



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the Board of Directors of Shandong Hi-Speed New Energy Group Limited

Introduction

We have reviewed the financial information set out on pages 3 to 12 which comprise the unaudited combined statements of financial position of Tianjin Clean Energy Investment Company Limited (the "Target Company") and its subsidiaries after the completion of restructuring (the "Target Group") as of 31 December 2020, 2021, 2022 and 30 June 2023 and the unaudited combined statements of profit or loss, the unaudited combined statements of comprehensive income, the unaudited combined statements of changes in equity and the unaudited combined statements of cash flows for each of the years ended 31 December 2020, 2021, 2022, the six months ended 30 June 2022 and the six months ended 30 June 2023 (the "Relevant Periods") and explanatory notes (the "financial information"). The financial information has been prepared solely for the purpose of inclusion in the circular to be issued by Shandong Hi-Speed New Energy Group Limited (the "Issuer") in connection with the capital increase to the Target Company by an investor in accordance with the Main Board Listing Rule 14.68(2)(a)(i)(A).

The directors of the Issuer are responsible for the preparation and presentation of the financial information of the Target Group in accordance with the basis of preparation set out in note 2 to the financial information and Main Board Listing Rule 14.68(2)(a)(i). The directors are also responsible for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error. The financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1, Presentation of Financial Statements or an interim financial report as defined in Hong Kong Accounting Standard 34, Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on the financial information based on our review.

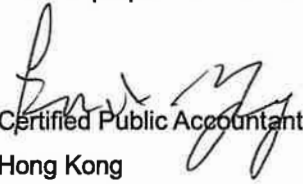
Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* and with reference to Practice Note 750, *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information of the Target Group for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the financial information.


Certified Public Accountants
Hong Kong

15 November 2023

THE TARGET GROUP

UNAUDITED COMBINED STATEMENTS OF PROFIT OR LOSS

	Unaudited				
	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	859,511	810,823	1,588,940	1,630,864	1,643,484
Cost of sales	(366,751)	(341,548)	(682,166)	(652,412)	(640,644)
Gross profit	492,760	469,275	906,774	978,452	1,002,840
Other income and gains, net	13,349	7,609	13,858	47,224	27,434
Administrative expenses	(7,744)	(9,030)	(16,354)	(22,035)	(28,051)
Other operating expenses, net	(24,731)	(14,285)	(35,180)	(106,778)	(48,564)
Finance costs	(185,510)	(200,542)	(406,895)	(449,983)	(439,511)
PROFIT BEFORE TAX	288,124	253,027	462,203	446,880	514,148
Income tax expense	(55,320)	(49,798)	(98,212)	(52,326)	(58,768)
PROFIT FOR THE PERIOD/YEAR	<u>232,804</u>	<u>203,229</u>	<u>363,991</u>	<u>394,554</u>	<u>455,380</u>
Attributable to:					
Equity holders of the Target Company	230,840	200,735	360,134	392,676	452,550
Non-controlling interests	<u>1,964</u>	<u>2,494</u>	<u>3,857</u>	<u>1,878</u>	<u>2,830</u>
	<u>232,804</u>	<u>203,229</u>	<u>363,991</u>	<u>394,554</u>	<u>455,380</u>

THE TARGET GROUP

UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited				
	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE PERIOD/YEAR	<u>232,804</u>	<u>203,229</u>	<u>363,991</u>	<u>394,554</u>	<u>455,380</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	<u>232,804</u>	<u>203,229</u>	<u>363,991</u>	<u>394,554</u>	<u>455,380</u>
Attributable to:					
Equity holders of the Target Company	230,840	200,735	360,134	392,676	452,550
Non-controlling interests	<u>1,964</u>	<u>2,494</u>	<u>3,857</u>	<u>1,878</u>	<u>2,830</u>
	<u>232,804</u>	<u>203,229</u>	<u>363,991</u>	<u>394,554</u>	<u>455,380</u>

THE TARGET GROUP

UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION

	Unaudited			
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	9,777,009	9,762,369	9,561,994	9,351,445
Goodwill	264,158	264,158	264,158	240,180
Operating rights	464,734	480,682	512,576	517,678
Other intangible assets	54	60	71	81
Prepayments, deposits and other receivables	219,377	263,007	142,742	223,074
Other tax recoverables	99,904	86,199	126,102	151,513
Deferred tax assets	<u>21,942</u>	<u>21,488</u>	<u>22,084</u>	<u>20,068</u>
Total non-current assets	<u>10,847,178</u>	<u>10,877,963</u>	<u>10,629,727</u>	<u>10,504,039</u>
CURRENT ASSETS				
Inventories	1,731	1,731	-	-
Contract assets	400,335	451,754	362,927	277,913
Trade and bills receivables	3,623,312	3,085,946	4,161,200	3,608,098
Financial assets at fair value through profit or loss	-	-	65,543	66,384
Prepayments, deposits and other receivables	1,537,077	1,494,351	142,933	384,894
Other tax recoverables	32,909	25,895	92,279	162,498
Restricted cash and pledged deposits	8,253	8,233	6,672	30,748
Cash and cash equivalents	<u>163,226</u>	<u>380,766</u>	<u>136,326</u>	<u>176,775</u>
Total current assets	<u>5,766,843</u>	<u>5,448,676</u>	<u>4,967,880</u>	<u>4,707,310</u>
CURRENT LIABILITIES				
Trade and bills payables	212,800	183,341	241,190	203,916
Amount due to contract customers	9,999	2,363	-	-
Other payables and accruals	2,273,376	905,642	1,945,739	1,635,881
Interest-bearing bank and other borrowings	862,505	844,082	735,721	693,833
Lease liabilities - finance lease payables	111,736	116,149	124,092	312,187
Income tax payables	<u>39,963</u>	<u>18,433</u>	<u>15,294</u>	<u>17,564</u>
Total current liabilities	<u>3,510,379</u>	<u>2,070,010</u>	<u>3,062,036</u>	<u>2,863,381</u>

THE TARGET GROUP

UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION (continued)

	Unaudited			
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
NET CURRENT ASSETS	<u>2,256,464</u>	<u>3,378,666</u>	<u>1,905,844</u>	<u>1,843,929</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>13,103,642</u>	<u>14,256,629</u>	<u>12,535,571</u>	<u>12,347,968</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	6,375,452	6,498,394	4,800,006	4,159,895
Lease liabilities	585,803	451,228	784,051	1,629,627
Deferred tax liabilities	<u>116,184</u>	<u>120,170</u>	<u>129,702</u>	<u>131,188</u>
Total non-current liabilities	<u>7,077,439</u>	<u>7,069,792</u>	<u>5,713,759</u>	<u>5,920,710</u>
Net assets	<u>6,026,203</u>	<u>7,186,837</u>	<u>6,821,812</u>	<u>6,427,258</u>
EQUITY				
Equity attributable to equity holders of the Target Company				
Share capital	3,785,133	3,785,133	3,785,133	3,785,133
Reserves	<u>2,217,740</u>	<u>3,380,338</u>	<u>3,016,782</u>	<u>2,624,106</u>
	6,002,873	7,165,471	6,801,915	6,409,239
Non-controlling interests	<u>23,330</u>	<u>21,366</u>	<u>19,897</u>	<u>18,019</u>
Total equity	<u>6,026,203</u>	<u>7,186,837</u>	<u>6,821,812</u>	<u>6,427,258</u>

.....

THE TARGET GROUP

UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Target Company

	Share capital	Capital reserves	Statutory surplus reserve	Special reserves	Retained earnings	Total	Non-controlling interests	Total equity
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2023	3,785,133	2,388	73,619	1,034	3,303,297	7,165,471	21,366	7,186,837
Profit for the period	-	-	-	-	230,840	230,840	1,964	232,804
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,840</u>	<u>230,840</u>	<u>1,964</u>	<u>232,804</u>
Transfer from retained earnings	-	-	107,382	-	(107,382)	-	-	-
Provision of special reserves	-	-	-	6,562	-	6,562	-	6,562
Dividend	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>-</u>	<u>(1,400,000)</u>
At 30 June 2023	<u>3,785,133</u>	<u>2,388</u>	<u>181,001</u>	<u>7,596</u>	<u>2,026,755</u>	<u>6,002,873</u>	<u>23,330</u>	<u>6,026,203</u>

Attributable to equity holders of the Target Company

	Share capital	Capital reserves	Statutory surplus reserve	Special reserves	Retained earnings	Total	Non-controlling interests	Total equity
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2022	3,785,133	-	73,619	-	2,943,163	6,801,915	19,897	6,821,812
Profit for the year	-	-	-	-	360,134	360,134	3,857	363,991
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,134</u>	<u>360,134</u>	<u>3,857</u>	<u>363,991</u>
Provision of special reserves	-	-	-	1,034	-	1,034	-	1,034
Further acquisition of subsidiaries	<u>-</u>	<u>2,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,388</u>	<u>(2,388)</u>	<u>-</u>
At 31 December 2022	<u>3,785,133</u>	<u>2,388</u>	<u>73,619</u>	<u>1,034</u>	<u>3,303,297</u>	<u>7,165,471</u>	<u>21,366</u>	<u>7,186,837</u>

THE TARGET GROUP

UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

Attributable to equity holders of the Target Company

	Share capital <i>RMB'000</i> (unaudited)	Capital reserves <i>RMB'000</i> (unaudited)	Statutory		Retained earnings <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)	Non-controlling interests <i>RMB'000</i> (unaudited)	Total equity <i>RMB'000</i> (unaudited)
			surplus reserve <i>RMB'000</i> (unaudited)	Special reserves <i>RMB'000</i> (unaudited)				
At 1 January 2022	3,785,133	-	73,619	-	2,943,163	6,801,915	19,897	6,821,812
Profit for the period	-	-	-	-	200,735	200,735	2,494	203,229
Total comprehensive income for the period	-	-	-	-	<u>200,735</u>	<u>200,735</u>	<u>2,494</u>	<u>203,229</u>
At 30 June 2022	<u>3,785,133</u>	<u>-</u>	<u>73,619</u>	<u>-</u>	<u>3,143,898</u>	<u>7,002,650</u>	<u>22,391</u>	<u>7,025,041</u>

Attributable to equity holders of the Target Company

	Share capital <i>RMB'000</i> (unaudited)	Capital reserves <i>RMB'000</i> (unaudited)	Statutory		Retained earnings <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)	Non-controlling interests <i>RMB'000</i> (unaudited)	Total equity <i>RMB'000</i> (unaudited)
			surplus reserve <i>RMB'000</i> (unaudited)	Special reserves <i>RMB'000</i> (unaudited)				
At 1 January 2021	3,785,133	-	73,619	-	2,550,487	6,409,239	18,019	6,427,258
Profit for the year	-	-	-	-	392,676	392,676	1,878	394,554
Total comprehensive income for the year	-	-	-	-	<u>392,676</u>	<u>392,676</u>	<u>1,878</u>	<u>394,554</u>
At 31 December 2021	<u>3,785,133</u>	<u>-</u>	<u>73,619</u>	<u>-</u>	<u>2,943,163</u>	<u>6,801,915</u>	<u>19,897</u>	<u>6,821,812</u>

THE TARGET GROUP

UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

Attributable to equity holders of the Target Company

	Share capital	Capital reserves	Statutory surplus reserve	Special reserves	Retained earnings	Total	Non-controlling interests	Total equity
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2020	3,785,133	10,663	66,224	-	2,122,708	5,984,728	145,181	6,129,909
Profit for the year	-	-	-	-	452,550	452,550	2,830	455,380
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,550</u>	<u>452,550</u>	<u>2,830</u>	<u>455,380</u>
Transfer from retained earnings	-	-	7,395	-	(7,395)	-	-	-
Further acquisition of subsidiaries	-	(10,663)	-	-	(17,376)	(28,039)	(115,052)	(143,091)
Disposal of subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,940)</u>	<u>(14,940)</u>
At 31 December 2020	<u>3,785,133</u>	<u>-</u>	<u>73,619</u>	<u>-</u>	<u>2,550,487</u>	<u>6,409,239</u>	<u>18,019</u>	<u>6,427,258</u>

THE TARGET GROUP

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

	Unaudited				
	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000	Year ended 31 December 2022 RMB'000	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash from/(used in)operating activities	<u>309,311</u>	<u>(668,254)</u>	<u>28,875</u>	<u>1,485,927</u>	<u>1,283,320</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	-	-	5,919	-	-
Purchases of items of property, plant and equipment	(370,281)	(183,458)	(838,302)	(605,307)	(1,441,120)
Proceeds from disposal of items of property, plant and equipment	-	-	189	120	2,170
Addition of other intangible assets	(6,813)	-	(6)	(6,314)	(620)
Proceeds from disposal of financial assets at fair value through profit or loss	-	7,043	53,000	79,992	-
Acquisition of subsidiaries	-	-	(18,585)	(23,105)	(4,642)
Disposal of subsidiaries	-	-	-	54,800	502,243
Purchases of items of financial assets at fair value through profit or loss	-	-	-	-	(9,300)
Net cash used in investing activities	<u>(377,094)</u>	<u>(176,415)</u>	<u>(797,785)</u>	<u>(499,814)</u>	<u>(951,269)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from bank and other borrowings	231,218	1,236,044	2,998,766	80,000	196,000
Repayment of bank loans and other borrowings	(177,670)	(171,478)	(320,500)	(177,000)	(150,000)
Proceeds received under lease	408,783	143,654	257,145	1,329,015	2,329,169
Principal portion of lease payments	(422,792)	(179,642)	(1,492,523)	(1,782,648)	(2,249,930)
Interest paid	(189,296)	(212,146)	(429,538)	(475,929)	(440,539)
Net cash (used in)/from financing activities	<u>(149,757)</u>	<u>816,432</u>	<u>1,013,350</u>	<u>(1,026,562)</u>	<u>(315,300)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of the period/year	(217,540)	(28,237)	244,440	(40,449)	16,751
Cash and cash equivalents at end of the period/year	380,766	136,326	136,326	176,775	160,024
	<u>163,226</u>	<u>108,089</u>	<u>380,766</u>	<u>136,326</u>	<u>176,775</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents as stated in the statement of financial position	<u>163,226</u>	<u>108,089</u>	<u>380,766</u>	<u>136,326</u>	<u>176,775</u>
Cash and cash equivalents as stated in the statement of cash flows	<u>163,226</u>	<u>108,089</u>	<u>380,766</u>	<u>136,326</u>	<u>176,775</u>

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shandong Hi-Speed New Energy Group Limited (“SHNE”, the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Windward 3, Regatta Office Park P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The ultimate holding company of the Company is Shandong Hi-Speed Group Co., Ltd. (“SDHS Group”).

During the the Relevant Periods, 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 businesses (the “Clean Heat Supply Business”) in the People’s Republic of China (the “PRC”).

The Target Company is a limited liability company incorporated in Tianjin, the PRC. The Target Company is an indirect wholly-owned subsidiary of the Company. The parent company of the Target Company is Tianjin Beiqing Smart Energy Company Limited (“Beiqing Smart”), a company established in the PRC with limited liability. The principal activities of the Target Company and its subsidiaries are engaged in the Photovoltaic Power Business and the Wind Power Business.

On 24 October 2023, Beiqing Smart, SDHS Group, the Company, Ningbo Meishan Bonded Port Zone Chuangze Equity Investment Partnership (Limited Partnership) (the “Investor”) and the Target Company, entered into the capital increase agreement (the “Capital Increase Agreement”). Pursuant to the Capital Increase Agreement, the Investor has conditionally agreed to make cash contribution of RMB5,000,000,000 (equivalent to approximately HK\$5,450,000,000) to the Target Company (the “Capital Increase”), upon the completion of an internal restructuring (the “Restructuring”).

Under the Restructuring, with the requirements of the Investor, the Target Company will only retain 61 subsidiaries (the “Trading Target Subsidiaries”) specified in the Capital Increase Agreement by transferring the other subsidiaries (the “Non Trading Target Subsidiaries”) to an entity ultimately held by the Company. This unaudited financial information only includes the financial information of the Target Company and the Trading Target Subsidiaries (the “Target Group”) for each of the years ended 31 December 2020, 2021, 2022, the six months ended 30 June 2022 and the six months ended 30 June 2023 (the “Relevant Periods”). The financial information of the Non Trading Target Subsidiaries have not been consolidated for the Relevant Periods.

2. BASIS OF PREPARATION

The unaudited financial information of the Target Group has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular of the Company in connection with the Capital Increase.

The unaudited financial information of the Target Group has been prepared on the historical cost basis, except for investment properties which are measured at fair value. The unaudited financial information of the Target Group for the Relevant Periods has been prepared using the same accounting policies as those adopted by the Company in the preparation of the consolidated financial statements of the Group during the Relevant Periods, except as described below in relation to a proposed dividend of RMB1.4 billion to be made by the Target Company to Beiqing Smart.

Pursuant to the Capital Increase Agreement, before the completion of the Capital Increase, the Target Company will pay a dividend of RMB1.4 billion to Beiqing Smart. For the purpose to reflect the aforesaid dividend payment in the unaudited financial information of the Target Group in the Relevant Periods, the payment of dividend of RMB1.4 billion to Beiqing Smart is accounted for in the unaudited financial information during the six months ended 30 June 2023.

This unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as described in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or a complete condensed interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. It should be read in conjunction with the respective annual/interim reports of the Company for the Relevant Periods.