Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS

- Profit for the Year of the Group was approximately HK$387.5 million (2022: approximately HK$225.8 million), representing an increase of approximately 71.6% as compared to the last year. Profit attributable to the equity holders of the Company was approximately HK$378.2 million (2022: approximately HK$258.2 million), representing an increase of approximately 46.5% as compared to the last year. The increase was mainly attributable to the combined effect of (including but not limited to): (i) the increase in new energy business related revenue, other income and gains resulted from the Group's focus on the new energy core business and continuously increased investment in new energy projects; (ii) the decrease in administrative expenses due to the cost control and efficiency enhancement of the Group; (iii) the decrease in finance costs of the Group; and (iv) the fact that such increase was partially offset by the increase in the income tax expense.

- EBITDA amounted to approximately HK$4,040.3 million (2022: approximately HK$3,666.1 million), representing an increase of approximately 10.2% as compared to the corresponding period of the last year.

- The finance costs for the Year of the Group was approximately HK$1,517.5 million (2022: approximately HK$1,803.3 million). The decrease in finance costs was attributable to the combined effect of (i) replacement of high-cost financing with low-cost financing; and (ii) exchange rate fluctuations of the depreciation of Renminbi against the Hong Kong dollar during the Year.

- The debt ratio of the Group has been further reduced to approximately 65% after Ping An Introduction Strategy. Meanwhile, cash and cash equivalents of the Group amounted to approximately HK$4,892.4 million, representing an increase of approximately HK$1,255.2 million as compared to the corresponding period of the last year. The Group has sufficient financial reserves to provide for business development.

- During the Year, the combined scale of centralised photovoltaic power plant projects and wind power plant projects of the Group increased by 157 MW and 588 MW respectively, representing an increase of approximately 6.6% and approximately 100% respectively as compared to the last year, thus continuing to remain a stable development.
- Benefiting from the continuous growth in the combined scale of power plant projects, the Group recorded an increase of approximately 14.5% in combined scale power generation during the reporting period as compared to the last year, and recorded revenue of approximately HK$4,062.3 million (2022: approximately HK$3,749.1 million) from the related electricity sales, representing an increase of approximately 8.4% as compared to the last year. As the revenue from electricity sales was mainly denominated in Renminbi, part of the increase was partially offset by the exchange rate fluctuation during the Year due to the depreciation of Renminbi against Hong Kong dollar.
- Basic and diluted earnings per share for the Year were HK16.83 cents (2022: HK13.75 cents (restated)) and HK16.83 cents (2022: HK13.75 cents (restated)) respectively.
- The Board does not recommend the payment of a final dividend for the Year (2022: Nil).

RESULTS

The Board announces the audited consolidated results of the Group for the year ended 31 December 2023 (the "**Year**") and the consolidated statement of financial position of the Group as at 31 December 2023, together with comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000* *(Restated[note])*
REVENUE	*2*	**4,963,431**	5,296,197
Cost of sales		**(2,552,221)**	(2,735,702)
Gross profit		**2,411,210**	2,560,495
Other income and gains, net	*2*	**585,288**	218,946
Selling and distribution expenses		**(3,772)**	(2,505)
Administrative expenses		**(482,710)**	(512,818)
Other operating expenses, net		**(247,723)**	(207,631)
Finance costs	*4*	**(1,517,497)**	(1,803,324)
Share of profits and losses of:			
Joint ventures		**(89,647)**	4,544
Associates		**(24,852)**	25,759

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated[note])
PROFIT BEFORE TAX	*3*	**630,297**	283,466
Income tax expense	*5*	**(242,832)**	(57,655)
PROFIT FOR THE YEAR		**387,465**	225,811
ATTRIBUTABLE TO:			
Equity holders of the Company		**378,198**	258,236
Non-controlling interests		**9,267**	(32,425)
		387,465	225,811
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**HK16.83 cents**	HK13.75 cents
Diluted		**HK16.83 cents**	HK13.75 cents

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. As a result of share consolidation, basic and diluted earnings per share had been restated to be consistent with current period presentation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**387,465**	225,811
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in the subsequent periods:		
Exchange fluctuation reserve:		
Translation of foreign operations	**(562,277)**	(1,779,414)
Share of other comprehensive loss of joint ventures	**(13,065)**	(38,186)
Share of other comprehensive loss of associates	**(37,784)**	(87,819)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(613,126)**	(1,905,419)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(225,661)**	(1,679,608)
ATTRIBUTABLE TO:		
Equity holders of the Company	**(167,169)**	(1,498,588)
Non-controlling interests	**(58,492)**	(181,020)
	(225,661)	(1,679,608)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	31 December 2023 HK$'000	31 December 2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**27,295,692**	25,045,556
Investment properties		**162,000**	162,000
Goodwill		**504,727**	461,630
Operating concessions		**1,524,591**	1,622,103
Operating rights		**2,965,794**	865,883
Other intangible assets		**20,826**	16,054
Investments in joint ventures		**415,047**	464,693
Investments in associates		**1,243,115**	1,332,662
Equity investments designated at fair value through other comprehensive income		**329,852**	–
Prepayments, deposits and other receivables		**740,433**	3,332,845
Other tax recoverables		**521,304**	356,426
Other non-current assets		–	1,385,240
Deferred tax assets		**482,990**	397,753
Total non-current assets		**36,206,371**	35,442,845
CURRENT ASSETS			
Inventories		**71,424**	95,003
Contract assets	*8*	**844,857**	1,086,746
Trade and bills receivables	*9*	**8,595,600**	8,176,926
Financial assets at fair value through profit or loss		**542,514**	411,916
Prepayments, deposits and other receivables		**2,379,424**	2,032,773
Other tax recoverables		**173,770**	122,808
Restricted cash and pledged deposits		**247,008**	247,454
Cash and cash equivalents		**4,892,415**	3,637,264
		17,747,012	15,810,890
Assets classified as held for sale		**752,389**	774,530
Total current assets		**18,499,401**	16,585,420

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2023

	Notes	31 December 2023 HK$'000	31 December 2022 HK$'000
CURRENT LIABILITIES			
Trade and bills payables	*10*	**1,485,817**	1,941,813
Other payables and accruals		**1,362,037**	1,888,123
Interest-bearing bank loans and other borrowings		**8,814,415**	6,117,897
Corporate bonds	*11*	**166,110**	563
Income tax payables		**193,200**	213,979
Total current liabilities		**12,021,579**	10,162,375
NET CURRENT ASSETS		**6,477,822**	6,423,045
TOTAL ASSETS LESS CURRENT LIABILITIES		**42,684,193**	41,865,890
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		**22,682,087**	24,454,824
Corporate bonds	*11*	**200,046**	526,803
Other non-current liabilities		**9,924**	1,555,456
Deferred tax liabilities		**501,124**	237,083
Total non-current liabilities		**23,393,181**	26,774,166
Net assets		**19,291,012**	15,091,724
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*12*	**112,329**	112,329
Reserves		**14,281,677**	14,443,892
		14,394,006	14,556,221
Non-controlling interests		**4,897,006**	535,503
Total equity		**19,291,012**	15,091,724

NOTES:

1.1 CORPORATE AND GROUP INFORMATION

Shandong Hi-Speed New Energy Group Limited is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at 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 with effect from 20 July 2023.

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

1.2 BASIS OF PREPARATION

These financial information has 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 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, a financial asset at fair value through other comprehensive income and financial guarantee contracts which have been measured at fair value. Disposal assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy of determining accounting policy aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. The amendments are not expected to have any significant impact on the Group's financial statements.

2. REVENUE, OTHER INCOME AND GAINS, NET

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

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of electricity and entrusted operation services		
Photovoltaic Power Business	**3,005,082**	2,998,391
Wind Power Business	**1,057,193**	750,676
Entrusted operation services	**119,903**	220,430
Construction and related services	**137,550**	403,139
Provision of clean heat supply services	**643,703**	923,561
	4,963,431	5,296,197
Other income and gains, net		
Bank interest income	**37,644**	8,554
Other interest income	**51,967**	29,976
Government grants	**29,948**	35,298
Contingent consideration adjustment arising from acquisition in prior years	**–**	38,711
Gains on bargain purchase of subsidiaries	**347,533**	2,243
Gains on disposal of subsidiaries	**–**	682
Fair value gains on financial assets at fair value through profit or loss	**–**	10,650
Gains on debt restructuring	**31,414**	37,878
Gains on disposal of joint ventures	**2,559**	–
Management income	**24,209**	22,395
Reversal of impairment of trade and bills receivables	**4,351**	–
Reversal of impairment of financial assets included in prepayments, deposits and other receivables	**22,280**	–
Fair value gains on financial guarantees	**2,775**	–
Others	**30,608**	32,559
	585,288	218,946

3. PROFIT BEFORE TAX

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

	2023	2022
	HK$'000	*HK$'000*
Cost of sales of electricity and entrusted operation services	**1,849,453**	1,536,662
Cost of construction and related services	**116,122**	342,739
Cost of clean heat supply services	**586,646**	856,301
Depreciation of property, plant and equipment	**1,482,472**	1,195,805
Depreciation of right-of-use assets recognised under property, plant and equipment	**229,543**	254,637
Amortisation of operating concessions	**83,358**	91,274
Amortisation of operating rights	**94,507**	34,494
Amortisation of other intangible assets	**2,627**	3,137

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	HK$'000	*HK$'000*
Interest on interest-bearing bank loans and other borrowings	**1,268,907**	1,291,130
Interest on lease liabilities	**243,972**	278,937
Interest on options granted to non-controlling interests	**–**	220,026
Interest on corporate bonds	**15,413**	24,463
Total interest expenses on financial liabilities not at fair value through profit or loss	**1,528,292**	1,814,556
Less: Interest capitalised	**(10,795)**	(11,232)
	1,517,497	1,803,324

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Year (2022: Nil).

The PRC corporate income tax provision in respect of operations in Chinese Mainland 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 Chinese Mainland, 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.

	2023	2022
	HK$'000	*HK$'000*
Current – Chinese Mainland		
Charge for the Year	**241,485**	247,615
(Overprovision)/Underprovision in prior years	**(2,300)**	11,861
Deferred	**3,647**	(201,821)
Total tax expense for the Year	**242,832**	57,655

6. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

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

The calculation of the basic earnings per share amounts is based on the profit attributable to the equity holders of the Company for the years ended 31 December 2023 and 2022, and the number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2023 and 2022 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:

	2023	2022
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to equity holders of the Company	**378,198**	258,236
Profit used in the basic and diluted earnings per share calculations	**378,198**	258,236

	2023	2022 (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 *(Note)*	**2,246,588,726**	1,877,549,964
Basic earnings per share	**HK16.83 cents**	HK13.75 cents
Diluted earnings per share	**HK16.83 cents**	HK13.75 cents

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. As a result of share consolidation, basic and diluted earnings per share had been restated to be consistent with current period presentation.

8. CONTRACT ASSETS

	Notes	2023 HK$'000	2022 HK$'000
Tariff adjustment receivables	*(a)*	**714,892**	587,798
Construction contracts	*(b)*	**131,001**	456,015
Retention money	*(b)*	**6,798**	58,855
		852,691	1,102,668
Less: Impairment		**(7,834)**	(15,922)
Total		**844,857**	1,086,746

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 Chinese Mainland and all other attaching conditions, if any.

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

9. TRADE AND BILLS RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**1,802,558**	2,314,294
Bills receivable	**12,103**	38,124
	1,814,661	2,352,418
Tariff adjustment receivables *(Note)*	**6,900,094**	5,943,134
	8,714,755	8,295,552
Less: Impairment	**(119,155)**	(118,626)
Total	**8,595,600**	8,176,926

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.

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 receivables balances. Trade receivables are non-interest-bearing.

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:

	2023	2022
	HK$'000	*HK$'000*
Within 3 months	**519,255**	706,278
4 to 6 months	**93,581**	322,461
7 to 12 months	**82,743**	260,807
1 to 2 years	**433,628**	390,180
Over 2 years	**571,661**	558,960
	1,700,868	2,238,686

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:

	2023	2022
	HK$'000	*HK$'000*
Within 3 months	**531,375**	915,705
4 to 6 months	**562,161**	544,856
7 to 12 months	**1,618,168**	992,951
1 to 2 years	**1,749,621**	1,275,165
Over 2 years	**2,433,407**	2,209,563
	6,894,732	5,938,240

10. TRADE AND BILLS PAYABLES

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

	2023	2022
	HK$'000	*HK$'000*
Within 3 months	**131,519**	152,310
4 to 6 months	**101,631**	145,828
7 to 12 months	**244,518**	245,366
1 to 2 years	**106,589**	285,510
Over 2 years	**901,560**	1,112,799
	1,485,817	1,941,813

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

The Group's bills payable amounting to nil (2022: HK$33,390,000) were secured by the pledged bank deposits as at 31 December 2023.

11. CORPORATE BONDS

	2023	2022
	HK$'000	*HK$'000*
Corporate bonds	**366,156**	527,366
Portion classified as current liabilities	**(166,110)**	(563)
Non-current portion	**200,046**	526,803

Corporate bonds of the Group as at 31 December 2023 and 31 December 2022 comprised:

(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 of approximately HK$423.8 million and repayable on 30 November 2025.

12. SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Authorised:		
Ordinary shares:		
9,332,742,302 shares of HK$0.05 at 31 December 2023 and 466,637,115,100 shares of HK$0.001 at 31 December 2022	**466,637**	466,637
Convertible preference shares:		
667,257,698 shares of HK$0.05 at 31 December 2023 and 33,362,884,900 shares of HK$0.001 at 31 December 2022	**33,363**	33,363
	500,000	500,000
Issued and fully paid:		
Ordinary shares:		
2,246,588,726 shares of HK$0.05 at 31 December 2023 and 112,329,436,304 shares of HK$0.001 at 31 December 2022	**112,329**	112,329

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) 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) preference share of par value of HK$0.05 each. The share consolidation became effective on 26 June 2023.

13. EVENT AFTER THE REPORTING PERIOD

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

1. On 5 January 2024, Tianjin Beiqing Electric Smart Energy Co., Ltd.*（天津北清電力智慧能源有限公司）(an indirect wholly-owned subsidiary of the Company, "**Beiqing Smart**") entered into the cooperation agreement dated 5 January 2024 (the "**Cooperation Agreement**") with Qingdian Technology Group Co., Limited*（清電科技集團有限公司）("**Qingdian Technology**"), Henan Huachuang Guoxin Engineering Co. Ltd.*（河南省華創國信工程有限公司）and Nanyang Qingdian New Energy Co., Ltd.*（南陽清電新能源有限公司）("**Nanyang Qingdian**"), pursuant to which Beiqing Smart shall, subject to the terms and conditions of the Cooperation Agreement, (i) acquire from the Qingdian Technology the entire equity interest in Nanyang Qingdian which owns all the assets in respect of the relevant wind power and smart energy storage project located in Sheqi County（社旗縣）, Henan Province of the PRC; and (ii) repay the liabilities of Nanyang Qingdian of up to RMB600,000,000, at the consideration of RMB800,000,000, comprises the aggregate amount of the Equity Transfer Consideration of RMB200,000,000 and the liabilities of Nanyang Qingdian of RMB600,000,000. Upon the completion of the Cooperation Agreement, Beiqing Smart shall hold the entire equity interest in Nanyang Qingdian and Nanyang Qingdian shall become an indirect wholly-owned subsidiary of the Company;

2. On 6 February 2024, Shandong Hi-Speed Thermal Group Company Limited*（山高熱力集團有限公司）, (an indirect non-wholly owned subsidiary of the Company, the "**Thermal Co**") and each of 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））, Fuzhou Yuze Phase I Investment Partnership (Limited Partnership)*（福州禹澤一期投資合夥企業（有限合夥））, Beijing Yingtong Subway Energy Saving Technology Co., Ltd.*（北京營通地鐵節能技術有限公司）, Ningxia Zhucheng Investment Co., Ltd.*（寧夏助誠投資有限公司）, Tibet Yuze Investment Management Co., Ltd.*（西藏禹澤投資管理有限公司）and 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））(collectively, the "**Vendors**") entered into six supplemental agreements (the "**Supplemental Agreements**"), respectively, to amend and supersede the arrangements under the relevant repurchase agreements entered into between Thermal Co and each of the Vendors in March 2022 (the "**Repurchase Agreements**"), in relation to, among others, (a) the consideration of RMB49,982,500 payable by Thermal Co under one of the Repurchase Agreements has been recognised and paid in full; and (b) the consideration under each of the other five Repurchase Agreements 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. Upon completion of the Supplemental Agreements, the registered capital of Thermal Co shall be reduced from RMB960,000,000 by RMB288,000,000 to RMB672,000,000. Upon fulfilment of all the conditions precedent, Thermal Co shall become an indirect wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the Company's financial statements; and

3. On 20 March 2024, the Company entered into the investment agreement (the "**Investment Agreement**") with China SDHS International Economic and Technical Cooperation Co., Ltd.* (中國山東國際經濟技術合作有限公司)("**SD International Cooperation**") and SDHS Energy Development Co., Ltd.* (山東高速能源發展有限公司)("**SDHS Energy Development**"), each of which is a direct wholly-owned subsidiary of the indirect controlling shareholder of the Company, i.e. Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司)(the "**SDHS Group**"), and therefore an associate of SDHS Group and a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), in respect of the formation of Shandong Hi-Speed International New Energy Co., Ltd.* (山東高速國際新能源有限公司)(the "**Joint Venture**") in the PRC. Pursuant to the Investment Agreement, the total capital contribution amount is RMB45,000,000 (comprising the whole of the registered capital of the Joint Venture, the "**Total Contribution Amount**"), in which 30% (i.e. RMB13,500,000, being the investment amount) shall be contributed by 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. The Total Contribution Amount shall be contributed within 5 years from the date of establishment of the Joint Venture. The Joint Venture will be accounted for as an associated company of the Company upon its establishment.

14. COMPARATIVE AMOUNTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

31 DECEMBER 2023

The projects held/managed by the Group have achieved the plans and goals set at the beginning of the Year. During the Year, the Group completed power generation of approximately 5.6 million MWh (2022: approximately 4.9 million MWh) on a consolidated basis, representing an increase of approximately 14.5% as compared to the corresponding period of 2022. Meanwhile, the cumulative total operating power generation exceeded 6.2 million MWh (2022: approximately 6.1 million MWh), representing an increase of approximately 2.6% as compared to the corresponding period of the last year.

Profit for the Year of the Group was approximately HK$387.5 million (2022: approximately HK$225.8 million), and profit attributable to the equity holders of the Company for the Year was approximately HK$378.2 million (2022: approximately HK$258.2 million). The increase in profit for the Year of the Group was mainly attributable to the combined effect of: (i) the increase in new energy business related revenue, other income and gains resulted from the Group's focus on the new energy core business and continuously increased investment in new energy projects; (ii) the decrease in administrative expenses due to the cost control and efficiency enhancement of the Group; (iii) the decrease in finance costs as a result of the replacement of high-cost financing with low-cost financing by the Group; and (iv) the fact that such increase was partially offset by the increase in the income tax expense.

Benefitting from the Ping An Introduction Strategy at the end of 2023, the Group's capital has been further strengthened. As at 31 December 2023, the Group recorded total assets of approximately HK$54,705.8 million (2022: HK$52,028.3 million) and total liabilities of approximately HK$35,414.8 million (2022: HK$36,936.5 million), resulting in a net asset value of approximately HK$19,291.0 million (2022: HK$15,091.7 million). The performance of the balance sheet has improved.

Further details of the discussion of business performance and financial performance are set out in the sections headed "3. Business Review" and "4. Financial Performance" in "Management Discussion and Analysis".

1. MARKET REVIEW

In 2023, China accelerated the pace of green and low-carbon transformation, and renewable energy showed a high speed of development, a high proportion of utilisation, and a high quality of consumption. The installed capacity of new energy storage rapidly increased, and new technologies continued to emerge; the construction of a multi-level power market was orderly promoted, and the level of new energy consumption was significantly improved, with a prominence in the competitive advantages of wind power and photovoltaic power. The National Energy Administration has formulated the "Guiding Opinions on Energy Work in 2023" (《2023年能源工作指導意見》) in order to conscientiously carry out energy work, with the aim of proactively and steadily promoting a green and low-carbon transformation, accelerating the construction of a new power system, improving the flexible perception and efficient production and operation capabilities of energy systems, and promoting the integration of generation, grid, load and storage, to achieve multi-energy synergy. The Opinions expressly stated that "China intends to accelerate the improvement of new energy storage technology standards, according to the needs of grid-connected configuration of new energy generation and the integration of generation, grid, load and storage, accelerate the establishment of a standard system covering the construction of new energy storage project, the whole process of production and operation, as well as safety and environmental protection, technical management and other professional and technical content". The next period is a critical stage for the realization of the "dual carbon" goal, and ensuring the energy security is a prerequisite for dual carbon. During the National People's Congress and the Chinese People's Political Consultative Conference in 2023, many representatives of new energy industry proposed that, within the "14th Five-Year" and even a longer term in the future, under the background of actively and steadily promoting "Carbon Dioxide Peaking" and "Carbon Neutrality", and accelerating the construction of new energy system in the whole society, the heat supply industry shall pay full attention to the systematic development and application of technologies for energy saving and carbon reduction, quality improvement and efficiency enhancement, accelerate and promote the construction of new smart heat supply system through the deep integration with information technology, accelerate the digital, intelligent and green transformation of heat supply system, and gradually achieve heat supply precisely and on demand.

In 2020, China proposed for the first time that "the total installed capacity of wind power and photovoltaic power generation should reach over 1.2 billion kilowatts by 2030". During the "14th Five-Year Plan" period, especially in 2023, the actual installed capacity of new energy has far exceeded the expectation, showing a historic and explosive growth trend. According to the National Energy Administration, China has achieved a newly installed capacity of 292 million kilowatts of wind power and photovoltaic power (including 216 million kilowatts of photovoltaic power and 76 million kilowatts of wind power) in 2023, and last year's new installations have exceeded the total capacity for the five-year period of the "13th Five-Year Plan" (being 210 million kilowatts). At present, the country's total installed capacity of wind power and photovoltaic power has exceeded 1 billion kilowatts, and the target of 1.2 billion kilowatts installed capacity is expected to be realised 6 years in advance.

At present, the new energy industry is experiencing a period with supportive policies. Looking at the development environment of the new energy industry, it is anticipated that from the end of the "14th Five-Year" to the "15th Five-Year", China's policy direction to vigorously promote the replacement of conventional power generation with renewable energy generation will not change, and the macro-policy and market environment will continue to be favorable to us. The Company is in a period of strategic opportunities for high-speed and high-quality development, and a window of time for leap-forward growth.

2. GROUP STRATEGY AND OPERATIONS

The year 2023 was the first year after the Group became a member of SDHS Group, during which the Group actively integrated into national strategic layout and the "ecosystem" of SDHS Group. Under the continuous full empowerment of the Group by its controlling shareholder, SDHG, the Group adhered to the corporate values of "pursuing the great aspiration with high-speed, amity and persistence", and its business has continued to develop steadily. With closely grasping the historic development opportunity of the new energy industry, the Group focused on the investment, development, construction, operation and management of photovoltaic and wind power new energy and clean heating services in cities as its core businesses, and strove to become the first-class integrated clean energy service provider.

Since the Group became a member of SDHS Group, it has fully relied on the credit enhancement system of SDHS Group, successfully introduced a RMB5 billion strategic investment from Ping An Asset Management Co., Ltd.*（平安資產管理有限責任公司）("**Ping An Asset Management**") during the Year, and received the full investment amount on 3 January 2024, which not only optimised the Company's capital structure and accelerated the formation of a diversified shareholding structure and market-oriented governance structure, which played a positive role in promoting the management level of the Group, but also laid a solid foundation for optimising the asset structure and opening up the direct financing market.

The incremental capital also provided sufficient financial support for the rapid development of the Group and will effectively help the implementation of the Group's business plan.

After experiencing nearly two years of agonizingly time of the industry, the Group has returned to a steady growth trajectory and has achieved significant breakthroughs in incremental business. In 2023, the newly added wind and photovoltaic development targets exceeded 1.6 GW, which has led to the total capacity of the Group's under-construction and approved-for-construction power projects reaching 1.9 GW.

With the strong support and promotion of SDHS Group, the Company secured a centralised onshore wind power plants project with capacity of 387.5 MW in Shandong Province amidst fierce competition. This project is the largest wind power plant project independently developed and obtained after being strongly empowered by Shareholders, setting a precedent for the Company's independent development of high-quality and substantial projects.

Each business segment has also achieved significant results in development and management, as listed below:

For the centralised photovoltaic plants business, the Group has formulated a clear development direction. We will increase the independent development efforts in centralised photovoltaic power generation, adhere to the development strategy of "independent development as well as acquisitions", focus on key areas, and strive to "guide according to the situation, and adapt measures to local conditions" by refining, optimising and strengthening ourselves in areas with better stock project resources, industrial supporting resources and the shareholders' resources, maintaining a stable development trend of centralised photovoltaic projects. The Group will leverage different regional advantages in different regions to empower its centralised photovoltaic plants business.

With the northwest region focusing on the development of integration projects of generation, grid, load and storage, at this stage, the Group will make every effort to promote the landing of the Integrated Demonstration Base Project of Large Capacity for Power, Grid, Load and Storage in Hainan Prefecture, Qinghai Province*（青海省海南州大體量源網荷儲一體化示範基地項目）. In the future, we will take Qinghai Province as a core development area that radiates and leads the centralised wind, photovoltaic and energy storage projects in Gansu Province and Xinjiang Autonomous Region, making three regions the Group's core production areas with GW-level indicators. In Shanxi Province, we will vigorously promoted the construction of a large-scale photovoltaic industrial base; while in Jiangsu Province, we will continue to develop fishery and photovoltaic complementary, and forestry and photovoltaic complementary projects in Yizheng, Gaoyou and other regions. The Group will adhere to the development model of regional diversification, and promote the steady progress of centralised power generation projects in the next 3 to 5 years.

For the distributed photovoltaic power business, the strategy of the Group's distributed photovoltaic power business is "relying on Shareholder's resources internally, and exploring strategic customers externally". In 2023, the green integrated smart energy project in Gushan Service Area was successfully connected to the grid. During the year, the Group signed new cooperative development agreements with Yunan Highway, Linteng Highway and Qilu Highway under the SDHS Group, thus deeply integrating into the "ecosystem" of SDHS Group; it also pioneered the innovation of "Photovoltaic + Sewage Treatment" model across the photovoltaic industry, and continued to deepen and strengthen its cooperation with the Beijing Enterprises Water Group Limited ("**BEWG**"). At the same time, the Group also explored important strategic customers externally. In the selection of project resources, we focused on and gave priority to state-owned enterprises and leading enterprises in the industry, and worked closely with quality owners with good reputation and load absorbing capacity.

In 2023, through continuous practice and innovation, the distributed photovoltaic power business has received numerous accolades. During which, the Group's green integrated smart energy project in Gushan Service Area has won multiple awards and has been successfully selected into the 2023 ESG White Paper on China Practice*（《2023年ESG中國實踐白皮書》）and has been awarded the 2023 ESG Practice Case – Innovative Green Infrastructure Upgrading Practices*（2023年ESG實踐案例ー創新綠色基建升級實踐）, which officially opened the prelude to the scene application of "Transportation & Energy Integration" and "New Energy + New Infrastructure". The distributed photovoltaic power business will maintain its advantage in diversified development models, fully explore the various scene application of distributed photovoltaics according to local conditions and scientific planning, explore a comprehensive energy management model of "Distributed Photovoltaics + Energy Storage + Charging + Energy Conservation + Distribution and Sales of Electricity + Energy Consumption", with a focus on breaking through the "Transportation + Energy" model. Based on its extensive transportation application landscape and territorial resources, the Group will make rational use of local resources to develop the field of distributed comprehensive energy services. At the same time, the Group will explore a smart energy solution of "Factory + Energy", deeply integrates digital technology with photovoltaic power generation with reference to the energy demands of factories. We are committed to achieving a perfect combination of photovoltaics and buildings through the adoption of BIPV construction solutions.

For the wind power business, 2023 is a year in which the Group has made great strides in wind power business. The combined scale of wind power plant projects increased by 588 MW, representing an increase of 100% as compared to last year. The Group has successfully won the bidding for wind power plants project in Heze City, Shandong Province, with a total planned installed capacity of over 380 MW, which was a milestone in the Group's independent development process. Upon completion of the project, it is expected that the annual on-grid electricity will be 1 billion kilowatt-hour, saving the standard coal of approximately 300,000 tons annually, and reducing the carbon dioxide emissions of approximately 800,000 tons. In participating in the tender, the Group successfully broke through the bottleneck of industrial synergy and made a demonstration for the subsequent investment and development of "new energy + supporting industries".

In daily asset operation and maintenance, the Group's management capability has been gradually enhanced, effectively ensuring the long-term stability of the Group's cash flow. According to the annual utilisation hours of wind and photovoltaic power in 2023 published by available and authoritative industry organizations, the utilisation hours of the provinces in which the Group has a significant position are better than those of the provincial average, among which, Anhui and Hebei Provinces enjoy a more pronounced advantage in centralised photovoltaic power generation. The standardization of power plant safety has achieved significant results, with the in-depth implementation of the thousand-point system and the gradual improvement of the safety standardization system, the dual prevention system, the emergency management system, and the centralised + distributed visualization of power plants. The Group was well received by the safety and energy regulatory authorities in various inspections, including Shandong Shanghe power plant, which became an exemplary benchmark enterprise for safety management demonstrated externally by the local regulatory authorities, and Jiangsu Baoying power plant, which was awarded the title of Advanced Unit of Safe Production* (安全生產先進單位).

In addition to the self-development, the Group has also made plentiful progress in the entrusted operation and maintenance projects. On 7 September 2023, the Group has successfully won the bidding for 800 MW wind power plants entrusted operation and maintenance services project of Huadian Jiangsu, with six wind power plants, which has an existing capacity of 470 MW and the ultimate capacity may reach 800 MW. After integrating the service capacity of centralised photovoltaic power business, the capacity of entrusted operation and maintenance services provided by the Group has exceeded 2,000 MW. The quality of power plant operation and maintenance has been significantly improved, with procurement management and technical reform optimization helping successfully achieve the target of cost reduction and efficiency enhancement. Shandong Lingcheng power plant became the exemplary benchmark enterprise for safety management demonstrated by the local regulatory authorities, and the wind power projects in Fengqiu, Henan Province, and Alxa, Inner Mongolia, were awarded the highest honor in 2022 National Wind Farm Production and Operation Benchmark of China Electricity Council (AAAAA level) in the year.

For the clean heat supply service business, the Group has been honing its internal capabilities, continuously upgrading existing projects, and continuing 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 guiding principle of focusing on the end users/enterprises to provide clean heat supply service business and the vision of centralised city heat supply. In the principal business development, we focus on clean heat supply market. By virtue of advanced management philosophy and mature development model of SDHS Group, we focus on provincial capitals and prefecture cities with higher mature heat supply market, supplemented by the long transporting projects in high-quality counties (including county-level cities), to increasingly form scale effects of heat supply business. We also actively carry out the application research of clean zero-carbon technologies such as heat pump, solar energy, hydrogen energy, biomass, waste heat from garbage power plants and nuclear energy, and explore the technical path, technical advantages and disadvantages, economy, feasibility and implementation conditions of energy transformation and system reconstruction in the heat supply industry.

In terms of the capital markets, during the year, the Group received 5 business awards, including 2 wind power projects that achieved the highest honor in the industry and 3 case study awards, among which the green integrated smart energy project in Gushan Service Area has received high praise several times; and a total of 10 ESG and investor relations awards, etc.

In addition, with the high alignment between ESG principles and the Group's business, as well as the management's efforts to optimise and strengthen ESG aspects throughout the year, the Group has received ESG principal ratings from five rating agencies. Simultaneously benefiting from the new energy industry that is on the fast track of national policy development, the Group has received a significant increase in market attention.

Looking back to 2023, the Group has been on a path of steadily development, and achieved fruitful results in its operation, with its annual results being fully recognized by all relevant parties.

Looking ahead to 2024, the Group will strengthen its confidence in "building up its strength and speeding up its development". With the belief that "the start of the year is the sprint and the beginning is the decisive battle", the Group will hold on to the conviction of inevitable victory and push forward with all our might to achieve high-quality leapfrog growth.

3. BUSINESS REVIEW

The year of 2023 was a year of steady development for the Group. Since SDHG took over the Group, the Group has undergone a makeover in 2023 and made steady progress on various aspects. The Group's revenue for the Year was approximately HK$4,963.4 million and the debt ratio dropped from 78% prior to the SDHG became the shareholder of the Company to approximately 65%, representing a drop of nearly 13%. The year of 2023 was also a year of high recognition for the Company in the capital market, as well as a year of recognition from investors and ESG. On 25 December 2023, the Group won the "Listed Company with the Highest Investment Value* (最具投資價值上市公司)" at the China Securities "Golden Bauhinia Awards" Ceremony and won the "Best ESG Pioneer Award* (最佳ESG先鋒獎)" at the Hong Kong International ESG List Awards Ceremony.

During the Year, 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. A summary of the results for the Year is set out below:

Financial highlights:

	2023 ***HK$'000***	2022 *HK$'000* (restated)	Change *%*
Revenue	**4,963,431**	5,296,197	(6)
Gross profit	**2,411,210**	2,560,495	(6)
Gross profit margin *(%)*	**48.6**	48.3	increase by 0.3
Profit for the Year	**387,465**	225,811	72
Profit attributable to the equity holders of the Company	**378,198**	258,236	46
Basic earnings per share *(in HK cent(s))*	**16.83**	13.75	22
EBITDA	**4,040,301**	3,666,137	10
Total assets	**54,705,772**	52,028,265	5
Total equity	**19,291,012**	15,091,724	28
Cash and cash equivalents	**4,892,415**	3,637,264	35

The Group also maintained steady progress and development during the Year, with solid improvement in its main business, the business structure further optimized and the revenue base strengthened. The share of the power generation business revenue increased significantly. During the Year, the projects held/managed by the Group have achieved results in line with the plans set at the beginning of the year, with the cumulative total operating power generation exceeding 6.2 million MWh (2022: approximately 6.1 million MWh), representing an increase of approximately 2.6% as compared to the corresponding period of the last year and an increase of approximately 30% compared to the corresponding period in 2020.

The Group focused on the power generation business with stronger sustainability, actively enhanced the quality of its existing projects and the management efficiency, and optimized its business portfolios through the implementation of cost reduction and efficiency enhancement. Currently, the Group's revenue and business structure have been successfully optimised to improve the Group's overall business and financial performance, and have contributed to an increase in the Group's gross profit margin by approximately 0.3% to approximately 48.6% for the Year (2022: 48.3%).

3.1 Sale of Electricity and Entrusted Operation Services

In terms of operations, during the Year, the Group has been steadily developing 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 entrusted operation services amounted to approximately HK$4,182.1 million (2022: approximately HK$3,969.5 million), representing an increase of approximately 5.4% as compared to the corresponding period of the last year. The increase in the revenue was due to the acquisition of the new power plant as well as the grid integration and commissioning of power plants under construction during the 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 HK$2,365.4 million (2022: approximately HK$2,362.2 million) from the sale of electricity from the Group's centralised photovoltaic power plants, representing approximately 47.7% (2022: approximately 44.6%) of the Group's total revenue during the Year. Meanwhile, during the Year, the Group completed centralised photovoltaic power generation of approximately 2.90 million MWh (2022: approximately 2.83 million MWh) on a consolidated basis, maintaining a stable development.

As at 31 December 2023, 53 (2022: 52) centralised photovoltaic power plants covering 13 provinces, 2 autonomous regions and 1 municipality in the PRC and 1 (2022: 1) centralised photovoltaic power plant in Whyalla, Southern Australia, Australia were held by the Group and in operation, and the aggregate on-grid capacity of these photovoltaic power plants reached 2,526 MW (2022: 2,369 MW), details of which are set forth below:

		2023			2022		
Location	**Photovoltaic resource area**	**Number of plants**	**Approximate total on-grid capacity** *(MW)*	**Approximate aggregate power generation** ***(Note 1)*** *(MWh)*	Number of plants	Approximate total on-grid capacity *(MW)*	Approximate aggregate power generation *(Note 1)* *(MWh)*
PRC-Subsidiaries:							
Hebei Province	II/III	**18**	**678**	**847,194**	17	597	798,469
Henan Province	III	**3**	**264**	**291,709**	3	268	318,390
Shandong Province	III	**5**	**243**	**307,831**	5	243	310,101
Guizhou Province	III	**4**	**209**	**216,156**	4	209	204,729
Anhui Province	III	**5**	**194**	**214,962**	6	189	233,296
Shaanxi Province	II	**2**	**161**	**197,845**	2	160	233,644
Jiangxi Province	III	**3**	**125**	**130,510**	3	125	130,494
Jiangsu Province	III	**2**	**182**	**153,161**	1	100	151,606
The Ningxia Hui Autonomous Region	I	**1**	**100**	**147,732**	1	100	147,469
Hubei Province	III	**3**	**70**	**70,111**	3	70	73,252
Jilin Province	II	**1**	**31**	**39,944**	1	30	40,888
The Tibet Autonomous Region	III	**1**	**30**	**35,834**	1	30	45,905
Tianjin Municipality	II	**1**	**32**	**35,163**	1	30	42,004
Yunnan Province	II	**1**	**22**	**32,515**	1	22	30,509
Shanxi Province	III	**2**	**44**	**38,304**	1	20	29,208
Guangdong Province	III	**1**	**135**	**141,198**	1	110	43,678
		53	**2,520**	**2,900,169**	51	2,303	2,833,642
PRC-Joint ventures:							
Anhui Province	III	**–**	**–**	**25,660**	1	60	82,157
PRC-Sub-total		**53**	**2,520**	**2,925,829**	52	2,363	2,915,799
Overseas-Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	**1**	**6**	**4,480**	1	6	5,487
Total		**54**	**2,526**	**2,930,309**	53	2,369	2,921,286

Most of the Group's centralised photovoltaic power plant projects in the PRC were situated in east and central regions of the PRC, and in photovoltaic resource areas II and III as promulgated by the National Development and Reform Commission ("**NDRC**"). The geographical distribution is favourable for the development of the Group's photovoltaic power business. Set out below are the project analysis by photovoltaic resource areas:

Photovoltaic resource area	**2023** Number of plants	**2023** Approximate total on-grid capacity *(MW)*	**2023** Approximate aggregate power generation *(Note 1)* *(MWh)*	2022 Number of plants	2022 Approximate total on-grid capacity *(MW)*	2022 Approximate aggregate power generation *(Note 1)* *(MWh)*
PRC-Subsidiaries:						
I	**1**	**100**	**147,732**	1	100	147,469
II	**12**	**450**	**601,857**	12	448	657,797
III	**40**	**1,970**	**2,150,580**	38	1,755	2,028,376
	53	**2,520**	**2,900,169**	51	2,303	2,833,642
PRC-Joint ventures: *(Note 2)*						
III	**–**	**–**	**25,660**	1	60	82,157
Total	**53**	**2,520**	**2,925,829**	52	2,363	2,915,799

Note 1: It represented the approximate aggregate power generation of certain 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 reporting periods (whichever is later), to the end of the respective reporting periods. Therefore, the above aggregate power generation may not reflect a full-year performance of these operations.

Note 2: The Company's 60 MW photovoltaic power project in Yingshang County, Fuyang City, Anhui Province (the "**Yingshang Project**"), located in Lukou Town, Yingshang County, Fuyang City, Anhui Province, the PRC, was completed and put into operation in 2016, with an installed capacity of 60 MW (i.e., approximately not exceeding 1.3% of the total installed capacity held/managed by the Company). The Yingshang Project had completed all the compliance procedures in relation to the requirements of the grid integration in the previous years.

In the second quarter of 2023, the Company received a notice from relevant authority, which required the Yingshang Project to cease operation and be dismantled by 30 September 2023. As of the date of this announcement, the operation of the Yingshang Project had been ceased, and the Company has taken certain proactive measures to minimise the impact of the dismantling of the Yingshang Project on the Company. The Company will make announcement(s) regarding the mutually formulated rectification and work plans, or future material updates on the Yingshang Project if necessary.

(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 reporting period*

	2023	2022	Changes
Weighted average utilisation ratio *(%)*	**93.19%**	95.98%	(2.79)%
Weighted average utilisation hours *(hours)*	**1,224**	1,264	(40) hours

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

During the Year, the Group's distributed photovoltaic power business operated steadily. Revenue from the sale of electricity from the Group's distributed photovoltaic power plants for the Year amounted to approximately HK$639.6 million (2022: approximately HK$636.2 million).

As at 31 December 2023, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 800 MW (2022: approximately 750 MW), mainly located in photovoltaic resource area III as promulgated by the NDRC such as Henan Province, Jiangsu Province, Shandong Province, Hebei Province and Anhui Province, which included the distributed photovoltaic power plants constructed by the Group in certain water plants of BEWG 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 HK$6.3 million (2022: approximately HK$6.8 million) was recognised during the Year.

3.1.2 Wind Power Plant Projects

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

During the Year, the Group's wind power plant projects went hand in hand with the distributed photovoltaic projects. The Group has made considerable progress in wind power plant projects, adding 6 new wind power plants as compared to 2022. The Group recorded revenue of approximately HK$1,057.2 million (2022: approximately HK$750.7 million) from the sale of electricity from the wind power plants. Meanwhile, during the Year, the Group completed wind power generation of approximately 2.07 million MWh (2022: approximately 1.44 million MWh) on a consolidated basis, representing an increase of approximately 44.0% as compared to the corresponding period of the last year.

As at 31 December 2023, 19 (2022: 13) wind power plants covering 4 provinces and 2 autonomous regions in the PRC with an aggregate on-grid capacity of 1,176 MW (2022: 588 MW) were held by the Group and in operation, details of which are set forth below:

		2023			2022		
Location	**Wind resource area**	**Number of plants**	**Approximate total on-grid capacity** *(MW)*	**Approximate aggregate power generation** *(Note 1)* *(MWh)*	Number of plants	Approximate total on-grid capacity *(MW)*	Approximate aggregate power generation *(Note 1)* *(MWh)*
PRC-Subsidiaries:							
Henan Province	IV	**8**	**373**	**852,543**	5	171	374,262
Shandong Province	IV	**3**	**234**	**376,876**	2	148	323,871
The Inner Mongolia Autonomous Region	I	**4**	**119**	**427,860**	4	119	367,936
Hebei Province	IV	**2**	**300**	**281,068**	1	100	273,662
Shanxi Province	IV	**1**	**50**	**123,963**	1	50	97,788
The Xinjiang Uygur Autonomous Region	I	**1**	**100**	**7,796**	–	–	–
Total		**19**	**1,176**	**2,070,106**	13	588	1,437,519

The majority of the Group's wind power plant projects are located in Hebei Province, Henan Province, Shandong Province and Shanxi Province, 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 the projects analysis by wind resource areas:

Wind resource area	2023 Number of plants	2023 Approximate total on-grid capacity (MW)	2023 Approximate aggregate power generation (Note 1) (MWh)	2022 Number of plants	2022 Approximate total on-grid capacity (MW)	2022 Approximate aggregate power generation (Note 1) (MWh)
PRC-Subsidiaries:						
I	**5**	**219**	**435,656**	4	119	367,936
IV	**14**	**957**	**1,634,450**	9	469	1,069,583
Total	**19**	**1,176**	**2,070,106**	13	588	1,437,519

Note 1: It represented the approximate aggregate power generation of the projects from the later of (i) the dates of acquisition by the Group; (ii) the dates of commencement of operation; and (iii) the beginning of the respective reporting periods, to the end of the respective reporting periods. Therefore, the above aggregate power generation may not reflect a full year performance of these operations.

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

	2023	2022	Changes
Weighted average utilisation ratio *(%)*	**96.61%**	98.21%	(1.6)%
Weighted average utilisation hours *(hours)*	**2,629**	2,464	165 hours

(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 HK$107.2 million (2022: approximately HK$200.4 million) was recognised during the Year.

3.2 Engineering, Procurement and Construction and Technical Consultancy Services

The Group is engaged in the provision of engineering, procurement and construction and related services for clean energy businesses including photovoltaic and wind power-related projects and clean heat supply projects in the PRC, and has a couple of qualifications and extensive experience in the design, engineering and construction of power-related projects. The Group has prioritised the construction of self-owned projects related to photovoltaic and wind power in the recent years, and internal resource allocation will be further adjusted and optimised. Therefore, revenue of approximately HK$137.6 million (2022: approximately HK$403.1 million) in aggregate arising from provision of engineering, procurement and construction and related services was recognised during the Year, representing 2.8% (2022: 7.6%) of the Group's total revenue during the Year, representing a decrease of 65.9% as compared to the corresponding period of the last year.

3.3 Provision of Clean Heat Supply Services

As at 31 December 2023, through development and business acquisitions, 12 projects (31 December 2022: 13 projects) were held and/or managed by the Group and its joint ventures through the 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, located in Henan Province, Shanxi Province, Shaanxi Province, Ningxia Hui Autonomous Region, Liaoning Province and other provinces and autonomous regions, in operation with an aggregate actual clean heat supply area reached approximately 33.948 million square meters ("**sq.m.**") (31 December 2022: approximately 39.598 million sq.m.), representing a year-on-year decrease of 14.3%; and the number of clean heat supply services users of approximately 198,495 households (31 December 2022: approximately 230,326 households), representing a year-on-year decrease of 13.8%. Revenue of approximately HK$643.7 million (2022: approximately HK$923.6 million) arising from the provision of clean heat supply services was recognised by the Group during the Year, representing a decrease of approximately 30.3% as compared to the corresponding period of the last year. Such decrease was mainly due to the net effect of exit operations of certain projects held and/or managed, and the projects held by the Group.

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 clean heat supply services users**		
	31 December 2023	31 December 2022	Change	**31 December 2023**	31 December 2022	Change
	('000 sq.m.)	*('000 sq.m.)*	*(%)*	***(households)***	*(households)*	*(%)*
Northeast region, China	**14,898**	14,668	1.6	**43,929**	44,237	–0.7
North region, China	**10,261**	16,191	–36.6	**86,033**	118,592	–27.5
Northwest region, China	**6,599**	6,623	–0.4	**52,240**	52,767	–1.0
East and Central regions, China	**2,190**	2,116	3.5	**16,293**	14,730	10.6
Total	**33,948**	39,598	–14.3	**198,495**	230,326	–13.8

3.4 Exploration of Other New Energy Related Businesses

Combined with conversion and utilisation scenarios of large-scale green electricity, the Group will expand into high value-added areas of the industrial chain and explore alternative new energy utilisation model, scenario, and gradually develop international opportunities for strategic and synergistic development, with an aim to become a national leading integrated new energy service provider. Based on the industrial foundation of SDHS Group, the expansion of "Traffic Energy Integrated Business" has been sped up. By developing relatively large-scale photovoltaic power plants in corridor areas with roads at the core to realise the goal of electricity utilisation and electricity decarbonization in road networks, the Group will construct an open energy system with the integration of "resources, network, load and storage", and promote the extensive application of wind power, photovoltaic power, hydrogen production and energy storage at the same time.

For green hydrogen business, we combine the large-scale utilisation and conversion scenarios of green electricity, to explore the application scenario of the industry chain from renewable energy to green hydrogen, and from green ammonia to green alcohol. With a focus on the silicon-electricity-hydrogen-guanidine industrial system, we accelerate the layout of the green hydrogen and downstream products market, explore and built an integrated energy-chemical multi-energy business model and green power conversion products, with a view to creating new growth points for the Group's development.

In terms of energy storage business, as a pioneer in energy storage applications, the Group is planning to develop the first pumped energy storage project in Guangdong Province, China. The pumped-storage project has a large volume and high energy efficiency, which becomes an indispensable green energy storage solution using physical quantities such as potential energy of water body and height difference as the power source of turbine units. Through project construction and actual operation, we play a significant role in maintaining the stability of local power grid systems, promoting local economic development, and providing green jobs.

In terms of clean heat supply, we foster green concept and culture, and clean heat deep-rooted into different industries and among all walks of life. In respect of solid waste and used oil treatment and processing operations, Shandong Hi-Speed Renewable Energy Group Limited (formerly known as BECE Legend Group Co., Ltd*(北清環能集團股份有限公司)) (a company established in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (Stock Code: SZ.000803)) ("**SDHS Renewable**", an associate of the Group) has delivered renewable aviation fuel to customer mainly in European Union's aviation industry by turning "waste to value". As one of the first biomass diesel suppliers in the PRC, we have made contributions to green concept development of our country and also took actions in promoting the transformation of global green energy.

In terms of electricity and carbon trading, the Group has improved the decision-making process and authorization mechanism for electricity trading. We accelerate the study on the direction in response to the construction of a unified national electricity market and form the Group's unified management structure for spot electricity trading. It is expected that the marketisation of power purchase will be basically formed in 2024. Supported by preliminary preparation, the Group will continue to further develop the construction of its carbon trading platform, and in conjunction with the management of green electricity, green certificates and power generation, we will make advance arrangements for management and storage of our carbon asset.

In the field of zero-carbon and green computing power, we are determined to cultivate the convergence of computing power and green energy as a new business segment of the Company, and to rapidly extend the business towards the high value-added products of the industrial chain. Making full use of the computing power and marketing capabilities of VNET and the utilisation and conversion scenarios of green electricity, we target to establish a series of zero-carbon green lifecycle solutions for data centers, intelligent computing centers and supercomputing centers, such as zero carbon + computing power, new energy + computing power, etc. It is the second curve for the Company's future development that to form an integrated construction, operation and cooperation model for resources, network, load and storage in line with green electricity, and to establish the ability to participate in green electricity market-oriented trading in data centers. In the future, focusing on 8 national computing power hub nodes and 10 major computing power clusters, the Group will firstly accelerate the development of green power market-oriented trading business for data centers in the developed eastern regions with concentrated demands for computing power and tight electricity supply, such as Beijing, Shanghai, Guangzhou and Shenzhen. Secondly, we will launch projects on the integration of large-scale renewable electricity and large-scale computing power in the western regions, where electricity and computing power supply are sufficient, with the aim to build a national green and carbon reduction, zero-carbon data center benchmark.

For integration of environment and energy, we strengthen the research on environment and energy integration and circular economy, and accelerate the exploration of zero-waste recycling business in wind power and photovoltaic power, and the application of zero-carbon or renewable energy environmentally friendly operation vehicles and equipment by leveraging industrial resources and technical strengths of environmental enterprises such as group members. We focus on the information relating to business model, economic benefits, cross-field innovation and cooperation model, comprehensive solid waste utilisation technology system, technology and material innovation, policies and standards, supervision and certification, and smoothly carry out the planning and piloting of relevant projects.

3.5 Prospects and Outlook

On 30 January 2024, the China Electricity Council released the "2023-2024 Analysis and Prediction Report on the National Electricity Supply and Demand Situation*" (《2023-2024年度全國電力供需形勢分析預測報告》), which pointed out that in 2023, the total electricity consumption in China reached 9.22 trillion kWh, with a per capita electricity consumption of 6,539 kWh; the total electricity consumption increased by 6.7% year-on-year, and the growth rate was 3.1 percentage points higher than that for 2022, indicating that the recovery and upturn of national economy have been driving the growth rate of electricity consumption to increase year-on-year. In terms of electricity production and supply, as of the end of 2023, the overall national installed capacity of power generation across all scopes was 2.92 billion kilowatts, representing a year-on-year increase of 13.9%. The report predicted that by the end of 2024, the national installed capacity of power generation is expected to reach 3.25 billion kilowatts, with a year-on-year increase of about 12%; and in 2024, the new installed capacity of power generation will once again exceed 300 million kilowatts, of which the installed capacity of new energy power generation will once again exceed 200 million kilowatts. Driven by the sustained and rapid development of new energy power generation, it is expected that by the end of 2024, China's cumulative installed capacity of new energy power generation will reach about 1.3 billion kilowatts, accounting for about 40% of the total installed capacity, surpassing the installed capacity of coal power for the first time.

The Group aims to deepen the development of new energy and create diversified growths. With the increase in the scale of new energy generation, the Group also needs to respond to consumption pressure in advance while developing, and cultivate new business forms in the field of new energy. By expanding consumption areas, exploring new models and new business forms, we aim to expand our growth potential. Exploring the "Electricity + Computing Power" synergy model is one of the feasible trends, and through strengthening cooperation with computing power enterprises, we can promote the development of new models for green power conversion, deepen business collaboration, and promote the implementation of green power conversion demonstration plans.

Meanwhile, the Group will continue to effectively utilize the resources of controlling shareholders to form market competitive advantages. It will expand its business lines, product lines and value lines in the fields of "New Energy + Big Transportation" and "New Energy + Big Environmental Protection", develop competitive strategies in virtue of the superior resources of SDHS Group and BEWG, and carry out demonstration business of traffic and energy integration both inside and outside the expressway field based on the brand advantages of SDHS Group. At the same time, the Group will promote the implementation of distributed photovoltaic projects in water plants.

While accelerating the pace of wind and photovoltaic development, the Group is also accelerating the promotion of the first pumped storage construction project and striving to include it as a key implementation project in the national medium- and long-term pumped storage plans as soon as possible to help the Company achieve unconventional strategic development. By constructing a new industrial pattern of coordinated development of wind power, photovoltaic, and hydropower, we aim to promote the development of the new energy industry.

In order to achieve the enduring and ambitious development goals, the Group will continue to optimise its capital structure, supplement its equity capital through multiple channels and revitalise the remnant assets through innovative financing methods. The Group aims to improve its credit ratings by accelerating the issuance of various financial products and will closely collaborate with rating agencies to enhance its credit ratings, thereby strengthening its financing capabilities and capital market image.

With a people-oriented philosophy, the corporate development depends on workforce with both integrity and talent. The Group will continue to absorb more high-calibre talents through a market-oriented and competitive human resources management mechanism, and optimise the performance appraisal system. We will establish a value evaluation mechanism centered on those who strive, and promote the efficient and high-quality implementation of the Group's strategic planning.

In the future, the Group will seize the strategic opportunities of national energy transformation and green and low-carbon development, focus on the new energy business area and strive to become a first-class new energy enterprise with scalability, integration, industry reputation and extensive influence.

4. FINANCIAL PERFORMANCE

4.1 Revenue and gross profit margin

The Group recorded revenue of approximately HK$4,963.4 million (2022: approximately HK$5,296.2 million) during the Year, representing a decrease of approximately 6.3% as compared to the corresponding period of the last year. The decrease was mainly attributable to (i) the optimization of the business structure of the Group, which resulted in a decrease in the income from construction and related services; (ii) a decrease in revenue from cleaning and heating services due to the cessation of heat supply resulting from the planned disposal of certain heat supply companies to the local government at the end of 2022; and (iii) the combined effect of the fluctuation of exchange rate due to RMB depreciation against HK$. During the Year, revenue from the sale of electricity business reached approximately HK$4,062.2 million (2022: approximately HK$3,749.1 million), representing an increase of approximately 8.4% as compared to the corresponding period of the last year, and the RMB-denominated sale of electricity business reached approximately RMB3,672.3 million (2022: approximately RMB3,216.7 million), representing an increase of approximately 14.2% as compared to the corresponding period of the last year, which was mainly due to the acquisition of the new power plant as well as the grid integration and commissioning of power plants under construction during the Year.

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

	2023			2022		
	Revenue *(HK$ million)*	**Gross profit margin** *(%)*	**Gross profit** *(HK$ million)*	Revenue *(HK$ million)*	Gross profit margin *(%)*	Gross profit *(HK$ million)*
Sale of electricity and entrusted operation services						
Photovoltaic power business	**3,005.0**	**55.6**	**1,671.7**	2,998.4	60.7	1,821.5
Wind power business	**1,057.2**	**58.6**	**619.8**	750.7	62.4	468.5
Entrusted operations	**119.9**	**34.4**	**41.2**	220.4	64.8	142.8
Construction and related services	**137.6**	**15.6**	**21.4**	403.1	15.0	60.4
Provision of clean heat supply services	**643.7**	**8.9**	**57.1**	923.6	7.3	67.3
Total	**4,963.4**	**48.6**	**2,411.2**	5,296.2	48.3	2,560.5

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

Gross profit for the sale of electricity business of approximately HK$2,291.5 million (approximately RMB2,071.5 million) for the Year, representing an increase of approximately 0.1% (increase of approximately 5.4% in RMB-denominated gross profit) as compared to approximately HK$2,290.0 million (approximately RMB1,964.8 million) for 2022, accounted for 95.0% (2022: 89.4%) of the total gross profit of the Group. The contribution of sale of electricity to the Group's total gross profit increased, which was mainly attributable to the steady development of the Group's operating capacity of the 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 2.4% (2022: 2.6%) during the Year.

During the Year, the overall gross profit margin increased from 48.3% for 2022 to 48.6%. The increase was mainly due to the continuous optimisation of our business structure as well as the cost reduction and efficiency enhancement. However, the gross profit margin of the sale of electricity business decreased from 61.1% in 2022 to 56.4% for the Year. The decrease was mainly attributable to: (i) the exclusion of tariff subsidy for some newly acquired power plants and self-built and commissioned power plants in accordance with the policy; (ii) increase in labor cost due to the continuous expansion of the scale of operation and maintenance management and increase in the salary level; and (iii) the increase in costs as a result of more such work being carried out during the Year due to the upgrading of the functionality and safety of equipment as required by the power grid companies.

4.2 Other income and gains, net

The Group's other income and gains, net increased by approximately HK$366.4 million to approximately HK$585.3 million (2022: approximately HK$218.9 million) during the Year, which mainly comprised (i) gains on bargain purchase of subsidiaries of approximately HK$347.5 million (2022: approximately HK$2.2 million); (ii) interest income of approximately HK$89.6 million (2022: approximately HK$38.5 million); (iii) debt restructuring income of approximately HK$31.4 million (2022: approximately HK$37.9 million).

4.3 Administrative expenses

The Group's administrative expenses decreased to approximately HK$482.7 million (2022: approximately HK$512.8 million) during the Year, which was mainly due to the decrease in bank charges as compared to corresponding period of the last year as a result of the repayment of bank loans by the Group.

4.4 Other operating expenses, net

The Group's other operating expenses achieved approximately HK$247.7 million (2022: approximately HK$207.6 million) during the Year, which mainly comprised (i) the impairments of approximately HK$37.1 million (2022: approximately HK$52.2 million) for the property, plant and equipment and operating concessions; (ii) exchange loss of approximately HK$70.6 million (2022: approximately HK$31.7 million); (iii) fair value losses on financial assets at fair value through profit or loss of approximately HK$42.2 million (2022: fair value gains of approximately HK$10.7 million); and (iv) investment impairment of associates of approximately HK$52.1 million (2022: nil).

4.5 Finance costs

The decrease in finance costs of the Group by approximately HK$285.8 million to approximately HK$1,517.5 million (2022: approximately HK$1,803.3 million) was mainly attributable to the combined effect of (i) the replacement of high-cost financing with low-cost financing; and (ii) the fluctuation of exchange rate due to RMB depreciation against HK$ 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 increase in income tax expense during the Year was mainly due to the combined effects of the increase in the Group's profits and the decrease in deferred income tax expense for tax loss elimination as compared to corresponding period of the last year as a result of the improvement in the profitability of our subsidiaries during the Year.

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 increase was mainly attributable to the net effect of (i) the acquisition and development of clean energy projects; (ii) depreciation provided; and (iii) the report conversion difference arising from the fluctuation of exchange rate due to RMB depreciation against HK$ during the Year.

4.8 Investment properties

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

4.9 Goodwill

Goodwill was attributable to the acquisition of subsidiaries since 2016.

4.10 Operating concessions and operating rights

Operating concessions represented the rights to operate certain photovoltaic power plants and clean heat supply projects under the Build-Operate-Transfer (BOT) basis, and operating rights represented the operating rights arising from the acquisition of clean energy businesses with reference to HKFRS 3 (Revised) Business Combinations. The decrease in operating concessions was mainly attributable to the effects of (i) amortization provided; and (ii) the fluctuation of exchange rate due to RMB depreciation against HK$. The increase in operating rights was mainly attributable to the net effect of (i) acquisition of subsidiaries; (ii) amortization provided; and (iii) the fluctuation of exchange rate due to RMB depreciation against HK$.

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 HK$464.7 million as at 31 December 2022 to approximately HK$415.0 million as at 31 December 2023 was mainly due to (i) a loss of HK$90.7 million was recognized from Yanfa Beikong Xinneng (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership)*(延發北控信能(天津)股權投資合夥企業(有限合夥))("**Yanfa Xinneng**"). Yanfa Xinneng held the Yingshang Project, which ceased operation before 31 December 2023, as set out in the section headed "3.1.1 Photovoltaic Power Projects" under the "Management Discussion and Analysis"; and (ii) the fluctuation of exchange rate due to RMB depreciation against HK$.

4.12 Investments in associates

It mainly represented (i) the Group's investment in SDHS Renewable, an associate owned as to 23.54% 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 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 HK$1,332.7 million as at 31 December 2022 to approximately HK$1,243.1 million as at 31 December 2023 was mainly attributable to the effects of (i) the share of profit and losses of associates; (ii) the impairment of the Group's investment in Beijing Enterprises City Investment Holdings Group Co., Ltd*(北控城投控股集團有限公司) as the property sector is in a downturn; and (iii) the fluctuation of exchange rate due to RMB depreciation against HK$ during the Year.

4.13 Equity investments designated at fair value through other comprehensive income

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

4.14 Other non-current assets

Other non-current assets represent the cost of equipment delivered to third party project companies, respectively, under certain contracts for wind power plant development. As of 31 December 2023, the Group has acquired those third-party project companies.

4.15 Contract assets

Contract assets as at 31 December 2023 of approximately HK$844.9 million (2022: approximately HK$1,086.7 million) represented (i) gross receivables of approximately HK$137.8 million (2022: approximately HK$514.9 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects and recognized on the basis of construction progress; (ii) gross receivables of approximately HK$714.9 million (2022: approximately HK$587.8 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 of approximately HK$7.8 million (2022: approximately HK$15.9 million). The decrease in contract assets was mainly attributable to the decrease in the extent of construction services provided for and settlements from customers during the Year.

4.16 Trade and bills receivables

Trade and bills receivables of approximately HK$8,595.6 million (2022: approximately HK$8,176.9 million) as at 31 December 2023 mainly comprised (i) gross receivables from the sale of electricity of the photovoltaic and wind power plant projects of approximately HK$7,341.1 million (2022: approximately HK$6,334.3 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 HK$919.8 million (2022: approximately HK$1,248.3 million); and (iii) loss allowances of trade and bills receivables of approximately HK$119.2 million (2022: approximately HK$118.6 million).

As at 31 December 2023, gross trade receivables for the sale of electricity of the photovoltaic and wind power plant projects mainly comprised (i) receivables of approximately HK$316.5 million (2022: approximately HK$278.3 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 HK$6,900.1 million (2022: approximately HK$5,943.1 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.

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

The decrease in prepayments, deposits and other receivables, other tax recoverables and financial assets at fair value through profit or loss by approximately HK$1,899.4 million in aggregate (non-current portion decreased by approximately HK$2,427.6 million and current portion increased by approximately HK$528.2 million) to approximately HK$4,357.4 million (2022: approximately HK$6,256.8 million) in aggregate was mainly attributable to (i) the decreases in prepayments, deposits and other receivables for the acquisition and development of clean energy projects; and (ii) recover of prepayments, deposits and other receivables.

4.18 Cash and cash equivalents

The increase in cash and cash equivalents by approximately HK$1,255.1 million to approximately HK$4,892.4 million (2022: approximately HK$3,637.3 million) was mainly attributable to the net effect of (i) cash inflow from capital increase through the introduction of Ping An Asset Management as a strategic investor; (ii) cash outflow on acquiring, developing and operating clean energy projects; and (iii) the receipt of trade and bills receivables during the Year.

4.19 Trade and bills payables

Trade and bills payables of approximately HK$1,485.8 million (2022: approximately HK$1,941.8 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.

4.20 Other payables and accruals

Other payables and accruals of approximately HK$1,362.0 million (2022: approximately HK$1,888.1 million) decreased by approximately HK$526.1 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.

4.21 Other non-current liabilities

Other non-current liabilities represented the contracted selling price of equipment sold and delivered to and construction services and other services provided to third-party project companies, respectively, under certain contracts for wind power plant development. As of 31 December 2023, the Group has acquired those third-party project companies.

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

As at 31 December 2023, the total interest-bearing bank loans and other borrowings, corporate bonds (excluding operating leases) amounted to approximately HK$30,665.5 million (2022: approximately HK$30,077.8 million) in aggregate, representing an increase by approximately HK$587.7 million in aggregate (non-current portion decreased by approximately HK$2,270.7 million and current portion increased by approximately HK$2,858.4 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.

4.23 Capital expenditures

During the Year, the Group's total capital expenditures amounted to approximately HK$2,617.3 million (2022: approximately HK$1,367.9 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects, and other property, plant and equipment of approximately HK$1,633.6 million (2022: approximately HK$1,091.1 million) in aggregate; (ii) acquisition of other intangible assets of approximately HK$7.9 million (2022: approximately HK$2.9 million); and (iii) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates and other equity investments of approximately HK$975.8 million (2022: approximately HK$273.9 million).

4.24 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 Hong Kong dollars ("**HK$**") and Renminbi ("**RMB**"). Surplus cash is generally placed in short-term deposits denominated in HK$ and RMB.

As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately HK$4,892.4 million (2022: approximately HK$3,637.3 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 and the introduction of strategic investor as illustrated below.

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

As at 31 December 2023, the Group's total borrowings including interest-bearing bank loans and other borrowings and corporate bonds (excluding operating leases) amounted to approximately HK$30,665.5 million (2022: approximately HK$30,077.8 million) comprised (i) bank loans of approximately HK$20,478.3 million (2022: approximately HK$19,356.2 million); (ii) corporate bonds of approximately HK$366.2 million (2022: approximately HK$527.4 million); and (iii) lease liabilities under finance lease arrangements and other loans of approximately HK$9,821.0 million (2022: approximately HK$10,194.2 million). Approximately 71% (2022: approximately 80%) of the Group's borrowings are long-term borrowings.

(b) Ping An introduction strategy

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 Capital Management Co., Ltd.*(平安創贏資本管理有限公司)("**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 ("**Ping An Introduction Strategy**") , 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.

The debt ratio of the Group has been further reduced to approximately 65% after Ping An Introduction Strategy. Meanwhile, cash and cash equivalents of the Group amounted to approximately HK$4,892.4 million, representing an increase of approximately HK$1,255.2 million as compared to the corresponding period of the last year. The Group have 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 2023 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 2023, the Group did not have any charges on the Group's assets.

6. CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any significant contingent liabilities (2022: Nil).

7. FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK$, the Group would record a(n) increase/decrease in the Group's net asset value. During the Year, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

8. EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed 2,106 employees (2022: 1,953 employees). The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group actively recruits talents and builds a strong team to sustain the overall business growth of the Group. In order to retain and motivate employees, the Group has formulated internal remuneration policies. When selecting and promoting employees, the Group will make reference to their qualifications, experience and suitability for the position. The performance of employees is also taken as the basis for reviewing their remuneration packages during the annual appraisals. At the same time, the Group will offer competitive remuneration packages to its employees with reference to the prevailing market level and individual expertise.

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

In addition to statutory holidays and regular paid annual leave, employees are also entitled to additional leave benefits such as sick leave, marriage leave, maternity leave, paternity leave and compassionate leave.

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

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

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

Discloseable transactions and connected transactions in relation to the repurchase of an aggregate of 30% equity interest in Thermal Co

As stated in the announcement of the Company dated 25 May 2023, Thermal Co and each of the Vendors, had in March 2022 entered into the Repurchase Agreements in relation to 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, in the consideration of RMB45,500,000 plus certain interest amounts, RMB45,540,000, RMB34,480,000, RMB18,220,000, RMB16,900,000 and RMB6,510,000, respectively.

As stated in the 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. Upon completion of the Supplemental Agreements, the registered capital of Thermal Co shall be reduced from RMB960,000,000 by RMB288,000,000 to RMB672,000,000. Upon fulfilment of all the conditions precedent, Thermal Co shall become 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 Repurchase Agreements and the Supplemental Agreements, please refer to the announcements of the Company dated 25 May 2023, 4 December 2023, 1 February 2024, 6 February 2024 and 12 March 2024.

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

On 24 October 2023, Beiqing Smart, SDHS Group, the Company, the Investor and Tianjin Clean Energy, an indirect wholly-owned subsidiary of the Company, entered into 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 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. 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, please refer to the joint announcement of the Company and SDHG dated 24 October 2023, the announcements of the Company dated 30 November 2023 and 13 December 2023 and the circular of the Company dated 15 November 2023.

Discloseable transaction in relation to pre-acquisition of entire equity interest in the Yi County Juxinang Power New Energy Co., Ltd.*（義縣聚享電力新能源有限公司）("Yi County Power")

On 1 December 2023, Tianjin Clean Energy, being an indirect wholly-owned subsidiary of the Company, Yi County Shenghong Power New Energy Co., Ltd.*（義縣盛弘電力新能源有限公司）("**Yi County Shenghong**"), Xi'an Xidian New Energy Co., Ltd.*（西安西電新能源有限公司）and Yi County Power entered into the pre-acquisition agreement, pursuant to which, Tianjin Clean Energy agreed to acquire from Yi County Shenghong of the entire equity interest in Yi County Power at the consideration of not higher than RMB475,065,000, upon completion of the construction and commencement of grid-connected power generation of the distributed photovoltaic project (subject to the terms and conditions of the pre-acquisition agreement).

Upon the completion of the acquisition of the entire equity interest in Yi County Power, the Tianjin Clean Energy shall hold entire equity interest in Yi County Power, and Yi County Power shall become an indirect wholly-owned subsidiary of the Company. For further details, please refer to the announcement of the Company dated 1 December 2023.

Discloseable transaction in relation to acquisition of entire equity interest in Hengfeng County Fuer Power Co., Ltd.*（橫峰縣伏貳電力有限公司）("Hengfeng Power") and debt settlement agreement

On 20 December 2023, Beiqing Smart, an indirect wholly-owned subsidiary of the Company, Jinke Power Company Limited*（晶科電力有限公司）("**Jinke Power**") and Hengfeng Power entered into the equity transfer and debt settlement agreement, pursuant to which Beiqing Smart shall acquire from Jinke Power the entire equity interest in Hengfeng Power,, which owns all the assets in respect of the wind power plant project, and shall repay the indebtedness of Urumqi Jingbu Wing Power Generation Co., Ltd.*（烏魯木齊晶步風力發電有限公司）("**Urumqi Wind Power**") incurred from the design, procurement, advances to the general construction, land use fees and financing in respect of the wind power plant project by way of debt novation. The consideration of the acquisition is RMB730,000,000.

Upon completion of the acquisition of the entire equity interest in Hengfeng Power, the Company shall indirectly hold entire equity interest in Hengfeng Power and Urumqi Wind Power, and Hengfeng Power and Urumqi Wind Power shall become a wholly-owned subsidiary of the Company. For further details, please refer to the announcements of the Company dated 20 December 2023 and 4 January 2024.

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.

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 2023.

EVENTS AFTER THE REPORTING PERIOD

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

1. On 5 January 2024, Beiqing Smart, an indirect wholly-owned subsidiary of the Company, entered into the cooperation agreement dated 5 January 2024 (the "**Cooperation Agreement**") with Qingdian Technology Group Co., Limited*（清電科技集團有限公司）("**Qingdian Technology**"), Henan Huachuang Guoxin Engineering Co. Ltd.*（河南省華創國信工程有限公司）and Nanyang Qingdian New Energy Co., Ltd.*（南陽清電新能源有限公司）("**Nanyang Qingdian**"), pursuant to which Beiqing Smart shall, subject to the terms and conditions of the Cooperation Agreement, (i) acquire from the Qingdian Technology the entire equity interest in Nanyang Qingdian which owns all the assets in respect of the 100 MW wind power and smart energy storage project located in Sheqi County（社旗縣）, Henan Province of the PRC; and (ii) repay the liabilities of Nanyang Qingdian, at the consideration of RMB800,000,000, comprises the aggregate amount of the Equity Transfer Consideration of RMB200,000,000 and the liabilities of Nanyang Qingdian of RMB600,000,000. Upon the completion of the Cooperation Agreement, Beiqing Smart shall hold the entire equity interest in Nanyang Qingdian and Nanyang Qingdian shall become an indirect wholly-owned subsidiary of the Company. For further please refer to the announcement of the Company dated 5 January 2024;

2. Thermal Co and each of the Vendors entered into the Supplemental Agreements on 6 February 2024 to amend and supersede the arrangements under the Repurchase Agreements. For further details, please refer to the section headed "Management discussion and analysis-Significant investments, material acquisition and disposal of subsidiaries and associated companies and joint ventures" in this announcement and the announcements of the Company dated 1 February 2024, 6 February 2024 and 12 March 2024, respectively; and

3. On 20 March 2024, the Company entered into the investment agreement (the "**Investment Agreement**") with China SDHS International Economic and Technical Cooperation Co., Ltd.* (中國山東國際經濟技術合作有限公司) ("**SD International Cooperation**") and SDHS Energy Development Co., Ltd.* (山東高速能源發展有限公司) ("**SDHS Energy Development**"), each of which is a direct wholly-owned subsidiary of the indirect controlling shareholder of the Company, i.e. SDHS Group, and therefore an associate of SDHS Group and a connected person of the Company under Chapter 14A of the Listing Rules, in respect of the formation of Shandong Hi-Speed International New Energy Co., Ltd.* (山東高速國際新能源有限公司) (the "**Joint Venture**") in the PRC. Pursuant to the Investment Agreement, the total capital contribution amount is RMB45,000,000 (comprising the whole of the registered capital of the Joint Venture, the "**Total Contribution Amount**"), in which 30% (i.e. RMB13,500,000, being the investment amount) shall be contributed by 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. The Total Contribution Amount shall be contributed within 5 years from the date of establishment of the Joint Venture. The Joint Venture will be accounted for as an associated company of the Company upon its establishment. For further details, please refer to the announcement of the Company dated 20 March 2024.

Change in information of the Directors

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

1. Mr. Zhu Jianbiao was 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.

2. Mr. Victor Huang resigned as an independent non-executive director of LBX Pharmacy Chain Co., Ltd., a company listed on Shanghai Stock Exchange (Stock Code: 603883) effective from 22 February 2024.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2022: nil).

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

(a) Professor Shen Zuojun retired as independent non-executive Director at the conclusion of the AGM held on 20 June 2023 and ceased to be a member of the nomination committee of the Company (the "**Nomination Committee**"). As a result, the then total number of independent non-executive Directors was less than four and hence less than one-third of the Board as required under Rule 3.10A of the Listing Rules, and the Nomination Committee did not comprise a majority of independent non-executive Directors as required under Rule 3.27A of the Listing Rules.

    Following the appointment of Professor Qin Si Zhao as an independent non-executive Director and a member of Nomination Committee with effect from 20 July 2023, the Board comprises twelve Directors, four of whom are independent non-executive Directors, representing one-third of the Board as required under Rule 3.10A of the Listing Rules and the Nomination Committee comprises a majority members of independent non-executive Directors as required under Rule 3.27A of the Listing Rules. Accordingly, the Company is in compliance with the requirements under the Rules 3.10A and Rule 3.27A of the Listing Rules respectively since 20 July 2023.

(b) under 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. The office of the CEO was vacant since Mr. Yang Guang resigned as an executive Director and CEO on 19 May 2022. The Company has been actively identifying a suitable candidate to fill the vacancy of CEO.

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

(c) under the Code Provision C.5.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the Year, notices of two regular Board meetings are sent to Directors less than 14 days before the meeting date due to practical scheduling issues and with no objections from any Directors. For all other Board meetings, reasonable notice is given. The Company arranged the pre-meetings with Directors to discuss the matters in the agenda before all board meetings to let the Directors speak out their views. The Company considered that all Directors have the opportunity and sufficient time to discuss the matters in the agenda and raise any items at pre-meeting before a regular board meeting. Besides, the chairman of the Board and the company secretary of the Company, always welcomes all Directors to directly communicate with them via their emails or phone to discuss any matters of the Company from time to time.

(d) under the Code Provision C.1.6 of the CG Code, independent non-executive Directors and other non-executive Directors, as equal Board members, should attend general meetings of the Company to gain and develop a balanced understanding of the views of the Shareholders. During the Year, an annual general meeting and an extraordinary general meeting of the Company were both held on 20 June 2023 and another extraordinary general meeting of the Company was held on 30 November 2023. Mr. Shen Zuojun, an independent non-executive Director, was absent from the annual general meeting and extraordinary general meeting both held on 20 June 2023 as he was required to attend another business meeting at that time. Professor Qin Si Zhao, an independent non-executive Director, was absent from the extraordinary general meeting held on 30 November 2023 as he was required to attend another business meeting at that time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries to all the Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The annual results of the Group for the Year have been reviewed by the audit committee of the Company (the "**Audit Committee**"). The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by the Company's auditor on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

APPRECIATION

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

DEFINITIONS

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

"Beiqing Smart"	Tianjin Beiqing Smart Energy Company Limited* (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
"GW"	gigawatt
"Group"	the Company and its subsidiaries
"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
"PRC" or "China"	the People's Republic of China

"Repurchase Agreement A"	The agreement executed on 4 March 2022 and entered into between Thermal Co and Vendor A in relation to, among others, the repurchase of approximately 10.52% equity interest in Thermal Co in the total consideration of RMB45,500,000 plus certain interests amount
"Repurchase Agreement B"	The agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor B in relation to, among others, the repurchase of approximately 7.29% equity interest in Thermal Co in the consideration of RMB45,540,000
"Repurchase Agreement C"	The agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor C in relation to, among others, the repurchase of approximately 5.52% equity interest in Thermal Co in the consideration of RMB34,480,000
"Repurchase Agreement D"	The agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor D in relation to, among others, the repurchase of approximately 2.92% equity interest in Thermal Co in the consideration of RMB18,220,000
"Repurchase Agreement E"	The agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor E in relation to, among others, the repurchase of approximately 2.71% equity interest in Thermal Co in the consideration of RMB16,900,000
"Repurchase Agreement F"	The agreement executed on 22 March 2022 and entered into between Thermal Co and Vendor F in relation to, among others, the repurchase of approximately 1.04% equity interest in Thermal Co in the consideration of RMB6,510,000
"Repurchase Agreements"	Collectively, Repurchase Agreement A, Repurchase Agreement B, Repurchase Agreement C, Repurchase Agreement D, Repurchase Agreement E, Repurchase Agreement F
"Repurchases"	The repurchase of approximately 10.52%, 7.29%, 5.52%, 2.92%, 2.71% and 1.04% equity interests in Thermal Co from Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F, respectively
"RMB"	Renminbi, the lawful currency of the PRC

"SDHG"	Shandong Hi-Speed Holdings Group Limited (山高控股集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 412)
"SDHS Group"	Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司), a company established in the PRC with limited liability and an indirectly controlling shareholder of the Company
"Shandong Hi-Speed Photovoltaic Power"	Shandong Hi-Speed Photovoltaic Power Development Company Limited* (山高光伏電力發展有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreements"	Supplemental agreements entered into between Thermal Co with each of the Vendors, respectively, on 6 February 2024
"Thermal Co"	Shandong Hi-Speed Thermal Group Company Limited* (山高熱力集團有限公司), a limited liability company established in the PRC, and an indirect non-wholly owned subsidiary of the Company
"Vendor A"	Tibet Fengtai Nuohong Venture Capital Partnership (Limited Partnership)* (西藏風泰諾宏創業投資合夥企業(有限合夥)), a limited partnership established in the PRC, being the minority shareholder of Thermal Co
"Vendor B"	Fuzhou Yuze Phase I Investment Partnership (Limited Partnership)* (福州禹澤一期投資合夥企業(有限合夥)), a limited partnership established in the PRC, being the minority shareholder of Thermal Co
"Vendor C"	Beijing Yingtong Subway Energy Saving Technology Co., Ltd.* (北京營通地鐵節能技術有限公司), a limited liability company established in the PRC, being the minority shareholder of Thermal Co
"Vendor D"	Ningxia Zhucheng Investment Co., Ltd.* (寧夏助誠投資有限公司), a limited liability company established in the PRC, being the minority shareholder of Thermal Co
"Vendor E"	Tibet Yuze Investment Management Co., Ltd.* (西藏禹澤投資管理有限公司), a limited liability company established in the PRC, being the minority shareholder of Thermal Co

"Vendor F"	Xi'an Huayu Kangneng Electronic Technology Partnership (Limited Partnership)* (西安華宇康能電子科技合夥企業(有限合夥)), a limited partnership established in the PRC, being the minority shareholder of Thermal Co
"Vendors"	collectively, Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F

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

Hong Kong, 26 March 2024

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

* *for identification purpose only*