be immediately due and payable or payable on demand for any breach of the above specific performance obligations.

To the best knowledge of the Directors, none of the above events took place during the Year and up to the date of this annual report.

In April 2024, the term loan facility under the Agreements dated 30 April 2021, 21 December 2022 and 29 June 2023 has matured and all the outstanding amounts thereunder have been repaid. In May 2024, all the outstanding amounts under the Agreements dated 19 November 2021, 2 March 2022, 21 December 2022 and 29 June 2023 have also been fully repaid. As such, all the abovementioned Agreements have been terminated before 31 December 2024 and the Company had no more disclosure obligations pursuant to Rule 13.21 of the Listing Rules as at 31 December 2024 and the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Reference is made to (i) the joint announcement of SDHG and the Company dated 18 February 2025 in relation to, among others, the close of the Offers; and (ii) the announcement of the Company dated 7 March 2025 in relation to the grant of waiver from strict compliance with the minimum public float requirement of 25% as set out in Rules 8.08(1)(a) and 13.32(1) of the Listing Rules (the "**Prescribed Minimum Public Float**"). Immediately upon the close of the Offers on 18 February 2025, subject to the due registration by the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, of the transfer of the Shares validly accepting the Share Offer to SDHG, 82,936,512 Shares, representing approximately 3.69% of the then entire issued share capital of the Company, were held by the public (as defined under the Listing Rules) and therefore the Prescribed Minimum Public Float was not satisfied by the Company. The Company has made an application to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with Rules 8.08(1)(a) and 13.32(1) of the Listing Rules for a period from 18 February 2025 up to and including 17 May 2025.

Based on information that is publicly available to the Company and to the best of the knowledge of the Directors, from 18 February 2025 up to the date of this report, the Company's public float was below 25% and the Prescribed Minimum Public Float of the Company was yet to be met. SDHG and/or the Company will continue to take appropriate steps to restore the public float of the Company to the Prescribed Minimum Public Float as soon as possible.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Ernst & Young who will retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution will be proposed at the AGM for the re-appointment of Ernst & Young as auditor of the Company.

APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by the Board on 26 March 2025.

On behalf of the Board

Li Tianzhang
CHAIRMAN

Hong Kong, 26 March 2025

* *For identification purposes only*

Independent Auditor's Report

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To the shareholders of Shandong Hi-Speed New Energy Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Shandong Hi-Speed New Energy Group Limited and its subsidiaries (the "**Group**") set out on pages 97 to 202, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

To the shareholders of Shandong Hi-Speed New Energy Group Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses on trade and bills receivables, financial assets included in prepayments, deposits and other receivables, and contract assets	
The carrying values of the Group's trade and bills receivables, financial assets included in prepayments, deposits and other receivables, and contract assets as at 31 December 2024 amounted to RMB8,674,336,000, RMB2,346,918,000 and RMB690,081,000, respectively. The provision for expected credit losses ("**ECLs**") as at 31 December 2024 was RMB611,069,000. Management uses the simplified approach to calculate ECLs for trade receivables and contract assets and the general approach to calculate ECLs for bills receivable, deposits and other receivables. Management has engaged an external specialist to assess the credit risks of the debtors and prepare the calculation of the ECLs. The Group considers the available information which includes information about past events, current conditions and forecasts of future economic conditions to estimate the ECLs. The Group also assesses whether the credit risk on other receivables has increased significantly under the general approach. Significant management judgements and estimates are involved in determining the ECLs. Relevant disclosures are included in notes 3,25,26 and 27 to the financial statements.	We obtained an understanding of the Group's credit risk management and practices, and assessed the Group's policy on determining the ECLs, including an evaluation of management judgements on (i) the level of disaggregation of categories for collective assessment; (ii) the use of available credit risk information; and (iii) the criteria for determining whether a significant increase in credit risk has occurred. We assessed the competence, objectivity and independence of the Group's external specialist. We obtained and reviewed the valuation established by management and involved our internal valuation specialists to assist us to assess the methodology applied and the key assumptions and estimates adopted in the ECL calculations. We assessed the ageing of the balances, management's action to recover the outstanding amounts and the available information regarding the financial ability of the debtors, on a sampling basis.

Independent Auditor's Report

To the shareholders of Shandong Hi-Speed New Energy Group Limited
(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

To the shareholders of Shandong Hi-Speed New Energy Group Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

To the shareholders of Shandong Hi-Speed New Energy Group Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Kwok Yin.

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
REVENUE	5	**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	5	**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	7	**(1,147,255)**	(1,371,817)
Share of profits:			
Joint ventures		**(1,443)**	(81,041)
Associates		**(27,402)**	(22,466)
PROFIT BEFORE TAX	6	**658,754**	569,788
Income tax expense	10	**(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	13		
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 RMB'000	2023 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	14	**23,876,479**	24,825,432	22,127,748
Investment properties	15	**150,790**	147,339	143,127
Goodwill	16	**458,880**	459,049	407,850
Operating concessions	17	**1,319,823**	1,386,616	1,433,128
Operating rights	18	**2,547,633**	2,697,390	765,008
Other intangible assets	19	**26,728**	18,941	14,184
Investments in joint ventures	20	**393,150**	377,485	410,556
Investments in associates	21	**1,076,255**	1,130,613	1,177,407
Equity investments designated at fair value through other comprehensive income	22	**299,994**	300,000	–
Prepayments, deposits and other receivables	27	**856,148**	673,424	2,944,569
Other tax recoverables	28	**384,087**	474,126	314,902
Other non-current assets		**–**	–	1,223,858
Deferred tax assets	34	**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	25	**690,081**	768,397	960,140
Trade and bills receivables	26	**8,674,336**	7,817,698	7,224,314
Financial assets at fair value through profit or loss	23	**553,173**	493,416	363,928
Prepayments, deposits and other receivables	27	**2,263,057**	2,164,087	1,795,954
Other tax recoverables	28	**248,368**	158,044	108,501
Restricted cash and pledged deposits	29	**115,538**	224,653	218,626
Cash and cash equivalents	29	**3,645,621**	4,449,652	3,213,523
Assets classified as held for sale	11	**342,435**	684,298	684,297
Total current assets		**16,577,295**	16,825,205	14,653,218
CURRENT LIABILITIES				
Trade and bills payables	30	**890,344**	1,351,351	1,715,592
Other payables and accruals	31	**1,009,508**	1,238,773	1,668,157
Interest-bearing bank loans and other borrowings	32	**6,110,307**	8,016,710	5,405,162
Corporate bonds	33	**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

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)
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	32	**19,758,252**	20,629,358	21,605,837
Corporate bonds	33	**–**	181,942	465,430
Other non-current liabilities	24	**9,298**	9,026	1,374,244
Deferred tax liabilities	34	**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	35	**94,880**	94,880	94,880
Reserves	37	**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

Zhu Jianbiao
Director

Liu Zhijie
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Note	Attributable to equity holders of the Company										
		Ordinary shares RMB'000	Share premium account RMB'000	Share option reserve RMB'000 (note 36)	Special reserves RMB'000 (note 37)	Statutory surplus reserve RMB'000 (note 37)	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024		94,880	8,962,160*	35,456*	120,147*	647,754*	–*	(455,953)*	3,686,905*	13,091,349	4,453,826	17,545,175
Profit for the year		–	–	–	–	–	–	–	284,242	284,242	178,528	462,770
Other comprehensive loss for the year:												
Exchange differences related to foreign operations		–	–	–	–	–	–	(110,109)	–	(110,109)	–	(110,109)
Equity investments designated at fair value through other comprehensive income		–	–	–	–	–	(6)	–	–	(6)	–	(6)
Total comprehensive income for the year		–	–	–	–	–	(6)	(110,109)	284,242	174,127	178,528	352,655
Further acquisition of subsidiaries		–	–	–	(37,953)	–	–	–	–	(37,953)	(174,710)	(212,663)
Capital contributions from non-controlling equity holders		–	–	–	–	–	–	–	–	–	1,002,000	1,002,000
Deemed disposal of partial interests in a subsidiary		–	–	–	(181)	–	–	–	–	(181)	1,000,181	1,000,000
Dividend declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(329,186)	(329,186)
Equity-settled share option arrangements	36	–	–	(14)	–	–	–	–	–	(14)	–	(14)
At 31 December 2024		94,880	8,962,160*	35,442*	82,013*	647,754*	(6)*	(566,062)*	3,971,147*	13,227,328	6,130,639	19,357,967

	Note	Attributable to equity holders of the Company									
		Ordinary shares RMB'000 (Restated)	Share premium account RMB'000 (Restated)	Share option reserve RMB'000 (note 36) (Restated)	Special reserves RMB'000 (note 37) (Restated)	Statutory surplus reserve RMB'000 (note 37) (Restated)	Exchange fluctuation reserve RMB'000 (Restated)	Retained earnings RMB'000 (Restated)	Total RMB'000 (Restated)	Non-controlling interests RMB'000 (Restated)	Total equity RMB'000 (Restated)
At 1 January 2023		94,880	8,962,160*	35,461*	115,666*	647,754*	(317,168)*	3,345,014*	12,883,767	449,771	13,333,538
Profit for the year		–	–	–	–	–	–	341,891	341,891	8,377	350,268
Other comprehensive loss for the year:											
Exchange differences related to foreign operations		–	–	–	–	–	(138,785)	–	(138,785)	–	(138,785)
Total comprehensive income for the year		–	–	–	–	–	(138,785)	341,891	203,106	8,377	211,483
Deemed disposal of partial interests in a subsidiary		–	–	–	4,481	–	–	–	4,481	3,995,519	4,000,000
Deregistration of subsidiaries		–	–	–	–	–	–	–	–	159	159
Equity-settled share option arrangements	36	–	–	(5)	–	–	–	–	(5)	–	(5)
At 31 December 2023		94,880	8,962,160*	35,456*	120,147*	647,754*	(455,953)*	3,686,905*	13,091,349	4,453,826	17,545,175

* These reserve accounts comprise the consolidated reserves of RMB13,132,448,000 (2023: RMB12,996,469,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**658,754**	569,788
Adjustments for:			
Interest income	5	**(39,901)**	(81,008)
Gains on bargain purchase of subsidiaries	5	**–**	(314,170)
Fair value (gains)/losses on financial assets at fair value through profit or loss	5,6	**(27,156)**	38,149
Gains on debt restructuring	5	**(24,730)**	(28,398)
Gains on disposal of joint ventures	5	**–**	(2,313)
Losses on disposal of property, plant and equipment	6	**1,464**	11,527
Depreciation of property, plant and equipment	6	**1,642,021**	1,547,661
Amortisation of operating concessions	6	**71,202**	75,355
Amortisation of operating rights	6	**149,757**	85,434
Amortisation of other intangible assets	6	**3,079**	2,375
Equity-settled share option expenses	36	**(14)**	(5)
Reversal of impairment of financial assets and contract assets	5,6	**(646)**	(31,016)
Impairment of an investment in an associate	6	**56,944**	47,100
Impairment of property, plant and equipment	6	**3,607**	33,534
Finance costs	7	**1,147,255**	1,371,817
Fair value losses/(gains) on financial guarantees	5,6	**272**	(2,509)
Share of losses of joint ventures		**1,443**	81,041
Share of losses of associates		**27,402**	22,466
		3,670,753	3,426,828
Decrease in inventories		**20,274**	18,975
Decrease in contract assets		**81,374**	225,979
(Increase)/decrease in trade and bills receivables		**(856,092)**	147,946
Decrease/(increase) in prepayments, deposits and other receivables		**281,194**	(136,782)
Increase in other tax recoverables		**(50,101)**	(65,450)
Decrease in trade and bills payables		**(387,000)**	(1,236,048)
Decrease in other payables and accruals		**(353,024)**	(345,684)
Cash flows generated from operations		**2,407,378**	2,035,764
The People's Republic of China tax paid		**(251,112)**	(229,570)
Net cash flows from operating activities		**2,156,266**	1,806,194

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**39,901**	81,008
Purchases of items of property, plant and equipment		**(1,241,558)**	(1,446,439)
Proceeds from disposal of items of property, plant and Equipment and other intangible assets		**117**	4,015
Consideration addition of operating concessions		**(4,409)**	(28,842)
Addition of other intangible assets		**(3,231)**	(7,133)
Addition of financial assets at fair value through profit or loss		**(173,266)**	(207,626)
Addition of equity investments designated at fair value through other comprehensive income		**–**	(300,001)
Proceeds from disposal of financial assets at fair value through profit or loss		**135,006**	51,231
Investments in joint ventures		**(18,677)**	(70,000)
Investments in associates		**(29,988)**	(28,123)
Acquisition of subsidiaries		**–**	(243,979)
Decrease in payables in relation to the development of clean energy projects		**(57,891)**	(55,301)
Withdrawal/(placement) of restricted cash and pledged deposits		**109,116**	(6,028)
Decrease in loans and advances to suppliers, customers and former shareholders in relation to acquisitions		**29,472**	40,583
Proceeds from disposal of joint ventures		**–**	20,357
Proceeds from disposal of an associate		**–**	5,351
Dividend income from a joint venture		**1,569**	3,985
Change in other non-current assets/liabilities, other current liabilities and receivables from companies with acquisition potential, net		**–**	(138,852)
Net cash flows used in investing activities		**(1,213,839)**	(2,325,794)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions by non-controlling equity holders		**2,002,000**	4,000,000
Decrease in financial liabilities from potential non-controlling interests		**–**	158
Dividend paid to non-controlling interests		**(49,492)**	–
Further acquisition of subsidiaries		**(170,813)**	–
Net proceeds from/(used in) issuance of a corporate bond		**361,487**	(132,908)
New bank loans and other borrowings		**7,994,960**	8,474,382
Repayment of bank loans and other borrowings		**(10,794,396)**	(9,220,020)
Changes of deposits under leases		**62,128**	11,333
Interest on bank loans and other borrowings and corporate bonds paid		**(1,154,022)**	(1,381,575)
Net cash flows (used in)/from financing activities		**(1,748,148)**	1,751,370

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(805,721)**	1,231,770
Cash and cash equivalents at beginning of year		**4,449,652**	3,213,522
Effect of foreign exchange rate changes, net		**1,690**	4,360
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,645,621**	4,449,652
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	29	**3,645,621**	4,449,652
Cash and cash equivalents as stated in the statement of cash flows		**3,645,621**	4,449,652

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**").

Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2024 are as follows:

Name	Place of registration and business	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
山高光伏電力發展有限公司 (Shandong Hi-Speed Photovoltaic Power Development Company Limited)*	PRC	RMB5,800,000,000	51	49	Trading of equipment and provision of construction and related services in relation to the Photovoltaic Power Business
天津北清電力智慧能源有限公司 (Tianjin Beiqing Smart Energy Company Limited)* ("**Beiqing Smart**")	PRC	RMB6,854,619,850	–	100	Investment holding
天津富歡企業管理諮詢有限公司 (Tianjin Clean Energy Investment Company Limited)***	PRC	RMB7,741,580,300	–	55.5	Investment holding
安陽永歌光伏發電有限公司 (Anyang Yongge Photovoltaic Power Generation Co. Limited)***	PRC	RMB200,000,000	–	55.5	Infrastructure development and operation of photovoltaic power plants

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of registration and business	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
淇縣中光太陽能有限公司 (Qi County Solar Power Limited)***	PRC	RMB200,100,000	–	55.5	Infrastructure development and operation of photovoltaic power plants
山東魯薩風電有限公司 (Shandong Lusa Wind Power Company Limited)***	PRC	RMB160,000,000	–	100	Infrastructure development and operation of wind power plants
新泰北控清潔能源有限公司 (Xintai BE Clean Energy Company Limited)***	PRC	RMB200,000,000	–	100	Infrastructure development and operation of photovoltaic power plants
榆林協合太陽能發電有限公司 (Yulin Century Concord Solar Power Co., Ltd.)***	PRC	RMB150,390,000	–	55.5	Infrastructure development and operation of photovoltaic power plants
天津富驛企業管理諮詢有限公司 (Tianjin Fuyi Enterprise Management Consulting Co., Ltd.)***	PRC	RMB2,600,000,000	–	100	Investment holding
天津富樺企業管理諮詢有限公司 (Tianjin Fuhua Enterprise Management Consulting Co., Ltd.)***	PRC	RMB3,000,000,000	–	100	Investment holding
西藏北控清潔能源科技發展有限公司 (Tibet Beikong Clean Energy Technology Development Company Limited)***	PRC	RMB100,000,000	–	100	Construction services, provision of technical consultancy services and investment holding
西藏山高新能源科技有限公司 (Tibet Shandong Hi-Speed New Energy Technology Co., Ltd.)***	PRC	RMB100,000,000	–	100	Trading of equipment and provision of technical consultancy services in relation to the Photovoltaic Power Business

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of registration and business	Registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
山高新能源 (山東) 有限公司 (Shandong Hi-Speed New Energy (Shandong) Company Limited)***	PRC	RMB1,000,000,000	–	100	Investment holding
南昌縣綠川新能源有限公司 (Nanchang County Lvchuan New Energy Company Limited)***	PRC	RMB10,000,000	–	55.5	Infrastructure development and operation of photovoltaic power plants
河南北清智慧能源有限公司 (Henan Beiqing Smart Energy Company Limited)*	PRC	RMB1,000,000,000	19.8	80.2	Infrastructure development, operation of clean energy projects and investment holding
山高熱力集團有限公司 (Shandong Hi-Speed Thermal Group Company Limited)***	PRC	RMB672,000,000	–	100	Infrastructure development and provision of clean heat supply services
西安山高嘉晟熱力有限責任公司 (Xi'an Shandong Hi-Speed Jiasheng Thermal Company Limited)***	PRC	RMB50,000,000	–	70	Infrastructure development and provision of clean heat supply services
興義市中弘新能源有限公司 (Xingyi Zhonghong New Energy Co., Ltd.)***	PRC	RMB1,000,000	–	55.5	Infrastructure development and operation of photovoltaic power plants
中寧縣興業錦繡新能源有限公司 (Zhongning County Xingyejinxiu New Energy Co., Ltd.)***	PRC	RMB50,000,000	–	55.5	Infrastructure development and operation of photovoltaic power plants
西藏山高風力發電有限公司 (Tibet Shandong Hi-Speed Wind Power Generation Company Limited)***	PRC	RMB720,000,000	–	100	Infrastructure development and operation of clean energy projects

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of registration and business	Registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
阿拉善北控新能源有限公司 (Alashan Beijing Enterprises New Energy Company Limited)***	PRC	RMB60,000,000	–	100	Infrastructure development and operation of wind power plants
山高(曹縣)熱力有限公司 (Shangao (Cao County) Thermal Power Co., Ltd.)***	PRC	RMB112,625,000	–	65	Infrastructure development and provision of clean heat supply services
山高城市服務(鄂溫克族自治旗)有限公司 (Shangao City Service (Evenki Autonomous Banner) Co., Ltd.)***	PRC	RMB50,000,000	–	51	Infrastructure development and provision of clean heat supply services
河南山高能源工程有限公司 (Henan Shandong Hi-Speed Energy Engineering Co., Ltd.)***	PRC	RMB1,500,000,000	–	100	Construction services and provision of technical consultancy services
寧夏永恆能源管理有限公司 (Ningxia Yongheng Energy Management Company Limited)***	PRC	RMB30,000,000	–	100	Infrastructure development and provision of clean heat supply services
金杰新能源股份有限公司 (Jin Jie New Energy Co., Ltd.)***	PRC	RMB60,000,000	–	55.9	Infrastructure development and operation of wind power plants
包頭市金源新能源發展有限責任公司 (Baotou Jinyuan New Energy Development Company Limited)***	PRC	RMB10,000,000	–	55.9	Infrastructure development and operation of wind power plants
文水山高供熱有限公司 (Wenshui Shandong Hi-Speed Heat Supply Ltd.)***	PRC	RMB130,000,000	–	100	Infrastructure development and provision of clean heat supply services
寶應北控光伏發電有限公司 (Baoying Beijing Enterprises Photovoltaic Power Generation Company Limited)***	PRC	USD41,500,000	–	100	Infrastructure development and operation of photovoltaic power plants
淇縣爭峰新能源有限公司 (Qi County Zhengfeng New Energy Company Limited)***	PRC	RMB200,000,000	–	100	Infrastructure development and operation of wind power plants

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of registration and business	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
陽信北控萬融新能源有限公司 (Yangxin North Control Wanrong New Energy Company Limited)***	PRC	RMB5,000,000	–	100	Infrastructure development and operation of wind power plants
北控清潔能源 (海興) 有限責任公司 ((Beijing Enterprises Clean Energy (Haixing) Company Limited)***	PRC	RMB50,000,000	–	100	Infrastructure development and operation of photovoltaic power plants
開平市晶科電力有限公司 (Kaiping Jinke Power Co., Ltd.)***	PRC	RMB200,000,000	–	55.5	Infrastructure development and operation of photovoltaic power plants
揚州寶應北清光伏新能源有限公司 (Yangzhou Baoying Beiqing Photovoltaic New Energy Co., Ltd.)**	PRC	USD10,000,000	–	100	Infrastructure development and operation of photovoltaic power plants
南宮市航科新能源開發有限公司 (Nangong Hangke New Energy Development Company Limited)***	PRC	RMB480,000,000	–	100	Infrastructure development and operation of wind power plants
商丘寧電新能源有限公司 (Shangqiu Ningdian New Energy Co., Ltd.)***	PRC	RMB200,000,000	–	100	Infrastructure development and operation of wind power plants
蘭考金風清電新能源有限公司 (Lankao Jinfeng Qingdian New Energy Co., Ltd.)***	PRC	RMB170,000,000	–	100	Infrastructure development and operation of wind power plants
沈丘潁電新能源有限公司 (Shenqiu Yingdian New Energy Co., Ltd.)***	PRC	RMB83,016,000	–	100	Infrastructure development and operation of wind power plants
封丘縣平北清潔能源有限公司 (Fengqiu County Pingbei Clean Energy Co., Ltd.)***	PRC	RMB30,000,000	–	100	Infrastructure development and operation of wind power plants

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of registration and business	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
原陽縣平北清潔能源有限公司 (Yuanyang County Pingbei Clean Energy Co., Ltd.)***	PRC	RMB30,000,000	–	100	Infrastructure development and operation of wind power plants
葉縣平煤北控清潔能源有限公司 (Yexian Pingmei Beikong Clean Energy Co., Ltd.)***	PRC	RMB30,000,000	–	100	Infrastructure development and operation of wind power plants
武鄉縣盛武風力發電有限公司 (Wuxiang County Shengwu Wind Power Co., Ltd.)***	PRC	RMB90,000,000	–	55.5	Infrastructure development and operation of wind power plants
烏魯木齊晶步風力發電有限公司 (Urumqi Jingbu Wind Power Co., Ltd.)*	PRC	RMB1,000,000	51	49	Infrastructure development and operation of wind power plants
Harvest Sunny International Limited (富歡國際有限公司)**	Hong Kong	HK$1	–	100	Investment holding
Essense (Hong Kong) Limited (英裕 (香港) 有限公司)**	Hong Kong	HK$1	100	–	Investment holding
Top Cheers Industrial Limited (德昌實業有限公司)**	Hong Kong	HK$10	100	–	Property investment

* Sino-foreign equity joint ventures
** Wholly-foreign-owned enterprises
*** Limited liability companies

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 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 as further explained in note 2.4. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES (CONTINUED)
2.1 BASIS OF PREPARATION (CONTINUED)

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.

2.2 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

(b) (Continued)

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.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity* [2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7)*, HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

- HKFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, financial assets at fair value through profit or loss, financial asset at fair value through other comprehensive income and financial guarantee contracts at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than goodwill, deferred tax assets, inventories, other tax recoverables, contract assets, financial assets, investment properties and a disposal group classified as property, plant and equipment), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Certain properties included in property, plant and equipment were in progress of application of property ownership certificates as at the end of the reporting period.

2. ACCOUNTING POLICIES (CONTINUED)
2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)
Property, plant and equipment and depreciation (Continued)
Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the shorter of the lease terms and 4%
Leasehold improvements	Over the shorter of the lease terms and 20%
Photovoltaic and wind power plants	4% to 5%
Clean heat supply facilities	5% to 10%
Plant and machinery	10% to 20%
Motor vehicles	10%
Furniture, fixtures and equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties
Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gain or loss on the retirement or disposal of the investment properties is recognised in the statement of profit or loss in the year of the retirement or disposal.

2. ACCOUNTING POLICIES (CONTINUED)
2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)
Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Service concession arrangements

Consideration given by the grantor

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service, which is not an unconditional right to receive cash because the amounts are contingent to the extent that the public uses the service. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "Intangible assets (other than goodwill)" below.

Construction services

Revenue and costs relating to construction or upgrade services are accounted for in accordance with the policy set out in "Construction recognition" and set out in "Revenue" below.

Entrusted operating

Revenue relating to entrusted operating is accounted for in accordance with the policy for "Entrusted operating" and set out in "Revenue" below. Costs for entrusted operating are expensed in the period in which they are incurred.

Contractual obligations to restore the infrastructure to a specified level of serviceability

The Group has contractual obligations which it must fulfil as a condition of its licence, that is to operate and maintain the facilities at a specified level of serviceability and to restore the facilities to a specified condition before they are handed over to the grantor at the end of the service concession arrangement. These contractual obligations to restore the facilities, except for upgrade elements, are recognised and measured in accordance with the policy set out for "Provisions" below.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Operating concessions

Operating concessions representing the rights to operate a photovoltaic power plant and clean heat supply facilities are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the respective periods of the operating concessions granted to the Group of 25 to 30 years.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (Continued)

Operating rights

Operating rights represent the rights to operate (i) certain photovoltaic and wind power plants in designated locations according to the contractual arrangements entered into between the Group's project companies and State Grid Corporation of China ("**State Grid**") for the sale of electricity, operating licences granted by local governments and the existing government policies on the related businesses; and (ii) certain clean heat supply facilities in designated locations according to the contractual arrangements entered into between the Group's project companies and local government authorities for the operating licences granted by local governments. The operating rights were acquired through business combinations and initially measured at fair value. Operating rights are subsequently carried at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 20 years.

Computer software

Computer software is stated at cost less accumulated amortisation and any impairment losses. Amortisation is provided on the straight-line basis over its estimated useful life of 5 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	Over the lease terms
Land leases	Over the lease terms
Photovoltaic and wind power plants	4% to 5%

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank loans and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset to be in default when contractual payments are past due, in general, over 2 to 3 years based on the historical pattern and credit risk management practices of the Group. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Simplified approach

For contract assets and trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For contract assets and trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and interest-bearing bank loans and other borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions (Continued)

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included as finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of electricity and trading income

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

(b) Tariff adjustment

Tariff adjustment, which represents subsidies received and receivable from the government authorities in respect of the Group's photovoltaic and wind power plant operations, is recognised at the point of time when control of the asset is transferred to the customer, generally on delivery of the electricity, and when the Group assessed that it has complied with all conditions to qualify to be registered into the Subsidy Catalogues. Payment is generally made upon registering into the Subsidy Catalogues.

(c) Construction and related services

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(d) Entrusted operations

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

(e) Provision of clean heat supply services

Revenue from the provision of clean heat supply services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group. Payment in advance is normally required for the provision of clean heat supply services.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract balances

(a) Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

(b) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 36 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. Contributions are made based on a percentage of the participating employees' salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme. The employer contributions vest fully once made.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the construction in progress, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. ACCOUNTING POLICIES (CONTINUED)
2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)
Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and statements of other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification of investments in limited partnerships

The Group has invested in limited partnerships as a junior limited partner. The directors of the Company assessed whether or not the Group has control, joint control or significant influence over these limited partnerships based on whether the Group has the practical ability to direct the relevant activities of these limited partnerships to affect the returns. In making the judgement, the directors considered whether the Group has the power to the relevant activities of the limited partnerships (e.g., investment and operation decisions, approval of budget, etc.) in the limited partnerships' partners meeting, investment committee meetings or any other management committee (if any), and the Group's exposure to variable returns from its involvement in the limited partnerships. After the assessment, the directors concluded that the Group has joint control over the limited partnerships. Further details of the investments in the limited partnerships are set out in note 20 to the financial statements.

Deferred tax assets

Deferred tax assets relating to certain deductible temporary differences are recognised as management considers it is probable that future taxable profits will be available against which the unused temporary differences or unused tax losses can be utilised. The realisation of the deferred tax assets mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal takes place.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the clean energy sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables and contract assets (Continued)

If the historical default information is not available due to the nature of the businesses, especially those receivables related to the construction of the clean energy businesses, the Group has assessed ECLs based on risks of default and the loss given default percentage based on customers segments. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's contract assets and trade receivables is disclosed in notes 25 and 26 to the financial statements, respectively.

Provision for expected credit losses on bills receivable and financial assets included in prepayments, deposits and other receivables

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default, losses given default and collateral recovery, changes in which can result in different levels of allowances. The Group's expected credit loss calculations on bills receivable, deposits and other receivables are based on assumptions about risks of default and losses given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the debtors or comparable companies in the market, existing market conditions as well as forward-looking estimates (such as gross domestic product, unemployment rate and market volatility) at the end of each reporting period. The Group reviews its models in the context of actual loss experience regularly and adjusts then, when necessary. Further details of the Group's bills receivable and deposits and other receivables, and the impairment disclosures are given in notes 26 and 27 to the financial statements, respectively.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the relevant business units to which the goodwill is allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The net carrying amount of goodwill as at 31 December 2024 was RMB458,880,000 (2023: RMB459,049,000), details of which are set out in note 16 to the financial statements.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group periodically reviews the changes in market conditions, expected physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on the historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of another operating segment. Particulars of the Group's reportable operating segments are summarised as follows: (a) the construction-related business segment engages in the provision of construction and related services of the clean energy business; and (b) the operation of clean energy projects segment engages in the investment and development of the photovoltaic power business, the wind power business and provision of clean heat supply services.

The Group has expanded significantly in the past few years mainly through acquisitions on businesses of the sale of electricity and provision of clean heat supply services. During the year, management has separately reviewed and evaluated for management-related purposes under the above-mentioned segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment results represent the profit earned by each segment before corporate and other unallocated income and expenses, finance costs and share of profits and losses of joint ventures and associates. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024

	Construction-related business RMB'000	Operation of clean energy projects RMB'000	Total RMB'000
Segment revenue	263,982	4,297,738	4,561,720
Intersegment sales	(138,573)	–	(138,573)
	125,409	4,297,738	4,423,147
Segment results	32,957	1,048,255	1,081,212
Elimination of intersegment results			(41,456)
Corporate and other unallocated income and expenses, net			(27,210)
Share of losses of:			
Joint ventures			(1,443)
Associates			(27,402)
Finance costs (other than interest on lease liabilities)			(324,947)
Profit before tax			658,754
Other segment information:			
Capital expenditure*			
– Operating segments	3,566	910,132	913,698
– Amount unallocated			–
			913,698
Depreciation and amortisation			
– Operating segments	30,015	1,835,942	1,865,957
– Amount unallocated			102
			1,866,059
(Reversal of impairment)/impairment of financial assets and contract assets, net**			
– Operating segments	(20,494)	20,396	(98)
– Amount unallocated			(548)
			(646)
Impairment of an investment in an associate**			
– Amount unallocated	–	–	56,944
Impairment of property, plant and equipment**			
– Operating segments	–	3,607	3,607

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023

	Construction-related business RMB'000 (Restated)	Operation of clean energy project RMB'000 (Restated)	Total RMB'000 (Restated)
Segment revenue	534,640	4,362,597	4,897,237
Intersegment sales	(410,295)	–	(410,295)
	124,345	4,362,597	4,486,942
Segment results	19,949	1,118,799	1,138,748
Elimination of intersegment results			(8,377)
Corporate and other unallocated income and expenses, net			11,655
Share of losses of:			
Joint ventures			(81,041)
Associates			(22,466)
Finance costs (other than interest on lease liabilities)			(468,731)
Profit before tax			569,788
Other segment information:			
Capital expenditure*			
– Operating segments	330	1,087,420	1,087,750
– Amount unallocated			71
			1,087,821
Depreciation and amortisation			
– Operating segments	12,339	1,698,316	1,710,655
– Amount unallocated			170
			1,710,825
Impairment /(reversal of impairment) of financial assets and contract assets, net**			
– Operating segments	23,290	(54,058)	(30,768)
– Amount unallocated			(248)
			(31,016)
Impairment of an investment in an associate**			
– Amount unallocated	–	–	47,100
Impairment of property, plant and equipment**			
– Operating segments	–	33,534	33,534

4. OPERATING SEGMENT INFORMATION (CONTINUED)

* Capital expenditure consists of additions to property, plant and equipment, operating concessions and other intangible assets, excluding additions of right-of-use assets under property, plant and equipment and assets from the acquisition of subsidiaries.

** These amounts are recognised in the consolidated statement of profit or loss.

No segment assets and liabilities are disclosed as their information is not regularly provided to the chief operating decision makers.

Geographical information

Geographical segment information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical segment information would provide no additional useful information to the users of these financial statements.

Information about major customers

Revenue from the PRC central government-controlled power grid companies amounted to RMB3,481,302,000 for the year ended 31 December 2024 (2023: RMB3,318,173,000).

5. REVENUE, OTHER INCOME AND GAINS, NET

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

	2024 RMB'000	2023 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

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000 (Restated)
By timing of revenue recognition:		
Transferred at a point in time	**3,770,140**	3,834,486
Transferred over time	**653,007**	652,456
Total revenue from contracts with customers	**4,423,147**	4,486,942

5. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at end of the reporting period are as follows:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Amounts expected to be recognised as revenue:		
Within one year	**11,321**	18,217

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year (2023: within one year).

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

	2024 **RMB'000**	2023 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

@ Other interest income represents interest income from loans to related parties and independent third parties for the development and operation of the clean energy business, further details of which are set out in note 27 to the financial statements.

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

6. PROFIT BEFORE TAX

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

	Notes	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@	14	**1,447,543**	1,340,154
Depreciation of right-of-use assets recognised under property, plant and equipment@	14	**194,478**	207,507
Amortisation of operating concessions*	17	**71,202**	75,355
Amortisation of operating rights*	18	**149,757**	85,434
Amortisation of other intangible assets#	19	**3,079**	2,375
Lease payments not included in the measurement of lease liabilities		**19,122**	16,516
Auditor's remuneration		**13,392**	11,271
Employee benefit expenses (excluding directors' remuneration (note 8)):			
Salaries, allowances and benefits in kind		**147,445**	148,463
Equity-settled share option expenses, net	36	**(33)**	(35)
Net pension scheme contributions		**25,678**	25,971
Welfare and other expenses		**14,831**	14,973
		187,921	189,372
Foreign exchange differences, net***		**(47,173)**	63,834
Impairment/(reversal of impairment) of financial assets and contract assets:			
Reversal of impairment of contract assets***	25	**(3,025)**	(6,942)
Reversal of impairment of trade and bills receivables***	26	**(546)**	(3,933)
Impairment/(reversal of impairment) of financial assets included in prepayments, deposits and other receivables**	27	**2,925**	(20,141)
Impairment of investments in associates**	21	**56,944**	47,100
Impairment of property, plant and equipment**	14	**3,607**	33,534
Gains on disposal of joint ventures		**–**	(2,313)
Losses on disposal of property, plant and equipment**		**1,464**	11,527
Fair value losses/(gains) on financial guarantees**		**272**	(2,509)
Fair value (gains)/losses on financial assets at fair value through profit or loss***		**(27,156)**	38,149
Gains on bargain purchase of subsidiaries		**–**	(314,170)

6. PROFIT BEFORE TAX (CONTINUED)

@ Depreciation for the year amounting to RMB1,636,003,000 and RMB6,018,000 (2023: RMB1,540,111,000 and RMB7,550,000) is included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss, respectively.

* Amortisation of operating concessions and operating rights for the year are included in "Cost of sales" in the consolidated statement of profit or loss.

Amortisation of other intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

** Impairment/(reversal of impairment) of financial assets included in prepayments, deposits and other receivables, impairment of investments in associates, impairment of property, plant and equipment, losses on disposal of property, plant and equipment and fair value losses/(gains) on financial guarantees for the year are included in "Other operating expenses, net" in the consolidated statement of profit or loss.

*** Foreign exchange differences, net, reversal of impairment of contract assets, reversal of impairment of trade and bills receivables, and fair value (gains)/losses on financial assets at fair value through profit or loss for the year are included in "Other income and gains, net" in the consolidated statement of profit or loss.

7. 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

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Fees	**1,698**	1,520
Other emoluments:		
Equity-settled share option expense	**19**	30
	19	30
Total	**1,717**	1,550

Further details of share options are set out in note 36 to the financial statements.

(a) Independent non-executive directors

The remuneration paid to independent non-executive directors during the year were as follows:

2024

	Fees **RMB'000**	**Equity-settled share option expense** **RMB'000**	**Total remuneration** **RMB'000**
Independent non-executive directors:			
Professor Qin Si Zhao[1]	**207**	**–**	**207**
Mr. Victor Huang	**241**	**–**	**241**
Mr. Yang Xiangliang	**207**	**–**	**207**
Mr. Chiu Kung Chik	**215**	**19**	**234**
	870	**19**	**889**

8. DIRECTORS' REMUNERATION (CONTINUED)

(a) Independent non-executive directors (Continued)

2023

	Fees RMB'000 (Restated)	Equity-settled share option expense RMB'000 (Restated)	Total remuneration RMB'000 (Restated)
Independent non-executive directors:			
Professor Qin Si Zhao[1]	87	–	87
Mr. Victor Huang	194	–	194
Mr. Yang Xiangliang	194	–	194
Mr. Chiu Kung Chik	194	30	224
Professor Shen Zuojun[2]	91	–	91
	760	30	790

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

1 Appointed as an independent non-executive director of the Company on 20 July 2023.
2 Resigned as an independent non-executive director of the Company on 20 June 2023.

(b) Executive directors

The remuneration paid to executive directors during the year were as follows:

2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:						
Mr. Li Tianzhang[3]	–	–	–	–	–	–
Mr. Wang Xiaodong[4]	–	–	–	–	–	–
Mr. Zhu Jianbiao	207	–	–	–	–	207
Mr. Wang Wenbo	–	–	–	–	–	–
Mr. Sun Qingwei	–	–	–	–	–	–
Ms. Liao Jianrong	207	–	–	–	–	207
Mr. Li Li	207	–	–	–	–	207
Mr. He Yongbing	–	–	–	–	–	–
Mr. Wang Meng[5]	207	–	–	–	–	207
	828	–	–	–	–	828

8. DIRECTORS' REMUNERATION (CONTINUED)

(b) Executive directors (Continued)

2023

	Fees RMB'000 (Restated)	Salaries, allowances and benefits in kind RMB'000 (Restated)	Performance related bonuses RMB'000 (Restated)	Equity-settled share option expense RMB'000 (Restated)	Pension scheme contributions RMB'000 (Restated)	Total remuneration RMB'000 (Restated)
Executive directors:						
Mr. Wang Xiaodong[4]	–	–	–	–	–	–
Mr. Zhu Jianbiao	194	–	–	–	–	194
Mr. Wang Wenbo	–	–	–	–	–	–
Mr. Sun Qingwei	–	–	–	–	–	–
Ms. Liao Jianrong	194	–	–	–	–	194
Mr. Li Li	194	–	–	–	–	194
Mr. He Yongbing	–	–	–	–	–	–
Mr. Wang Meng[5]	87	–	–	–	–	87
Ms. Ai Yan[6]	91	–	–	–	–	91
	760	–	–	–	–	760

3 Appointed as an executive director and the Chairman of the Company on 2 August 2024, and agreed to waive any remuneration.

4 Resigned as an executive director and the Chairman of the Company on 2 August 2024, and agreed to waive any remuneration.

5 Appointed as an executive director of the Company on 20 July 2023.

6 Resigned as an executive director of the Company on 20 June 2023.

During the years ended 31 December 2017 and 31 December 2020, share options were granted to the directors in respect of their services to the Group under the share option scheme of the Company, details of which are set out in note 36 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined at the date of grant and the amounts included in the financial statements for the current year is included in the above directors' remuneration disclosures.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year excluded directors (2023: excluded directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining five (2023: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Salaries, allowances and benefits in kind	**8,306**	4,619
Performance related bonuses	**4,046**	5,584
Equity-settled share option expense	**990**	1,019
	13,342	11,222

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023 (Restated)
Nil to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**3**	4
HK$2,000,001 to HK$2,500,000	**1**	–
Over HK$3,000,001	**1**	1
	5	5

In prior years, share options were granted to a non-directors highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 36 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-directors and non-chief executive highest paid employee's remuneration disclosures.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the five highest paid employees, or directors of the Company, as an inducement to join or upon joining the Group or as compensation for loss of office.

10. 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 **RMB'000**	2023 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 (note 34)	**(20,957)**	3,284
Total tax expense for the year	**195,984**	219,520

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense for the year is as follows:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Profit before tax	**658,754**	569,788
Tax expense at the statutory tax rate	**164,689**	142,447
Tax concession	**(132,109)**	(116,206)
Adjustments in respect of current tax of previous periods	**(6,722)**	(2,079)
Profit or loss attributable to joint ventures and associates	**7,211**	25,877
Income not subject to tax	**(7,865)**	(78,542)
Expenses not deductible for tax	**85,155**	173,196
Tax losses not recognised	**103,857**	94,267
Tax losses utilised from previous periods	**(18,232)**	(19,440)
Tax expense for the year	**195,984**	219,520

The share of tax credit attributable to joint ventures amounting to RMB1,106,000 (2023: share of tax credit attributable to joint ventures amounting to RMB39,752,000) and the share of tax credit attributable to associates amounting to RMB63,620,000 (2023: share of tax credit attributable to associates amounting to RMB62,429,000) are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

11. ASSETS CLASSIFIED AS HELD FOR SALE

Pursuant to various agreements made between the Group's subsidiaries and the People's Governments of certain regions of the PRC from September to November 2022, the Group's subsidiaries agreed to dispose of the assets for the heating service to the People's Governments of certain regions within one year. As at 31 December 2024, certain disposals have been completed, and the assets that have not been disposed of were classified as held for sale.

	2024 **RMB'000**	2023 RMB'000 (Restated)
Assets:		
Property, plant and equipment	**331,601**	332,128
Operating concessions	**–**	240,660
Others	**10,834**	111,510
Assets classified as held for sale	**342,435**	684,298

12. DIVIDENDS

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

13. 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 **RMB'000**	2023 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

13. 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

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets				Owned assets									
	Properties RMB'000	Land leases RMB'000	Photovoltaic and wind power plants RMB'000	Sub-total RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Photovoltaic and wind power plants RMB'000	Clean heat supply facilities RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Sub-total RMB'000	Total RMB'000
31 December 2024														
At 1 January 2024														
Cost	741,923	847,375	3,483,344	5,072,642	453,876	1,255	25,267,273	696,259	80,881	19,756	162,711	420,080	27,102,091	32,174,733
Accumulated depreciation	(113,560)	(130,703)	(830,590)	(1,074,853)	(114,343)	(1,165)	(5,835,078)	(175,511)	(14,297)	(15,215)	(95,722)	(23,117)	(6,274,448)	(7,349,301)
Net carrying amount	628,363	716,672	2,652,754	3,997,789	339,533	90	19,432,195	520,748	66,584	4,541	66,989	396,963	20,827,643	24,825,432
At 1 January 2024	628,363	716,672	2,652,754	3,997,789	339,533	90	19,432,195	520,748	66,584	4,541	66,989	396,963	20,827,643	24,825,432
Additions	-	70,962	-	70,962	61,231	-	-	-	1,318	3,016	33,423	799,318	898,306	969,268
Impairment loss (note 6)	-	-	-	-	-	-	(4,605)	-	-	-	-	998	(3,607)	(3,607)
Disposals	(237,036)	-	-	(237,036)	-	-	(35,557)	-	-	-	-	-	(35,557)	(272,593)
Depreciation provided during the year (note 6)	(21,388)	(56,048)	(117,042)	(194,478)	(21,544)	(52)	(1,370,212)	(33,218)	(4,726)	(1,813)	(15,978)	-	(1,447,543)	(1,642,021)
Transfers	-	-	(1,054,131)	(1,054,131)	-	-	1,709,590	29,905	-	-	-	(685,364)	1,054,131	-
At 31 December 2024, net of accumulated depreciation	369,939	731,586	1,481,581	2,583,106	379,220	38	19,731,411	517,435	63,176	5,744	84,434	511,915	21,293,373	23,876,479
At 31 December 2024:														
Cost	498,564	901,611	2,225,174	3,625,349	460,536	1,255	27,053,447	721,550	82,284	21,639	157,382	534,034	29,032,127	32,657,476
Accumulated depreciation	(128,625)	(170,025)	(743,593)	(1,042,243)	(81,316)	(1,217)	(7,322,036)	(204,115)	(19,108)	(15,895)	(72,948)	(22,119)	(7,738,754)	(8,780,997)
Net carrying amount	369,939	731,586	1,481,581	2,583,106	379,220	38	19,731,411	517,435	63,176	5,744	84,434	511,915	21,293,373	23,876,479

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Right-of-use assets				Owned assets									
	Properties RMB'000 (Restated)	Land leases RMB'000 (Restated)	Photovoltaic and wind power plants RMB'000 (Restated)	Sub-total RMB'000 (Restated)	Buildings RMB'000 (Restated)	Leasehold improvements RMB'000 (Restated)	Photovoltaic and wind power plants RMB'000 (Restated)	Clean heat supply facilities RMB'000 (Restated)	Plant and machinery RMB'000 (Restated)	Motor vehicles RMB'000 (Restated)	Furniture, fixtures and equipment RMB'000 (Restated)	Construction in progress RMB'000 (Restated)	Sub-total RMB'000 (Restated)	Total RMB'000 (Restated)
31 December 2023														
At 1 January 2023														
Cost	615,863	741,171	3,136,079	4,493,113	409,681	1,255	20,508,161	684,217	82,803	17,758	151,923	816,422	22,672,220	27,165,333
Accumulated depreciation	(78,507)	(94,552)	(563,330)	(736,389)	(94,673)	(1,113)	(3,950,720)	(140,553)	(10,546)	(13,380)	(83,044)	(7,167)	(4,301,196)	(5,037,585)
Net carrying amount	537,356	646,619	2,572,749	3,756,724	315,008	142	16,557,441	543,664	72,257	4,378	68,879	809,255	18,371,024	22,127,748
At 1 January 2023	537,356	646,619	2,572,749	3,756,724	315,008	142	16,557,441	543,664	72,257	4,378	68,879	809,255	18,371,024	22,127,748
Additions	126,060	95,771	190,540	412,371	2,830	–	318,288	48	124	1,654	14,003	711,480	1,048,427	1,460,798
Impairment loss (note 6)	–	–	–	–	–	–	(15,794)	(487)	–	–	–	(17,253)	(33,534)	(33,534)
Disposals	–	–	–	–	–	–	(3,873)	–	(1,778)	(42)	(400)	(4,014)	(10,107)	(10,107)
Depreciation provided during the year (note 6)	(35,053)	(36,150)	(136,304)	(207,507)	(19,670)	(52)	(1,263,980)	(34,471)	(4,613)	(1,621)	(15,747)	–	(1,340,154)	(1,547,661)
Acquisition of subsidiaries	–	10,432	1,272,509	1,282,941	–	–	1,530,038	–	154	172	38	14,845	1,545,247	2,828,188
Transfers	–	–	(1,246,740)	(1,246,740)	41,365	–	2,310,075	11,994	440	–	216	(1,117,350)	1,246,740	–
At 31 December 2023, net of accumulated depreciation	628,363	716,672	2,652,754	3,997,789	339,533	90	19,432,195	520,748	66,584	4,541	66,989	396,963	20,827,643	24,825,432
At 31 December 2023:														
Cost	741,923	847,375	3,483,344	5,072,642	453,876	1,255	25,267,273	696,259	80,881	19,756	162,711	420,080	27,102,091	32,174,733
Accumulated depreciation	(113,560)	(130,703)	(830,590)	(1,074,853)	(114,343)	(1,165)	(5,835,078)	(175,511)	(14,297)	(15,215)	(95,722)	(23,117)	(6,274,448)	(7,349,301)
Net carrying amount	628,363	716,672	2,652,754	3,997,789	339,533	90	19,432,195	520,748	66,584	4,541	66,989	396,963	20,827,643	24,825,432

At 31 December 2024, certain of the Group's property, plant and equipment with a net carrying amount of RMB8,538,634,000 (2023: RMB10,070,495,000) were also pledged to secure certain interest-bearing bank loans and other borrowings (note 32(b)(iii)).

15. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000 (Restated)
Carrying amount at 1 January and 31 December	**150,790**	147,339

Notes:

(a) The Group's investment properties consist of an office floor and 4 car parking spaces in Hong Kong and were revalued on 31 December 2024 based on valuations performed by an independent professionally qualified valuer. Each year, the Group's senior management decides which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior management has ongoing discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed.

(b) Fair value hierarchy disclosure

The fair value of the Group's investment properties was measured using significant unobservable inputs (Level 3 of fair value hierarchy) as defined in HKFRS 13. A reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy is as follows:

	Office floor and parking spaces RMB'000 (Restated)
Carrying amount at 1 January 2023	143,127
Foreign exchange differences	4,212
Carrying amount at 31 December 2023 and 1 January 2024	147,339
Foreign exchange differences	3,451
Carrying amount at 31 December 2024	150,790

Below is a summary of the valuation technique used and the key inputs to the valuation of the Group's investment properties:

Valuation technique	**Significant unobservable inputs**	**Weighted average input**	
Direct comparison method	Price per square feet	As at 31 December 2024 Office floor: RMB11,649 per square feet	As at 31 December 2023 Office floor: RMB11,445 per square feet
		Car parking spaces: RMB1,732,541 per space	Car parking spaces: RMB1,717,600 per space

The valuation of the investment properties was based on the direct comparison method by reference to comparable market transactions.

16. GOODWILL

	2024 RMB'000	2023 RMB'000 (Restated)
Cost and net carrying amount:		
At 1 January	**459,049**	407,850
Acquisition of subsidiaries	**–**	51,199
Deregistration of subsidiaries	**(169)**	–
At 31 December	**458,880**	459,049

Impairment testing of goodwill

The net carrying amount of the goodwill acquired through acquisitions of subsidiaries is separated into the investment, development, construction, operation and management of (i) the Photovoltaic Power Business and the Wind Power Business; and (ii) the Clean Heat Supply Business.

	2024 RMB'000	2023 RMB'000 (Restated)
Net carrying amount of goodwill		
Photovoltaic Power Business and the Wind Power Business	**413,479**	413,648
Clean Heat Supply Business	**45,401**	45,401
	458,880	459,049

The recoverable amounts have been determined by reference to business valuations performed by the independent professionally qualified valuers, using cash flow projections which are based on financial forecast approved by senior management covering a period up to 20 years for the Wind Power Business, and up to 25 years for the Photovoltaic Power Business and the Clean Heat Supply Business, based on the assumption that the size of the operations remains constant.

16. GOODWILL (CONTINUED)

Key assumptions used in estimations of the recoverable amounts

The following describes each key assumption adopted by management in the preparation of the cash flow projections for the purpose of impairment testing of goodwill:

Photovoltaic Power Business and Wind Power Business

- Budgeted revenue
  - The budgeted revenue is based on the projected electricity sales volume and the latest electricity selling prices and tariff charges as issued by the National Development and Reform Commission of the PRC applicable to the respective projects.
- Budgeted gross margin
  - The basis used to determine the value assigned to the budgeted gross margin is the weighted average gross margins of ranging from 52.7% to 53.8% (2023: 55.6% to 58.6%) achieved in the year immediately before the budget year with reference to the respective projects, and the expected market development.
- Discount rate
  - The pre-tax discount rates of ranging from 4.84% to 8.13% (2023: 5.95% to 8.24%) are used and reflects specific risks of the respective units (group of cash-generating units) and is determined by reference to the discount rates for similar industries.
- Business environment
  - There will be no major changes in the existing political, legal and economic conditions in Mainland China.

16. GOODWILL (CONTINUED)

Key assumptions used in estimations of the recoverable amounts (Continued)

Clean Heat Supply Business

- Budgeted revenue
  - The budgeted revenue is based on the projected area for heat supply and the heat supply sales unit price.
- Budgeted gross margin
  - The basis used to determine the value assigned to the budgeted gross margin is the weighted average gross margin of 8.8% (2023: 8.9%) achieved in the year immediately before the budget year with reference to the respective projects, and the expected market development.
- Discount rate
  - The pre-tax discount rates of ranging from 6.66% to 7.92% (2023: 6.06% to 10.41%) is used and reflects specific risks of the respective units (group of cash-generating units) and is determined by reference to the discount rates for similar industries.
- Business environment
  - There will be no major changes in the existing political, legal and economic conditions in Mainland China.

In the opinion of the Directors, any reasonably possible change in any of the above assumptions would not cause the cash-generating units' recoverable amounts to fall below their carrying amounts.

17. SERVICE CONCESSION ARRANGEMENTS

The Group has entered into certain service concession arrangements with governmental authorities in Mainland China on a Build-Operate-Transfer (the "**BOT**") basis in respect of its Photovoltaic Power Business and Clean Heat Supply Business. These service concession arrangements generally involve the Group as an operator in (i) constructing photovoltaic power plants and clean heat supply facilities (collectively, the "**Facilities**") for those arrangements on a BOT basis; and (ii) operating and maintaining the Facilities at a specified level of serviceability on behalf of the relevant governmental authorities for periods ranging from 25 to 30 years (the "**Service Concession Periods**"), and the Group will be paid for its services over the relevant periods of the service concession arrangements at prices stipulated through specific pricing mechanisms. The Group is generally entitled to use all the property, plant and equipment of the Facilities, however, the relevant governmental authorities as grantors will control and regulate the scope of services that the Group must provide with the Facilities, and retain the beneficial entitlement to any residual interest in the Facilities at the end of the terms of the Service Concession Periods.

Each of these service concession arrangements is governed by a contract and, where applicable, supplemental agreements entered into between the Group and the relevant governmental authority in Mainland China setting out, inter alia, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations imposed on the Group to restore the Facilities to a specified level of serviceability at the end of the Service Concession Period, and/or arrangements for arbitrating disputes.

At 31 December 2024, the Group had 1 and 3 (2023: 1 and 3) service concession arrangements in the operation on the Photovoltaic Power Business and the Clean Heat Supply Business, respectively, with the respective governmental authorities in Mainland China, and a summary of the major terms of these service concession arrangements is set out as below:

Name of company as operator	Name of project	Location	Name of grantor	Type of service concession arrangement	Service concession period
新泰北控清潔能源有限公司 (Xintai BE Clean Energy Company Limited*)	新泰市採煤沉陷區光伏領跑技術基地100MW項目 (A 100MW project in the advanced photovoltaic technology demonstration base in the coal mining subsidence area of Xintai City*)	Xintai City, Shandong Province, the PRC*	新泰市人民政府 (Xintai City People's Government*)	BOT on sale of photovoltaic power	25 years from 2017 to 2042
山西山高綠威環能科技有限公司 (Shanxi Shangao Lvwei Huanneng Technology Company Limited*)	山西興縣燃氣供熱項目 (A natural gas heat supply project in Xing County, Shanxi Province*)	Xing County, Lvliang City, Shanxi Province the PRC*	興縣住房保障和城鄉建設管理局 (Xing County Housing Protection and Urban-Rural Development Administration*)	BOT on natural gas heat supply services	30 years from 2017 to 2047

17. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Name of company as operator	Name of project	Location	Name of grantor	Type of service concession arrangement	Service concession period
安澤縣山高熱力有限公司 (Anze County Shangao Heat Energy Company Limited*)	山西省臨汾市安澤縣城區集中供熱項目 (A centralised city heat supply project in Anze County, Linfen City, Shanxi Province*)	Anze County, Linfen City, Shanxi Province, the PRC*	安澤縣人民政府 (Anze County People's Government*)	BOT on clean heat supply	30 years from 2017 to 2047
文水山高供熱有限公司 (Wenshui Shangao Heat Supply Company Limited*)	山西省呂梁市文水縣城市集中供熱項目 (A centralised city heat supply project in Wenshui County, Lvliang City, Shanxi Province*)	Wenshui County, Lvliang City, Shanxi Province, the PRC*	文水縣人民政府 (Wenshui County People's Government*)	BOT on clean heat supply	30 years from 2014 to 2044

Pursuant to the service concession agreements entered into by the Group, the Group is granted the rights to use the property, plant and equipment of the Facilities and the related land, which are generally registered under the names of the relevant companies in the Group during the service concession periods, but the Group is generally required to surrender these property, plant and equipment to the grantors at a specified level of serviceability at the end of the respective service concession periods.

17. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

As further explained in the accounting policy for "Service concession arrangements" set out in note 2.4 to the financial statements, the rights to operate the Facilities are stated at cost less accumulated amortisation and any accumulated impairment losses, and are accounted for as intangible assets (i.e. operating concessions). The following is the summarised information of the operating concessions with respect to the Group's service concession arrangements:

	Note	**2024 RMB'000**	2023 RMB'000 (Restated)
At 1 January:			
Cost		**1,806,048**	1,777,205
Accumulated amortisation		**(419,432)**	(344,077)
Net carrying amount		**1,386,616**	1,433,128
At 1 January		**1,386,616**	1,433,128
Additions		**4,409**	28,843
Amortisation provided during the year	6	**(71,202)**	(75,355)
At 31 December		**1,319,823**	1,386,616
At 31 December:			
Cost		**1,810,457**	1,806,048
Accumulated amortisation		**(490,634)**	(419,432)
Net carrying amount		**1,319,823**	1,386,616

At 31 December 2024, concession rights of the Group included in service concession arrangements with an aggregate carrying amount of RMB844,445,000 (2023: RMB893,104,000) were pledged to secure certain lease liabilities of the Group (note 32(b)(iv)).

18. OPERATING RIGHTS

Operating rights represent the rights to operate (i) certain photovoltaic and wind power plants in designated locations according to the contractual arrangements entered into between the Group's project companies and State Grid for the sale of electricity, operating licences granted by governmental authorities in Mainland China and the existing government policies on the related businesses; and (ii) certain clean heat supply facilities in designated locations according to the contractual arrangements entered into between the Group's project companies and governmental authorities in Mainland China for the operating licences granted by relevant governmental authorities. The operating rights were acquired through business combinations and initially measured at fair value.

	Note	**2024** **RMB'000**	2023 RMB'000 (Restated)
At 1 January:			
Cost		**3,033,724**	960,504
Accumulated amortisation		**(336,334)**	(195,496)
Net carrying amount		**2,697,390**	765,008
At 1 January		**2,697,390**	765,008
Acquisition of subsidiaries		**–**	2,017,816
Amortisation provided during the year	6	**(149,757)**	(85,434)
At 31 December		**2,547,633**	2,697,390
At 31 December:			
Cost		**3,033,724**	3,033,724
Accumulated amortisation		**(486,091)**	(336,334)
Net carrying amount		**2,547,633**	2,697,390

19. OTHER INTANGIBLE ASSETS

	Note	2024 RMB'000	2023 RMB'000 (Restated)
At 1 January:			
Cost		**57,604**	50,502
Accumulated amortisation		**(38,663)**	(36,318)
Net carrying amount		**18,941**	14,184
At 1 January		**18,941**	14,184
Additions		**10,983**	7,132
Amortisation provided during the year	6	**(3,079)**	(2,375)
Disposals		**(117)**	–
At 31 December		**26,728**	18,941
At 31 December:			
Cost		**68,459**	57,604
Accumulated amortisation		**(41,731)**	(38,663)
Net carrying amount		**26,728**	18,941

20. INVESTMENTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000 (Restated)
Share of net assets	**373,808**	358,143
Goodwill on acquisition	**19,342**	19,342
	393,150	377,485

The Group's amounts due from the joint ventures are disclosed in note 27 to the financial statements.

In the opinion of the directors, the joint ventures were not individually material to the Group in the current and prior years. Hence, no disclosure of their separate financial information has been made.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024 RMB'000	2023 RMB'000 (Restated)
Share of the joint ventures' loss for the year	**(1,443)**	(81,041)
Share of the joint ventures' total comprehensive loss	**(1,443)**	(93,417)
Aggregate carrying amount of the Group's investments in joint ventures	**393,150**	377,485

21. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000 (Restated)
Share of net assets	**567,337**	564,751
Goodwill on acquisition	**614,503**	614,503
	1,181,840	1,179,254
Impairment	**(105,585)**	(48,641)
	1,076,255	1,130,613

The Group's amounts due from the associates are disclosed in note 27 to the financial statements.

During the year ended 31 December 2024, an impairment loss of RMB56,944,000 (2023: RMB47,100,000) has been provided as the recoverable amount of the investment was less than its carrying amount. The impairment loss arose as a result of the less than satisfactory past and expected performance of the associate.

In the opinion of the directors, the associates were not individually material to the Group in the current and prior years. Hence, no disclosure of their separate financial information has been made.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000 (Restated)
Share of the associates' loss for the year	**(27,402)**	(22,466)
Share of the associates' total comprehensive loss	**(27,402)**	(56,623)
Aggregate carrying amount of the Group's investments in associates	**1,076,255**	1,130,613
Market value of the Group's listed investment	**694,870**	839,666

22. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000 (Restated)
Unlisted equity investments, at fair value	**299,994**	300,000

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000 (Restated)
Unlisted investments, at fair value	**553,173**	493,416

The above unlisted investments represent the investments in asset management funds and private equity funds. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. OTHER NON-CURRENT LIABILITIES

	2024 RMB'000	2023 RMB'000 (Restated)
Guarantees given to third parties and related parties	**9,298**	9,026
	9,298	9,026

25. 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	(c)	**(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.

(c) The movements in the loss allowance for impairment of contract assets are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
At beginning of year	**7,125**	14,481
Impairment gain, net (note 6)	**(3,025)**	(6,942)
Exchange realignment	**–**	(414)
At end of year	**4,100**	7,125

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses on the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the groupings of various customer segments with similar loss patterns (i.e., customer type).

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2024	2023 (Restated)
Expected credit loss rate	**0.59%**	0.92%
Gross carrying amount (RMB'000)	**694,181**	775,522
Expected credit losses (RMB'000)	**4,100**	7,125

(d) Certain subsidiaries have pledged contract assets to secure certain bank loans and other borrowings (note 32(b)(ii)).

26. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000 (Restated)
Trade receivables	**1,599,290**	1,639,427
Tariff adjustment receivables (note)	**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

Note: 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.

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

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

(b) Certain subsidiaries engaging in the operation of clean energy businesses have pledged trade receivables to secure certain bank loans and other borrowings and corporate bonds (note 32(b)(ii) and note 33).

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

	2024 RMB'000	2023 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

26. TRADE AND BILLS RECEIVABLES (CONTINUED)

Notes: (Continued)

(c) (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

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.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables and tariff adjustment receivables using a provision matrix:

As at 31 December 2024:

		Past due				
	Current	Less than 6 months	7 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.13%	1.86%	1.98%	4.26%	15.10%	1.23%
Gross carrying amount (RMB'000)	7,622,771	216,329	192,749	200,389	541,224	8,773,462
Expected credit losses (RMB'000)	9,699	4,016	3,819	8,539	81,708	107,781

As at 31 December 2023:

		Past due				
	Current (Restated)	Less than 6 months (Restated)	7 to 12 months (Restated)	1 to 2 years (Restated)	Over 2 years (Restated)	Total (Restated)
Expected credit loss rate	0.15%	1.64%	2.62%	7.62%	14.75%	1.36%
Gross carrying amount (RMB'000)	6,753,014	152,802	404,889	65,969	538,387	7,915,061
Expected credit losses (RMB'000)	9,824	2,507	10,603	5,028	79,402	107,364

For bills receivable, impairment analysis is performed at each reporting date by considering the probability of default of comparable companies. The measurement of impairment is a function of the probability of default, loss given default and the exposure at default. A loss allowance of RMB44,000 (2023: RMB1,007,000) was provided for bills receivable as at 31 December 2024.

26. TRADE AND BILLS RECEIVABLES (CONTINUED)

Notes: (Continued)

(d) The movements in the Group's loss allowance for expected credit losses on trade and bills receivables during the year are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
At beginning of year	**108,371**	107,890
Acquisitions	**–**	6,683
Impairment losses, net (note 6)	**(546)**	(3,933)
Exchange realignment	**–**	(2,269)
At end of year	**107,825**	108,371

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
Prepayments	(a)	**772,287**	522,671
Deposits and other receivables	(b)	**2,044,311**	1,937,488
Due from joint ventures	(c)	**571,523**	540,708
Due from associates	(d)	**230,228**	332,863
		3,618,349	3,333,730
Less: Impairment	(e)	**(499,144)**	(496,219)
		3,119,205	2,837,511
Portion classified as current assets		**(2,263,057)**	(2,164,087)
Non-current portion		**856,148**	673,424

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) The Group's prepayments mainly included prepayments for the purchase of equipment for photovoltaic and wind power plant projects and clean heat supply facilities.

(b) The Group's deposits and other receivables as at 31 December 2024 included, inter alia, the following:

(i) Advances of RMB333,270,000 (2023: RMB360,207,000) were provided to independent third parties, The advances were generally secured and bear interest at rates ranging from 8% to 10% (2023: 8% to 10%) per annum;

(ii) Refundable security deposits under finance lease arrangements of RMB210,548,000 (2023: RMB272,676,000); and

(iii) Deposits and other receivables mainly represent deposits with suppliers, investment/bidding deposits and loans and advances to companies with acquisition potential. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2024, the probability of default applied ranged from 0.65% to 9.18% (2023: 0.47% to 8.45%) and the loss given default was estimated to be 62.20% (2023: 62.03%). In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

(c) Except for (1) the amounts due from a joint venture of RMB nil (2023: RMB37,784,000) which are unsecured, interest-free (2023: 7%); and (2) the amounts due from joint ventures of RMB298,363,000 (2023: RMB249,820,000) which are unsecured, interest-bearing at 7% to 10% (2023: 7% to 10%) and are repayable within one year, the remaining amounts due from joint ventures are unsecured, interest-free and have no fixed terms of repayment. As at 31 December 2024, the loss allowance was RMB17,292,000 (2023: RMB2,528,000).

(d) The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. As at 31 December 2024, the loss allowance was RMB41,174,000 (2023: RMB12,675,000).

(e) The movements in the Group's loss allowance for expected credit losses on other receivables during the year are as follows:

	2024 **RMB'000**	2023 RMB'000 (Restated)
At beginning of year	**496,219**	566,330
Business combination	**–**	7,985
Impairment losses, net (note 6)	**2,925**	(20,141)
Amount written off as uncollectible	**–**	(41,972)
Exchange realignment	**–**	(15,983)
At end of year	**499,144**	496,219

28. OTHER TAX RECOVERABLES

Other tax recoverables mainly represent the net value-added tax paid by the Group for the construction of photovoltaic and wind power plants and clean heat supply facilities which will be utilised and offset against the value-added tax payable for the sale of electricity and provision of clean heat supply services after the commencement of operation of the plants and facilities.

29. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND PLEDGED DEPOSITS

	2024 **RMB'000**	2023 RMB'000 (Restated)
Restricted cash and pledged bank deposits	**115,538**	224,653
Cash and bank balances	**3,645,621**	4,449,652
Total cash and bank balances	**3,761,159**	4,674,305
Less: Restricted cash and pledged bank deposits (Note)	**(115,538)**	(224,653)
Cash and cash equivalents	**3,645,621**	4,449,652

Note:

The Group's restricted cash and bank balances as at 31 December 2024 included cash restricted due to litigations of RMB11,289,000 (2023:RMB29,422,000); the Group's pledged bank deposits as at 31 December 2024 included (i) pledged bank deposits of RMB500,000 (2023: RMB13,516,000) to secure the borrowings of the Group; and (ii) a performance bond of RMB10,000 (2023: RMB100,368,000);and (iii) other pledged bank deposits of RMB103,739,000 (2023: RMB81,347,000).

At the end of the reporting period, the carrying amounts of the Group's total cash and bank balances are denominated in the following currencies:

	2024 **RMB'000**	2023 RMB'000 (Restated)
HK$	**13,787**	56,790
RMB	**3,739,379**	4,604,129
Other currencies	**7,993**	13,386
	3,761,159	4,674,305

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

30. 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.

31. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
Deposits received		**4,588**	10,608
Other payables	(a)	**664,305**	758,808
Accruals		**23,372**	24,571
Contract liabilities	(b)	**317,243**	444,786
		1,009,508	1,238,773

Notes:

(a) Other payables are non-interest-bearing and are normally settled within three months. The Group's other payables as at 31 December 2024 included, inter alia, the following:

(i) an aggregate amount of RMB64,359,000 (2023: RMB122,250,000) of outstanding considerations payable and debt assumed by the Group in respect of the acquisitions of subsidiaries, which are due to certain independent third parties during the year. The debts assumed balances mainly represented construction costs payable by the acquired companies and, according to the debt settlement agreements entered into between the Group and counterparties, the debts originally owed by the acquired subsidiaries were assumed by the Group upon acquisitions. The amounts are repayable according to the time schedules as stipulated in the debt settlement agreements and the last repayments of each assumed liability are usually repayable within 1 year of the acquisition;

(ii) an aggregate amount of RMB108,197,000 (2023: RMB181,740,000) due to certain contractors arising from the construction and purchase of equipment of photovoltaic and wind power plants, and clean heat supply facilities; and

(iii) an aggregate amount of RMB39,349,000 (2023:RMB73,319,000) represents other tax payables, which are mainly VAT related tax payables.

(b) Details of contract liabilities are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Contract liabilities	**317,243**	444,786

Contract liabilities include short-term advances received to deliver clean heat supply services, construction and management services.

32. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	2024			2023		
	Effective Interest rate (%)	**Maturity**	**RMB'000**	Effective Interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	**2.95-7.06**	**2025**	**390,064**	3.74-8.15	2024	608,366
Bank loans – unsecured	**1.95-6.06**	**2025**	**3,301,999**	3.55-5.76	2024	4,178,601
Bank loans – secured	**2.24-5.62**	**2025**	**1,630,741**	2.24-4.83	2024	2,180,124
Other loans – secured	**3.12-7.06**	**2025**	**787,503**	4.43-8.11	2024	1,049,619
			6,110,307			8,016,710
Non-current						
Lease liabilities	**2.95-7.06**	**2026-2042**	**1,540,534**	3.74-8.15	2025-2042	3,099,962
Bank loans – unsecured	**1.95-6.06**	**2026-2037**	**4,151,189**	3.85-4.24	2025-2026	1,436,541
Bank loans – secured	**2.45-5.62**	**2026-2043**	**10,817,685**	2.24-5.23	2025-2043	10,829,783
Other loans – secured	**3.12-7.06**	**2026-2037**	**3,248,844**	4.43-8.11	2025-2036	5,263,072
			19,758,252			20,629,358
Total bank loans and other borrowings			**25,868,559**			28,646,068

	2024 RMB'000	2023 RMB'000 (Restated)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**4,932,740**	6,358,724
In the second year	**3,962,334**	3,728,361
In the third to fifth years, inclusive	**4,763,093**	3,184,870
Beyond five years	**6,243,447**	5,353,094
	19,901,614	18,625,049
Other borrowings repayable:		
Within one year or on demand	**1,177,567**	1,657,986
In the second year	**1,015,794**	1,732,526
In the third to fifth years, inclusive	**1,653,847**	3,669,160
Beyond five years	**2,119,737**	2,961,347
	5,966,945	10,021,019
Total bank loans and other borrowings	**25,868,559**	28,646,068

32. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (CONTINUED)

Notes:

(a) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000 (Restated)
HK$	**638,996**	2,981,268
RMB	**25,229,563**	24,902,569
USD	**–**	762,231
	25,868,559	28,646,068

(b) Certain of the Group's bank loans and other borrowings are secured by:

(i) guarantees given by the Company and/or its subsidiaries;

(ii) pledges over trade receivables and contract assets of certain subsidiaries with an aggregate amount of RMB5,179,855,000 (2023: RMB5,793,835,000) as at 31 December 2024 (note 26(b));

(iii) pledges over the Group's property, plant and equipment with an aggregate carrying amount of RMB8,538,634,000 (2023: RMB10,070,495,000) as at 31 December 2024 (note 14);

(iv) pledges over the Group's concession rights of the Group's service concession arrangements with an aggregate carrying amount of RMB844,445,000 (2023: RMB893,104,000) as at 31 December 2024 (note 17); and

(v) pledges over the Group's equity interests in certain subsidiaries.

(c) The Group's lease liabilities, secured and unsecured bank loans and secured other loans as at 31 December 2024 bear interest at effective interest rates ranging from 2.95% to 7.06% (2023: from 3.74% to 8.15%) per annum, ranging from 1.95% to 6.06% (2023: from 2.24% to 5.76%) per annum and ranging from 3.12% to 7.06% (2023: from 4.43% to 8.11%) per annum, respectively.

(d) The Group's bank loans of RMB3,213,463,000 are subject to certain covenants that include terms related to the interest cover ratio, debt-to-equity ratio, total equity, etc. The covenants are tested half-yearly, at 30 June and 31 December. The Group considers there is no indication that it will have difficulties in complying with these covenants.

33. 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

33. CORPORATE BONDS (CONTINUED)

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.

34. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Temporary differences related to service concession arrangements RMB'000	Right-of-use assets and lease liabilities RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2024	(404,922)	(32,131)	(109,486)	(6,853)	(553,392)
Deferred tax credited to profit or loss during the year	23,628	1,849	19,822	447	45,746
Gross deferred tax liabilities at 31 December 2024	(381,294)	(30,282)	(89,664)	(6,406)	(507,646)

Deferred tax assets

	Right-of-use assets and lease liabilities RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2024	215,774	321,125	536,899
Deferred tax credited to profit or loss during the year	(62,970)	38,181	(24,789)
Gross deferred tax assets at 31 December 2024	152,804	359,306	512,110

34. DEFERRED TAX (CONTINUED)

The components of deferred tax assets and liabilities and their movements in 2023 are as follows:

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000 (Restated)	Temporary differences related to service concession arrangements RMB'000 (Restated)	Right-of-use assets and lease liabilities RMB'000 (Restated)	Other temporary differences RMB'000 (Restated)	Total RMB'000 (Restated)
At 1 January 2023	(141,060)	(33,759)	(96,376)	(4,738)	(275,933)
Acquisition of subsidiaries	(252,451)	–	–	–	(252,451)
Deferred tax credited/(charged) to profit or loss during the year	(11,411)	1,628	(13,110)	(2,115)	(25,008)
Gross deferred tax liabilities at 31 December 2023	(404,922)	(32,131)	(109,486)	(6,853)	(553,392)

Deferred tax assets

	Right-of-use assets and lease liabilities RMB'000 (Restated)	Other temporary differences RMB'000 (Restated)	Total RMB'000 (Restated)
At 1 January 2023	126,270	291,615	417,885
Acquisition of subsidiaries	97,290	–	97,290
Deferred tax credited to profit or loss during the year	(7,786)	29,510	21,724
Gross deferred tax assets at 31 December 2023	215,774	321,125	536,899

34. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000 (Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	**437,270**	439,279
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(432,806)**	(455,772)
Net deferred tax liabilities in respect of continuing operations	**4,464**	(16,493)

Deferred tax has not been fully recognised for withholding taxes that would be payable on certain portions of the unremitted earnings that are subject to withholding taxes of certain of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute these unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB4,865,455,000 (2023: RMB4,812,286,000) as at 31 December 2024.

The Group also has tax losses arising in Mainland China of RMB997,068,000 (2023: RMB915,422,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time. In the opinion of the directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the foreseeable future.

35. SHARE CAPITAL

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

Note:

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

36. SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to a resolution passed on 11 June 2013 for the primary purpose of attracting and retaining the best available personnel, providing additional incentives to employees (full-time or part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners, service providers or substantial shareholders (the "**Eligible Participants**") of the Group and promoting the success of the business of the Group, which will remain in force for a period of ten years commencing on the adoption date and shall expire on 9 June 2023. As at 31 December 2024, none of the options available for grant under the Share Option Scheme due to the expiry of the Share Option Scheme on 9 June 2023.

On 18 September 2017, a total of 1,490,000,000 share options were granted to certain directors of the Group in respect of their services to the Group (the "**2017 Options**"). The 2017 Options had an exercise price of HK$0.199 per share and an exercise period from 18 September 2020 to 17 September 2027. The closing price of the Company's share of the 2017 Options at the date of grant was HK$0.199 per share. On 15 September 2020 (the "**Modification Date**"), 630,000,000 share options were cancelled, and a total of 1,060,000,000 share options were granted to the eligible participants (the "**2020 Options**"), part of them are served as replacement share options to the cancelled share options of the 2017 Grant. After the modification, the 2020 Options had an exercise price of HK$0.08 per share and an exercise period from 15 September 2023 to 14 September 2030. The closing price of the Company's share of the 2020 Options at the date of grant was HK$0.039 per share.

Pursuant to the terms of the Share Option Scheme, adjustments are required to be made to the exercise price and the number of shares that can be subscribed for under the outstanding share options as a result of the completion of the Share Consolidation of the Company that every fifty (50) issued and unissued ordinary shares of the Company be consolidated into one consolidated ordinary share with effect from 26 June 2023. The exercise prices per share was adjusted to HK$4.00 for the grant of share options on 15 September 2020.

The following share options were outstanding under the Share Option Scheme during the year:

	2024		2023	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**4.000**	**19,600**	0.080	993,000
Adjusted for share consolidation	**–**	**–**	4.000	19,860
Granted during the year	**–**	**–**	–	–
Cancelled during the year	**–**	**–**	–	–
Lapsed/forfeited during the year	**4.000**	**(590)**	4.000	(260)
At 31 December	**4.000**	**19,010**	4.000	19,600

36. SHARE OPTION SCHEME (CONTINUED)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024

Number of options	Exercise price HK$ per share	Exercise periods
3,802,000	4.000	15 September 2023 to 14 September 2030
3,802,000	4.000	15 September 2024 to 14 September 2030
3,802,000	4.000	15 September 2025 to 14 September 2030
3,802,000	4.000	15 September 2026 to 14 September 2030
3,802,000	4.000	15 September 2027 to 14 September 2030
19,010,000		

2023

Number of options	Exercise price HK$ per share	Exercise periods
3,920,000	4.000	15 September 2023 to 14 September 2030
3,920,000	4.000	15 September 2024 to 14 September 2030
3,920,000	4.000	15 September 2025 to 14 September 2030
3,920,000	4.000	15 September 2026 to 14 September 2030
3,920,000	4.000	15 September 2027 to 14 September 2030
19,600,000		

The fair values of the share options granted during the year ended 31 December 2020 (excluding the 430,000,000 share options of the 2020 Options which are treated as the replacement of the cancelled 630,000,000 share options of the 2017 Options) were approximately RMB5,514,000. Meanwhile, the incremental fair value arising from the aforementioned modification of 430,000,000 share options of the 2020 Options was approximately RMB1,238,000.

The Group reversed a share option expense of RMB14,000 during the year (2023: reversed a share option expense of RMB5,000).

36. SHARE OPTION SCHEME (CONTINUED)

The fair value of equity-settled share options granted during the year ended 31 December 2024 was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020 Options	2017 Options
Date of grant/Modification Date	**15 September 2020**	15 September 2020
Dividend yield (%)	**0.0000%**	0.0000%
Expected volatility (%)	**55.27%**	55.27%
Risk-free interest rate (%)	**0.54%**	0.47%
Expected life of options (year)	**10**	7
Forfeiture rate (%)	**13%**	13%

The expected life of the options is the time to maturity of the options granted under the Share Option Scheme. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 19,010,000 share options (2023: 19,600,000) outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 19,010,000 (2023: 19,600,000) additional ordinary shares of the Company and additional share capital of HK$950,500 (2023: HK$980,000) (before issue expenses) and additional share premium of approximately HK$75,089,500 (2023: HK$77,420,000) (before issue expenses).

Subsequent to the end of the reporting period, no share options forfeited due to resignation.

At the date of approval of these financial statements, the Company had 19,010,000 share options outstanding under the Share Option Scheme which represent 0.85% of the ordinary shares in issue of the Company as at the date of approval of these financial statements.

37. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 101 to the financial statements.

Share option reserve

It comprises the fair value of share options vested which are yet to be exercised, as further explained in the accounting policy of share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related share options are exercised, or transferred to retained profits should the related share options lapse or be forfeited.

Special reserves

The Group's special reserves mainly represent the difference between the carrying amount of the share of net assets acquired and the consideration in respect of the acquisition and disposal of the non-controlling interests in subsidiaries during the year ended 31 December 2024 and in prior years.

Statutory surplus reserve

Pursuant to the relevant laws and regulations applicable to Mainland China, the Group's subsidiaries established in Mainland China are required to transfer part of their profit after tax to the reserve funds, which are non-distributable and restricted as to use.

38. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
Tianjin Clean Energy Investment Company Limited* and its subsidiaries		
("**Tianjin Clean Energy Group**")	**44.46%**	42.11%

	2024 **RMB'000**	2023 RMB'000
Profit for the year allocated to non-controlling interests:		
Tianjin Clean Energy Group	**181,245**	16,852
Dividends declared to non-controlling interests of Tianjin Clean Energy Group	**298,719**	–
Accumulated balances of non-controlling interests at the reporting date:		
Tianjin Clean Energy Group	**4,895,078**	4,012,371

38. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following table illustrates the summarised financial information of the above group. The amounts disclosed are before any inter-company eliminations:

	2024 **RMB'000**	2023 RMB'000
Revenue and other income	**1,583,649**	2,106,994
Total expenses	**1,070,096**	1,428,406
Profit for the year	**408,702**	567,442
Total comprehensive income for the year	**407,658**	563,506
Current assets	**12,360,827**	10,178,550
Non-current assets	**10,191,335**	10,738,376
Current liabilities	**5,069,141**	3,667,131
Non-current liabilities	**6,074,189**	6,950,952
Net cash flows from operating activities	**89,029**	2,257,162
Net cash flows used in investing activities	**(218,842)**	(2,942,072)
Net cash flows (used in)/from financing activities	**(77,078)**	460,867
Net decrease in cash and cash equivalents	**(206,891)**	(224,043)

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB21,927,000 and RMB21,927,000 respectively, in respect of lease arrangements for properties and land leases (2023: RMB251,492,000 and RMB251,492,000).

(b) Changes in liabilities arising from financing activities

	Corporate bonds RMB'000	**Interest-bearing bank and other borrowings** RMB'000
At 1 January 2023 (Restated)	465,927	27,010,999
Changes from financing cash flows	(146,842)	(1,873,121)
Interest expense	13,934	1,367,642
Refundable security deposits under finance leases	–	11,333
Increase arising from acquisition of subsidiaries	–	1,976,892
Foreign exchange movement	–	152,323
At 31 December 2023 and 1 January 2024 (Restated)	333,019	28,646,068
Changes from financing cash flows	351,682	(3,943,653)
Interest expense	9,805	1,144,216
Refundable security deposits under finance leases	–	62,128
Foreign exchange movement	–	(40,200)
At 31 December 2024	694,506	25,868,559

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Within operating activities	**19,122**	16,516
Within financing activities	**1,968,929**	1,501,616
	1,988,051	1,518,132

40. CONTINGENT LIABILITIES

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

41. COMMITMENTS

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

	2024 RMB'000	2023 RMB'000 (Restated)
Contracted, but not provided for:		
Construction, material and equipment costs for development of clean energy projects	**495,010**	220,799
Capital contributions to joint ventures	**332,336**	265,500
	827,346	486,299

42. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year ended 31 December 2024:

Name of related group/company	Nature of transactions	Notes	2024 RMB'000	2023 RMB'000 (Restated)
BEWG[#1] and its subsidiaries	Sales of electricity	(i)	**14,790**	15,425
SDHS Group[#2] and its subsidiaries	Sales of electricity	(i)	**770**	494
BEWG and its subsidiaries	Rental expenses	(ii)	**–**	2,601
Joint ventures	Interest income	(iii)	**9,752**	18,554
Joint ventures	Entrusted operations		**–**	618
Associates	Entrusted operations		**5,317**	5,726
China Railway Long Construction[#3]	Cost of construction and related services	(iv)	**52,853**	74,406
SDHS Road & Bridge Group[#4]	Cost of construction and related services	(v)	**6,287**	50,004
Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd.[#5]	Transfer of account receivables and receive recourse factoring finance service under the factoring agreement	(ii)	**223,690**	–

42. RELATED PARTY DISCLOSURES (CONTINUED)

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year ended 31 December 2024: (Continued)

#1 Beijing Enterprises Water Group Limited ("**BEWG**"), a company listed on the main board of The Stock Exchange of Hong Kong Limited, a substantial shareholder of the Company.

#2 Shandong Hi-Speed Group Co. Ltd. ("**SDHS Group**"), a company established in the PRC with limited liability, an indirect controlling shareholder of the Company.

#3 China Railway Long Construction Group Limited (中鐵隆工程集團有限公司) ("**China Railway Long Construction**"), a company established in the PRC with limited liability and a subsidiary of SDHS Group.

#4 Shandong Hi-Speed Road & Bridge Group Co., Ltd. (山東高速路橋集團股份有限公司) ("**SDHS Road & Bridge Group**"), a company established in the PRC with limited liability and a subsidiary of SDHS Group.

#5 Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd. (山高雲創(山東)商業保理有限公司), a company established in the PRC with limited liability and a subsidiary of SDHS Group.

Notes:

(i) The sales to a related group were made according to the published prices and conditions offered to customers of the Group. The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(ii) The rental expenses and fees for transferring the account receivables and receiving recourse factoring finance service under the factoring agreement were charged on a mutually agreed basis. The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(iii) The interest income was generated from the interest-bearing loan to joint ventures, with interest rates ranging from 8% to 10% per annum.

(iv) On 20 October 2022, an indirect non-wholly owned subsidiary of the Group, entered into a construction contract with Zhonggong Wuda Design Group Limited ("**Zhonggong Wuda**") and China Railway Long Construction, subsidiaries of SDHS Group, pursuant to which Zhonggong Wuda and China Railway Long Construction agreed to act as the contractors.

(v) On 4 January 2023, Yangzhou Baoying Beiqing Photovoltaic New Energy Co., Ltd.* (揚州寶應北清光伏新能源有限公司), an indirect wholly-owned subsidiary of the Group, entered into a procurement and construction contract with China Power Construction Group Shandong Electric Power Construction First Engineering Co., Ltd.* (中國電建集團山東電力建設第一工程有限公司) ("**China Power Construction Group**") and Shandong Luqiao Group Co., Ltd.* (山東省路橋集團有限公司) ("**Shandong Luqiao**"), pursuant to which China Power Construction Group and Shandong Luqiao agreed to act as the contractors for the construction work with an aggregate contracting fee of RMB94,074,000 (inclusive of all taxes).

(b) In the opinion of the Directors, the Directors represent the key management personnel of the Group. Details of Directors' remuneration are included in note 8 to the financial statements.

43. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Equity investments designated at fair value through other comprehensive income RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	553,173	–	553,173
Equity investments designated at fair value through other comprehensive income	–	–	299,994	299,994
Trade and bills receivables	8,674,336	–	–	8,674,336
Financial assets included in prepayments, deposits and other receivables	2,346,918	–	–	2,346,918
Restricted cash and pledged deposits	115,538	–	–	115,538
Cash and cash equivalents	3,645,621	–	–	3,645,621
	14,782,413	553,173	299,994	15,635,580

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	890,344
Financial liabilities included in other payables and accruals	619,349
Interest-bearing bank loans and other borrowings	25,868,559
Corporate bonds	694,506
Other current liabilities and other non-current liabilities	9,298
	28,082,056

43. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

2023

Financial assets

	Financial assets at amortised cost RMB'000 (Restated)	Financial assets at fair value through profit or loss RMB'000 (Restated)	Equity investments designated at fair value through other comprehensive income RMB'000 (Restated)	Total RMB'000 (Restated)
Financial assets at fair value through profit or loss	–	493,416	–	493,416
Equity investments designated at fair value through other comprehensive income	–	–	300,000	300,000
Trade and bills receivables	7,817,698	–	–	7,817,698
Financial assets included in prepayments, deposits and other receivables	2,314,840	–	–	2,314,840
Restricted cash and pledged deposits	224,653	–	–	224,653
Cash and cash equivalents	4,449,652	–	–	4,449,652
	14,806,843	493,416	300,000	15,600,259

Financial liabilities

	Financial liabilities at amortised cost RMB'000 (Restated)
Trade and bills payables	1,351,351
Financial liabilities included in other payables and accruals	711,872
Interest-bearing bank loans and other borrowings	28,646,068
Corporate bonds	333,019
Other current liabilities and other non-current liabilities	9,026
	31,051,336

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, largely due to the short term maturities of the instruments or because they bear floating interest rates if they have long term maturities, are as follows:

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000 (Restated)	**2024 RMB'000**	2023 RMB'000 (Restated)
Financial assets				
Financial assets at fair value through profit or loss	**553,173**	493,416	**553,173**	493,416
Equity investments designated at fair value through other comprehensive income	**299,994**	300,000	**299,994**	300,000
Loan to a joint venture	**–**	37,784	**–**	37,784
Financial assets included in prepayments, other receivables and other assets – non-current	**377,534**	420,995	**288,333**	374,418
Total	**1,230,701**	1,252,195	**1,141,500**	1,205,618

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000 (Restated)	**2024 RMB'000**	2023 RMB'000 (Restated)
Financial liabilities				
Other non-current liabilities	**9,298**	9,026	**9,298**	9,026
Interest-bearing bank borrowings with fixed interest rates – non-current	**1,933,673**	1,455,074	**1,951,037**	1,469,486
Total	**1,942,971**	1,464,100	**1,960,335**	1,478,512

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, restricted cash and pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, corporate bonds and interest-bearing bank loans and other borrowings with short term maturities or bearing floating interest rates approximate to their carrying amounts largely due to the short term maturities of these instruments or because they bear floating interest rates if they have long term maturities.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of deposits and other receivables, interest-bearing bank loans and other borrowings and corporate bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

The fair values of unlisted equity investments at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("**EV/EBITDA**") multiple and price to earnings ("**P/E**") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss	**–**	**–**	**553,173**	**553,173**
Equity investments designated at fair value through other comprehensive income	**–**	**–**	**299,994**	**299,994**
	–	**–**	**853,167**	**853,167**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Restated)	Significant observable inputs (Level 2) RMB'000 (Restated)	Significant unobservable inputs (Level 3) RMB'000 (Restated)	Total RMB'000 (Restated)
Financial assets at fair value through profit or loss	–	–	493,416	493,416
Equity investments designated at fair value through other comprehensive income	–	–	300,000	300,000
	–	–	793,416	793,416

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	Total RMB'000
As at 1 January 2024	793,416
Total gains recognised in the statement of profit or loss included in other income	27,156
Purchases	173,259
Disposal	(137,907)
Exchange	(2,757)
As at 31 December 2024	853,167

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) **RMB'000**	**Significant observable inputs (Level 2)** **RMB'000**	**Significant unobservable inputs (Level 3)** **RMB'000**	**Total** **RMB'000**
Other non-current liabilities	–	–	**9,298**	**9,298**

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Assets for which fair values are disclosed:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Loan to a joint venture	**–**	**–**	**–**	**–**
Financial assets included in prepayments, other receivables and other assets – non-current	**–**	**–**	**288,333**	**288,333**
	–	**–**	**288,333**	**288,333**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Restated)	Significant observable inputs (Level 2) RMB'000 (Restated)	Significant unobservable inputs (Level 3) RMB'000 (Restated)	Total RMB'000 (Restated)
Loan to a joint venture	–	–	37,784	37,784
Financial assets included in prepayments, other receivables and other assets – non-current	–	–	374,418	374,418
	–	–	412,202	412,202

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, other payables, interest-bearing bank loans and other borrowings and corporate bonds. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings):

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax RMB'000**
2024		
HK$	**100**	**(6,390)**
RMB	**100**	**(122,966)**
HK$	**(100)**	**6,390**
RMB	**(100)**	**122,966**

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000 (Restated)
2023		
HK$	100	(35,534)
RMB	100	(194,127)
HK$	(100)	35,534
RMB	(100)	194,127

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of its significant business operations in Mainland China, the consolidated statement of financial position can be affected significantly by movements in the RMB/HK$ exchange rate.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of RMB. The appreciation or depreciation of RMB against HK$ may have an impact on the operating results of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's profit/(loss) before tax and the Group's equity.

	Increase/ (decrease) in foreign exchange rate %	**Increase/ (decrease) in profit before tax RMB'000**
2024		
If HK$ weakens against RMB	**1.00**	**6,185**
If HK$ strengthens against RMB	**(1.00)**	**(6,185)**

	Increase/ (decrease) in foreign exchange rate %	Increase/ (decrease) in profit before tax RMB'000 (Restated)
2023		
If HK$ weakens against RMB	1.00	5,592
If HK$ strengthens against RMB	(1.00)	(5,592)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, contract assets, trade and bills receivables, and deposit and other receivable balances are monitored on an ongoing basis to ensure that follow-up action is taken to recover overdue debts and the Group's exposure to bad debts is not significant. The Group's maximum exposures to credit risk are the carrying amounts of contract assets, trade and bills receivables, and deposits and other receivables as disclosed in notes 25, 26 and 27 to the financial statements, respectively. In addition, the Group reviews the recoverable amount of each individual trade and non-trade debtor at the end of the reporting period to ensure that adequate provision for impairment losses has been made for irrecoverable amounts.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	8,773,462	8,773,462
Bills receivable	–	–	–	8,699	8,699
Contract assets*	–	–	–	694,181	694,181
Financial assets included in prepayments, deposits and other receivables	1,842,179	432,552	571,331	–	2,846,062
Restricted cash and pledged deposits	115,538	–	–	–	115,538
Cash and cash equivalents	3,645,621	–	–	–	3,645,621
Guarantees given to third parties and related parties	9,298	–	–	–	9,298
	5,612,636	432,552	571,331	9,476,342	16,092,861

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000 (Restated)	Stage 2 RMB'000 (Restated)	Stage 3 RMB'000 (Restated)	Simplified approach RMB'000 (Restated)	Total RMB'000 (Restated)
Trade receivables*	–	–	–	7,915,061	7,915,061
Bills receivable	11,008	–	–	–	11,008
Contract assets*	–	–	–	775,522	775,522
Financial assets included in prepayments, deposits and other receivables	1,669,564	590,306	551,189	–	2,811,059
Restricted cash and pledged deposits	224,653	–	–	–	224,653
Cash and cash equivalents	4,449,652	–	–	–	4,449,652
Guarantees given to third parties and related parties	9,026	–	–	–	9,026
	6,363,903	590,306	551,189	8,690,583	16,195,981

* For contract assets and trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 25 and 26 to the financial statements, respectively.

At the end of the reporting period, the Group had certain concentrations of credit risk as 15.17% and 39.93% of the Group's trade and bills receivables were due from the Group's largest customer and five largest customers, respectively.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through cash receipts from receivables, the issue of new shares and a perpetual capital instrument, and the raising of interest-bearing bank loans and other borrowings, corporate bonds and financial liabilities of options granted to non-controlling interests to cover expected cash demands, as well as the strict control over its daily operating expenses. Accordingly, the Group expects to have adequate sources of funding to finance the Group's operations and manage its liquidity position.

The maturity profile of the Group's financial liabilities (other than the financial guarantees given) as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Within 1 year RMB'000	1-2 years RMB'000	2-3 years RMB$'000	3-4 years RMB'000	4-5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
2024								
Trade and bills payables	**–**	**890,344**	**–**	**–**	**–**	**–**	**–**	**890,344**
Other payables	**–**	**619,349**	**–**	**–**	**–**	**–**	**–**	**619,349**
Interest-bearing bank loans and other borrowings	**–**	**7,392,225**	**6,163,955**	**3,936,808**	**2,307,876**	**2,101,399**	**10,227,800**	**32,130,063**
Corporate bonds	**–**	**701,437**	**–**	**–**	**–**	**–**	**–**	**701,437**
	–	**9,603,355**	**6,163,955**	**3,936,808**	**2,307,876**	**2,101,399**	**10,227,800**	**34,341,193**
2023								
		(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Trade and bills payables	–	1,351,351	–	–	–	–	–	1,351,351
Other payables	–	711,872	–	–	–	–	–	711,872
Interest-bearing bank loans and other borrowings	–	9,409,268	6,326,880	3,336,394	2,795,248	2,272,243	9,803,794	33,943,827
Corporate bonds	–	151,077	201,437	–	–	–	–	352,514
	–	11,623,568	6,528,317	3,336,394	2,795,248	2,272,243	9,803,794	36,359,564

The exposure of the Group's financial guarantee contracts given in relation are an associate disclosed in note 2.4 to the financial statements, which would be repayable on demand when the guarantee is called.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may issue new shares to increase capital or sell assets to reduce debt.

The Group monitors capital using the net gearing ratio, which is calculated by dividing net debt by the sum of net debt and total equity. Net debt is calculated as total interest-bearing bank loans and other borrowings and corporate bonds (as shown in notes 32 and 33), less cash and cash equivalents and other lease liabilities. The net gearing ratios at 31 December 2024 and 2023 were as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Interest-bearing bank loans and other borrowings	**25,868,559**	28,646,068
Corporate bonds	**694,506**	333,019
Less: Cash and cash equivalents	**(3,645,621)**	(4,449,652)
Other lease liabilities	**(875,525)**	(1,088,782)
Net debt	**22,041,919**	23,440,653
Total equity	**19,357,967**	17,545,175
Net debt and total equity	**41,399,886**	40,985,828
Net gearing ratio	**53%**	57%

46. EVENTS 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.

47. 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.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	**145**	255
Interests in subsidiaries, joint ventures and associates	**9,883,765**	6,126,271
Total non-current assets	**9,883,910**	6,126,526
CURRENT ASSETS		
Financial assets at fair value through profit or loss	**254,200**	242,431
Prepayments, deposits and other receivables	**5,417,324**	8,238,520
Cash and cash equivalents	**351,425**	69,915
Total current assets	**6,022,949**	8,550,866
CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**2,128,667**	3,929,799
Other payables and accruals	**1,857,546**	376,911
Total current liabilities	**3,986,213**	4,306,710
NET CURRENT ASSETS	**2,036,736**	4,244,156
TOTAL ASSETS LESS CURRENT LIABILITIES	**11,920,646**	10,370,682
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**3,836,191**	2,122,003
Total non-current liabilities	**3,836,191**	2,122,003
Net assets	**8,084,455**	8,248,679
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**94,880**	94,880
Reserves	**7,989,575**	8,153,799
Total equity	**8,084,455**	8,248,679

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Share option reserve RMB'000	Special reserves RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
At 1 January 2023 (restated)	8,962,160	35,461	(480,776)	(1,316,045)	702,214	7,903,014
Profit and total comprehensive income for the year	–	–	–	10,556	–	10,556
Exchange differences related to foreign operations	–	–	–	–	240,234	240,234
Equity-settled share option arrangements (note 36)	–	(5)	–	–	–	(5)
At 31 December 2023 and 1 January 2024 (restated)	**8,962,160**	**35,456**	**(480,776)**	**(1,305,489)**	**942,448**	**8,153,799**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**20,056**	**–**	**20,056**
Exchange differences related to foreign operations	**–**	**–**	**–**	**–**	**59,167**	**59,167**
Equity-settled share option arrangements (note 36)	**–**	**(14)**	**–**	**–**	**–**	**(14)**
Others	**–**	**–**	**(243,433)**	**–**	**–**	**(243,433)**
At 31 December 2024	**8,962,160**	**35,442**	**(724,209)**	**(1,285,433)**	**1,001,615**	**7,989,575**

The share option reserve comprises the fair value of share options vested which are yet to be exercised, as further explained in the accounting policy of share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related share options are exercised or transferred to retained profits should the related share options lapse or be forfeited.

49. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 26 March 2025.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below.

RESULTS

	Years ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
REVENUE	**4,423,147**	4,486,942	4,544,137	5,000,040	4,938,318
PROFIT/(LOSS) BEFORE TAX	**658,754**	569,788	243,214	(219,872)	905,876
Income tax expense	**(195,984)**	(219,520)	(49,468)	(19,889)	(117,387)
PROFIT/(LOSS) FOR THE YEAR	**462,770**	350,268	193,746	(239,761)	788,488
Profit/(loss) attributable to equity holders of the Company	**284,242**	341,891	221,566	(266,721)	679,306

ASSETS AND LIABILITIES

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
Total assets	**48,404,532**	49,754,899	45,966,970	44,766,403	48,106,855
Total liabilities	**(29,046,565)**	(32,209,724)	(32,633,432)	(34,909,863)	(37,054,385)
	19,357,967	17,545,175	13,333,538	9,856,540	11,052,470

The summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years has been extracted from the published audited financial statements of the Company.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Tianzhang *(Chairman)* (appointed on 2 August 2024)
Mr. Wang Xiaodong *(Chairman)* (resigned on 2 August 2024)
Mr. Zhu Jianbiao
Mr. Wang Wenbo
Mr. Sun Qingwei (resigned on 28 February 2025)
Mr. Liu Zhijie (appointed on 28 February 2025)
Ms. Liao Jianrong
Mr. Li Li
Mr. He Yongbing (resigned on 20 February 2025)
Mr. Wang Meng

Independent Non-executive Directors

Professor Qin Si Zhao
Mr. Victor Huang
Mr. Yang Xiangliang
Mr. Chiu Kung Chik

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Mr. Li Tianzhang *(Chairman)* (appointed as a member and the chairman on 2 August 2024)
Mr. Wang Xiaodong *(Chairman)* (ceased to be a member and the chairman on 2 August 2024)
Professor Qin Si Zhao
Mr. Yang Xiangliang

REMUNERATION COMMITTEE

Mr. Chiu Kung Chik *(Chairman)*
Ms. Liao Jianrong
Mr. Victor Huang

SUSTAINABILITY COMMITTEE

Mr. Zhu Jianbiao *(Chairman)*
Mr. Sun Qingwei (resigned on 28 February 2025)
Mr. Liu Zhijie (appointed on 28 February 2025)
Mr. Victor Huang
Ms. Ng Wing Yan Claudia

COMPANY SECRETARY

Mr. Cheung Chin Wa

AUTHORISED REPRESENTATIVES

Mr. Sun Qingwei (resigned on 28 February 2025)
Mr. Liu Zhijie (appointed on 28 February 2025)
Mr. Cheung Chin Wa

STOCK CODE

1250

WEBSITE

www.shneg.com.hk

INVESTOR RELATIONS CONTACT

Email Address: ir@shneg.com.hk

REGISTERED OFFICE

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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99 Queen's Road Central, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Ernst & Young
Registered Public Interest Entity Auditor

LEGAL ADVISERS AS TO HONG KONG LAW

Li & Partners
22/F, World-Wide House
19 Des Voeux Road, Central
Hong Kong

PRINCIPAL BANKERS

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

In Mainland China:
Bank of China Limited
Bank of Ningbo Co., Ltd.
China Construction Bank Corporation
China CITIC Bank Corporation Limited
China Development Bank
Industrial Bank Co., Ltd.
China Merchants Bank Co., Ltd.
EverGrowing Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
Ping An Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.

Definitions

In this report, 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
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"kWh"	kilowatt hour
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MW"	megawatt
"MWh"	megawatt-hour
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"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

Definitions

"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)
"SDHG Group"	SDHG and its subsidiaries

"SDHSC"	山東高速股份有限公司 (Shandong Hi-Speed Company Limited*), a company listed on the Shanghai Stock Exchange (stock code: 600350.SH) and owned as to approximately 70.67% by SDHS Group
"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
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Consolidation"	the share consolidation on the basis that (i) every fifty (50) issued and unissued existing ordinary shares of the Company of HK$0.001 each in the share capital of the Company be consolidated into one (1) consolidated ordinary share of the Company of HK$0.05 each; and (ii) every fifty (50) unissued existing preference shares of the Company of HK$0.001 each in the share capital of the Company be consolidated into one (1) consolidated preference share of the Company of HK$0.05 each
"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

Definitions

"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

* *For identification purposes only*

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SHANDONG HI-SPEED NEW ENERGY GROUP LIMITED

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