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INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Shandong Hi-Speed Holdings Group Limited (the “**Company**” or “**SDHG**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2023 (the “**Corresponding Period**”), as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
REVENUE	4	3,069,246	3,074,206
COST OF SALES AND SERVICES		(1,507,459)	(1,411,776)
Gross profit		1,561,787	1,662,430
Other income		86,211	66,326
Other gains and losses, net	5	87,991	(26,806)
Impairment losses on financial assets reversed, net	6	88,559	271,048
Fair value losses on financial assets at fair value through profit or loss, net	8	(13,300)	(203,120)
Selling and distribution expenses		(1,978)	(2,235)
Administrative and other operating expenses		(461,854)	(502,326)
Finance costs	7	(1,120,185)	(991,226)
Share of results of:			
Joint ventures		3,004	(86,510)
Associates		(29,662)	(11,074)

		For the six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
PROFIT BEFORE TAX	8	200,573	176,507
Income tax expense	9	(115,540)	(86,459)
PROFIT FOR THE PERIOD		<u>85,033</u>	<u>90,048</u>
Profit/(loss) for the period attributable to:			
Owners of the Company		(393,533)	(294,432)
Holders of perpetual capital instruments		208,593	185,278
Non-controlling interests		269,973	199,202
		<u>85,033</u>	<u>90,048</u>
LOSSES PER SHARE			
Basic and diluted	10	<u>HK\$(6.54) cents</u>	<u>HK\$(4.89) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	85,033	90,048
OTHER COMPREHENSIVE (LOSS)/INCOME		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes on equity instruments classified as financial assets at fair value through other comprehensive income	(6,521)	(166,250)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value changes on debt instruments classified as financial assets at fair value through other comprehensive income	(306,396)	(67,591)
Release of FVTOCI reserve upon disposal of debt instruments classified as financial assets at fair value through other comprehensive income	–	96,144
Share of other comprehensive loss of joint ventures	(8,290)	(16,841)
Share of other comprehensive loss of associates	(28,353)	(61,934)
Exchange difference arising on translation of foreign operations	(489,167)	(974,207)
OTHER COMPREHENSIVE LOSSES FOR THE PERIOD	(838,727)	(1,190,679)
TOTAL COMPREHENSIVE LOSSES FOR THE PERIOD	(753,694)	(1,100,631)
Total comprehensive income/(losses) for the period attributable to:		
Owners of the Company	(883,870)	(910,819)
Holders of perpetual capital instruments	208,593	185,278
Non-controlling interests	(78,417)	(375,090)
	(753,694)	(1,100,631)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024	31 December 2023
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	23,742,017	23,483,394
Investment properties		522,000	522,000
Right-of-use assets		3,104,405	4,402,874
Intangible assets		3,585,919	3,734,474
Operating concessions		1,393,160	1,464,707
Interests in joint ventures		408,482	415,047
Interests in associates	13	7,256,499	7,310,986
Financial assets at fair value through other comprehensive income	14	1,365,382	1,373,466
Financial assets at fair value through profit or loss	15	–	–
Loans receivables	17	1,348,384	804,578
Prepayments, deposits and other receivables	19	1,007,256	740,433
Other tax recoverables		509,374	521,304
Deferred tax assets		755,810	764,541
		<hr/>	<hr/>
Total non-current assets		44,998,688	45,537,804
CURRENT ASSETS			
Inventories		46,941	71,424
Contract assets	18	886,028	844,857
Financial assets at fair value through other comprehensive income	14	2,435,298	2,412,219
Financial assets at fair value through profit or loss	15	1,268,926	1,108,487
Finance lease receivables	16	373,749	405,582
Loans receivables	17	2,394,815	3,027,840
Trade and other receivables	19	13,307,903	12,271,772
Other tax recoverables		169,794	173,771
Restricted cash and pledged deposits		305,023	374,840
Cash held on behalf of clients		7,802	38,223
Cash and cash equivalents		11,912,029	5,718,596
		<hr/>	<hr/>
Assets classified as held for sale		33,108,308	26,447,611
		<hr/>	<hr/>
		735,171	752,389
		<hr/>	<hr/>
Total current assets		33,843,479	27,200,000
		<hr/>	<hr/>

		30 June 2024	31 December 2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and bills payables	20	1,091,079	1,485,817
Other payables and accruals		2,042,088	1,788,225
Lease liabilities		443,128	671,909
Borrowings	21	15,833,164	16,957,970
Tax payables		214,513	194,401
		<hr/>	<hr/>
Total current liabilities		19,623,972	21,098,322
		<hr/>	<hr/>
NET CURRENT ASSETS		14,219,507	6,101,678
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		59,218,195	51,639,482
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Borrowings	21	29,638,011	28,813,762
Lease liabilities		2,118,272	3,413,694
Other non-current liabilities		9,698	9,924
Deferred tax liabilities		461,590	509,784
		<hr/>	<hr/>
Total non-current liabilities		32,227,571	32,747,164
		<hr/>	<hr/>
Net assets		26,990,624	18,892,318
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Issued capital		6,019	6,019
Reserves		(1,910,054)	(1,008,229)
		<hr/>	<hr/>
Equity attributable to owners of the Company		(1,904,035)	(1,002,210)
Perpetual capital instruments		14,185,505	7,111,301
Non-controlling interests		14,709,154	12,783,227
		<hr/>	<hr/>
Total equity		26,990,624	18,892,318
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

Shandong Hi-Speed Holdings Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and the principal place of business in Hong Kong of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 38/F., The Center, 99 Queen’s Road Central, Central, Hong Kong, respectively.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed consolidated financial statements for the six months ended 30 June 2024 (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Interim Financial Statements are presented in Hong Kong Dollar (“HK\$”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousands (HK\$’000) except when otherwise indicated.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023.

Except as described below, the Group’s accounting policies applied in preparing these Interim Financial Statements are consistent with those policies applied in preparing the annual financial statements for the year ended 31 December 2023.

(b) Application of New and Revised HKFRSs

The Group has adopted the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Interim Financial Statements.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the amendments to HKFRSs has had no significant financial effect on these Interim Financial Statements and there have been no significant changes to the accounting policies applied in these Interim Financial Statements.

The Group has not early adopted any standards, interpretations or amendments that has been issued but not yet effective.

(c) Judgements and estimates

In preparing these Interim Financial Statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

3. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the Group's chief operating decision maker ("CODM"). For the six months ended 30 June 2024, the Group had four reportable operating segments.

Details are as follows:

- (i) Industrial investment segment is engaged in operations of industrial investment-related business;
- (ii) Standard investment segment is engaged primarily in trading of listed securities and listed bonds primarily for interest income, dividend income and capital appreciation;
- (iii) Non-standard investment segment is engaged in direct investment business including investments in debts instruments, unlisted bonds, notes, unlisted equity investments and investment funds; and
- (iv) Licensed financial services segment is engaged primarily in provision of money lending services, securities brokerage services, asset management services, financial leasing and advisory services.

In addition to the above reportable segments, other segments that do not meet the quantitative thresholds for the reporting segments in both current and prior year were grouped in "Unallocated".

CODM monitors the results of the Group's operating segments separately as described above, for the purpose of making decisions about resource allocation and assessment of the Group's performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that unallocated income, unallocated finance costs, unallocated expenses and share of results of joint ventures and associates are excluded from such measurement.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments except corporate assets; and
- all liabilities are allocated to reportable segments except corporate liabilities, certain deferred tax liabilities, certain borrowings and certain other payables and accruals.

	Industrial investment		Standard investment		Non-standard investment		License financial services		Unallocated		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:												
Revenue from external customers	2,606,014	2,769,414	80,616	68,351	339,481	133,688	43,135	102,753	-	-	3,069,246	3,074,206
Segment results	353,204	485,733	(28,685)	(293,676)	68,654	57,221	(93,555)	107,547	-	-	299,618	356,825
Reconciliations:												
Unallocated income											-	10,001
Unallocated finance costs											-	(53)
Unallocated expenses*											(72,387)	(92,682)
Share of results of												
- Joint ventures											3,004	(86,510)
- Associates											(29,662)	(11,074)
Profit before tax											200,573	176,507
Other segment information:												
Finance costs	(878,452)	(825,824)	(54,084)	(89,030)	(133,514)	(44,074)	(54,135)	(32,245)	-	(53)	(1,120,185)	(991,226)
Amortisation	(119,232)	(77,747)	-	-	-	-	(75)	(75)	(10)	(144)	(119,317)	(77,966)
Depreciation												
- property, plant and equipment	(675,926)	(555,451)	-	-	-	-	(1,691)	(1,824)	(713)	(585)	(678,330)	(557,860)
- right-of-use assets	(117,437)	(128,273)	-	-	-	-	(1,455)	(1,916)	-	(695)	(118,892)	(130,884)
Fair value gain on investment property	-	-	-	-	-	-	-	-	-	10,000	-	10,000
Fair value (loss)/gain on financial assets at fair value through profit or loss	4,671	(49,529)	(29,896)	(197,592)	17,044	35,006	(5,119)	8,995	-	-	(13,300)	(203,120)
Loss on disposal of debt instruments at fair value through other comprehensive income	-	-	-	(96,144)	-	-	-	-	-	-	-	(96,144)
Impairment losses (recognised)/reversed in respect of												
- finance lease receivables	-	-	-	-	-	-	1,715	18,159	-	-	1,715	18,159
- loans receivables	-	-	-	-	29,062	30,792	(1,651)	81,956	-	-	27,411	112,748
- trade and other receivables	-	-	(281)	139,726	58,290	135	1,427	282	(3)	(2)	59,433	140,141
Gain on bargain purchase from acquisition of subsidiaries	-	44,556	-	-	-	-	-	-	-	-	-	44,556
Capital expenditure**	(177,536)	(777,095)	-	-	-	-	-	-	(146)	(9,294)	(177,682)	(786,389)

Notes:

* Unallocated expenses mainly included employee benefit expenses of approximately HK\$40,073,000 (six months ended 30 June 2023: HK\$47,919,000), lease payment of approximately HK\$nil (six months ended 30 June 2023: HK\$3,068,000), legal and professional fee of approximately HK\$15,234,000 (six months ended 30 June 2023: HK\$8,593,000) and depreciation of approximately HK\$713,000 (six months ended 30 June 2023: HK\$1,280,000).

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

The following is an analysis of the Group's assets and liabilities by reportable operating segments:

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Segment assets:		
Industrial investment	58,059,500	58,543,650
Standard investment	926,867	1,333,339
Non-standard investment	5,387,319	5,931,232
License financial services	4,389,076	3,870,961
	68,762,762	69,679,182
Unallocated assets (<i>Note(a)</i>)	10,079,405	3,058,622
	78,842,167	72,737,804
Total assets		
	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Segment liabilities:		
Industrial investment	37,669,360	41,562,833
Standard investment	1,261,660	2,847,995
Non-standard investment	8,067,540	5,731,301
License financial services	4,550,750	3,460,241
	51,549,310	53,602,370
Unallocated liabilities	302,233	243,116
	51,851,543	53,845,486
Total liabilities		

Note:

- (a) Unallocated assets mainly included an investment property of approximately HK\$360,000,000 (31 December 2023: approximately HK\$360,000,000), interests in certain associates of approximately HK\$2,120,155,000 (31 December 2023: approximately HK\$2,115,648,000) and cash and cash equivalents of approximately HK\$7,017,863,000 (31 December 2023: approximately HK\$759,000).

Geographical information

Geographical segment information in relation to the location of the Group's revenue is not presented since over 90% of the Group's revenue is generated in the PRC for the six months ended 30 June 2024 and 2023. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no addition useful information to the users of these unaudited interim condensed consolidated financial statements.

No customer of the Group has contributed over 10% of the total revenue of the Group for the current year and prior period.

Geographical segment information in related to the location of the Group's assets is not presented since over 90% of the Group's assets are located in the PRC as at 30 June 2024 and 31 December 2023. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these unaudited interim condensed consolidated financial statements.

4. REVENUE

Disaggregation of revenue from contracts with customers

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of electricity and entrusted operation services		
Photovoltaic power business	1,453,638	1,598,036
Wind power business	728,969	654,934
Entrusted operation services	22,916	73,397
Construction and related services	26,895	60,647
Provision of clean heat supply services	373,596	382,400
Consultancy services income	3,911	47,828
Income from brokerage business	4,923	11,119
Income from asset management and performance	434	2,112
	<u>2,615,282</u>	<u>2,830,473</u>
Timing of revenue recognition		
Recognised at a point in time	2,606,672	2,760,300
Recognised over time	8,610	70,173
	<u>2,615,282</u>	<u>2,830,473</u>

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

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	2,615,282	2,830,473
Financial leasing income	52	1,944
Interest income from money lending operations	27,647	46,856
Interest income from debt investments	339,481	36,520
Dividend income from financial assets at fair value through profit or loss	–	5,065
Interest income from financial assets at fair value through profit or loss	6,168	56,676
Interest income from financial assets at fair value through other comprehensive income	80,616	96,672
	<u>3,069,246</u>	<u>3,074,206</u>

5. OTHER GAINS AND LOSSES, NET

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Impairment losses recognised in respect of		
– Property, plant and equipment	(907)	–
Fair value gain on investment properties	–	10,000
Foreign exchange gain/(loss), net	50,328	(38,794)
Loss on disposal of property, plant and equipment	(8,754)	–
Loss on disposal of other receivables	–	(53,900)
Gain on bargain purchase from acquisition of subsidiaries	–	44,556
Gain on debt that no need to be paid	47,324	11,313
Gain on early termination of lease	–	19
	<u>87,991</u>	<u>(26,806)</u>

6. IMPAIRMENT LOSSES ON FINANCIAL ASSETS REVERSED, NET

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Impairment losses on financial assets, reversed, net, in respect of:		
– Finance lease receivables	1,715	18,159
– Loans receivables	27,411	112,748
– Trade and other receivables	59,433	140,141
	<u>88,559</u>	<u>271,048</u>

7. FINANCE COSTS

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on bank borrowings	916,713	881,109
Interest on other borrowings	84,749	3,169
Interest on bonds	125,211	114,397
Interest on lease liabilities	125,428	135,207
	<u>1,252,101</u>	<u>1,133,882</u>
Less: Finance costs included in cost of sales and services	(128,628)	(131,393)
Interest capitalised	(3,288)	(11,263)
	<u>1,120,185</u>	<u>991,226</u>

8. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Employee benefit expenses:		
Directors' remuneration:		
– Fees	970	970
– Salaries, allowances and benefits in kind	9,700	12,350
– Retirement benefit scheme contributions (defined contribution scheme) *	45	44
Sub-total	10,715	13,364
Other staff's costs:		
– Salaries, allowances and benefits in kind	138,120	167,606
– Retirement benefit scheme contributions (defined contribution scheme) *	4,950	8,905
Sub-total	143,070	176,511
Total employee benefit expenses	153,785	189,875
Realised losses from financial assets at fair value through profit or loss, net	5,396	59,248
Unrealised losses from financial assets at fair value through profit or loss, net	7,904	143,872
Fair value losses on financial assets at fair value through profit or loss, net	13,300	203,120
Cost of sales of electricity and entrusted operation services	939,626	899,488
Cost of construction and related services	25,040	57,298
Cost of clean heat supply services	314,612	323,597
Cost of other services provided	99,553	–
Amortisation of operating concessions [^]	38,569	45,709
Amortisation of operating rights [^]	78,893	30,779
Amortisation of other intangible assets [#]	1,855	1,478
Depreciation of property, plant and equipment [@]	678,330	557,860
Depreciation of right-of-use assets [@]	118,892	130,884
Expenses relating to short term leases	6,756	17,128

Notes:

- * As at 30 June 2024, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (six months ended 30 June 2023: nil).
- # These items are included in “Administrative and other operating expenses” on the face of the condensed consolidated income statement.
- ^ Amortisation of operating concessions and operating rights for the period are included in “Cost of sales and services” on the face of the condensed consolidated income statement.
- @ Depreciation for the period amounting to approximately HK\$790,893,000 and approximately HK\$6,329,000 (six months ended 30 June 2023: approximately HK\$680,438,000 and approximately HK\$8,306,000) are included in “Cost of sales and services” and “Administrative and other operating expenses” on the face of the condensed consolidated income statement, respectively.

9. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
– PRC Corporate Income Tax	148,896	110,650
– Hong Kong Profits Tax	5,873	–
– Singapore Corporate Income Tax	42	2,270
	154,811	112,920
Deferred tax credit	(39,271)	(26,461)
Total income tax expense recognised in the condensed consolidated income statement	115,540	86,459

The provision for Hong Kong Profits Tax for the six months ended 30 June 2024 is calculated at 16.5% of the estimated assessable profits.

No provision for current Hong Kong Profits Tax had been made for the six months ended 30 June 2023 as the Group did not generate any assessable profits arising in Hong Kong during the period.

The PRC Corporate Income Tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on the prevailing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Mainland China, a number of the Company’s subsidiaries enjoy income tax exemptions and reductions because (i) these companies are engaged in the operation of photovoltaic and wind power plants; and (ii) they have operations in certain regions of the PRC that are qualified for certain concessionary corporate income tax rates for a prescribed period of time.

The Singapore Corporate Income Tax for the Singapore subsidiaries are calculated at the Singapore Corporate Income Tax rate of 17% for the six months ended 30 June 2024 and 2023.

10. LOSSES PER SHARE

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted losses per share	<u>(393,533)</u>	<u>(294,432)</u>
Number of share ('000)		
Weighted average number of ordinary shares for the purposes of basic and diluted losses per share	<u>6,019,431</u>	<u>6,019,431</u>
Basic and diluted losses per share (in HK cents)	<u>(6.54)</u>	<u>(4.89)</u>

No adjustment has been made to the basic losses per share amounts presented for the six months ended 30 June 2024 and 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic losses per share amounts presented.

11. DIVIDEND

The Board does not declare the payment of any interim dividend in respect of the current period (six months ended 30 June 2023: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group had additions to property, plant and equipment of approximately HK\$147,833,000 (six months ended 30 June 2023: HK\$784,147,000), excluding property, plant and equipment acquired in business combinations with aggregate carrying amount of approximately HK\$nil (six months ended 30 June 2023: HK\$1,017,948,000) and transfer from investment properties of approximately HK\$nil (six months ended 30 June 2023: HK\$540,000,000).

13. INTERESTS IN ASSOCIATES

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Cost of unlisted investments	2,395,385	2,395,385
Cost of listed investments	5,000,067	5,000,067
Share of post-acquisition losses and other comprehensive losses	(44,941)	(15,279)
Impairment	(52,102)	(52,102)
Exchange realignment	(41,910)	(17,085)
	<u>7,256,499</u>	<u>7,310,986</u>
Amounts due from associates (<i>note 19</i>)	<u>246,415</u>	<u>352,059</u>
Amount due to an associate	<u>240</u>	<u>358</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current assets		
Unlisted equity investments		
– Outside Hong Kong	366,303	373,852
Listed equity investments		
– In Hong Kong (<i>Note (ii)</i>)	65,521	58,542
– Outside Hong Kong (<i>Note (ii)</i>)	24,989	38,523
Listed bonds		
– In Hong Kong	4,149	5,381
– Outside Hong Kong	51,521	46,094
Investment fund		
– Outside Hong Kong	138,543	138,743
Unlisted bonds		
– Outside Hong Kong	714,356	712,331
Sub-total	<u>1,365,382</u>	<u>1,373,466</u>
Current assets		
Notes		
– Outside Hong Kong	855,819	852,216
Listed bonds		
– Outside Hong Kong	63,510	46,331
Unlisted bonds		
– Outside Hong Kong	1,515,969	1,513,672
Sub-total	<u>2,435,298</u>	<u>2,412,219</u>
Total	<u>3,800,680</u>	<u>3,785,685</u>

Notes:

- (i) As at 30 June 2024 and 31 December 2023, no individual investment in financial assets at fair value through other comprehensive income (“FVTOCI”) and its fair value is larger than 5% of the total assets of the Group.
- (ii) The Group designated certain listed equity instruments that are measured at FVTOCI, as the Group intended to hold the equity instruments for a long term.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current asset		
Listed equity investment		
– In Hong Kong	–	–
Current assets		
Held-for-trading listed equity investments		
– In Hong Kong	34,954	37,471
– Outside Hong Kong	894	9,934
	35,848	47,405
Held-for-trading investment funds		
– In Hong Kong	380,029	54,018
– Outside Hong Kong	139,107	138,896
	519,136	192,914
Other investment funds		
– Outside Hong Kong	384,174	542,514
Held-for-trading listed bonds		
– Outside Hong Kong	232	12,911
Unlisted equity investments		
– Outside Hong Kong	329,536	312,743
Sub-total	1,268,926	1,108,487
Total	1,268,926	1,108,487

Note:

- (i) As at 30 June 2024 and 31 December 2023, no individual investment in financial assets at fair value through profit or loss (“FVTPL”) and its fair value is larger than 5% of the total assets of the Group.

16. FINANCE LEASE RECEIVABLES

The carrying amount of finance lease receivables are set out below:

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within one year	373,749	405,582
Later than one year and not later than second year	–	–
	<u>373,749</u>	<u>405,582</u>
Carrying amount of finance lease receivables	<u>373,749</u>	<u>405,582</u>
Analysed for reporting purpose as:		
Non-current assets	–	–
Current assets	373,749	405,582
	<u>373,749</u>	<u>405,582</u>

17. LOANS RECEIVABLES

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Loans receivables	4,271,095	4,388,417
Less: allowance for impairment loss	(527,896)	(555,999)
	<u>3,743,199</u>	<u>3,832,418</u>
Analysed for reporting purpose as:		
Non-current assets	1,348,384	804,578
Current assets	2,394,815	3,027,840
	<u>3,743,199</u>	<u>3,832,418</u>

An aging analysis of loans receivables (net of impairment), determined based on the time to maturity of the loans receivables, as at the end of the reporting period is as follows:

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
To be due within		
Within 90 days	2,394,815	2,020,375
91 days to 180 days	–	–
181 days to 1 year	–	1,007,465
1 year to 2 years	789,662	804,578
2 years to 5 years	558,722	–
	<u>3,743,199</u>	<u>3,832,418</u>

18. CONTRACT ASSETS

		30 June 2024	31 December 2023
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
Tariff adjustment receivables	<i>(i)</i>	783,314	714,714
Construction contracts	<i>(ii)</i>	95,661	124,180
Retention money	<i>(ii)</i>	7,053	5,963
		886,028	844,857
Less: allowance for impairment losses		–	–
		886,028	844,857

Notes:

- (i) Tariff adjustment receivables included in contract assets represented the PRC central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that are to be billed and settled upon entering into the list of national renewable energy power generation subsidies for the renewable energy power generation project (the "Project List"). In the opinion of the Directors, the registration procedures of the Project List for the Group's photovoltaic and wind power plant projects are of administrative in nature and the Group will comply with the related procedures stipulated by the current government policy in Mainland China and all other attaching conditions, if any.
- (ii) Contract assets are initially recognised for revenue earned from construction and related services as the receipt of consideration is conditional on construction progress. Included in contract assets for construction and related services are retention receivables. Upon completion of certain milestones as agreed with customers and such being accepted by them, the amounts recognised as contract assets are reclassified to trade receivables.

19. TRADE AND OTHER RECEIVABLES

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	1,809,836	1,925,797
Bills receivable	9,808	10,996
Tariff adjustment receivables (<i>Note (i)</i>)	7,681,200	6,894,732
	9,500,844	8,831,525
Less: allowance for impairment losses	(812)	(2,095)
	9,500,032	8,829,430
Prepayments	859,028	631,729
Interest receivables	375,354	316,164
Deposits and other receivables	2,667,781	2,362,369
Due from joint ventures	679,670	591,724
Due from associates (<i>note 13</i>)	246,415	352,059
	4,828,248	4,254,045
Less: allowance for impairment losses	(13,121)	(71,270)
	4,815,127	4,182,775
	14,315,159	13,012,205
Analysed for reporting purpose as:		
Non-current assets	1,007,256	740,433
Current assets	13,307,903	12,271,772
	14,315,159	13,012,205

Note:

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

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

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 90 days	485,159	753,085
91 days to 180 days	140,578	93,581
181 days to 1 year	185,426	82,743
1 year to 2 years	408,366	433,628
Over 2 years	599,303	571,661
	<u>1,818,832</u>	<u>1,934,698</u>

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

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 90 days	588,582	531,375
91 days to 180 days	459,202	562,161
181 days to 1 year	528,751	1,618,168
1 year to 2 years	2,606,485	1,749,621
Over 2 years	3,498,180	2,433,407
	<u>7,681,200</u>	<u>6,894,732</u>

Except for the trade receivables attributable to the dealing in securities transactions, the Group's trading terms with its customers are mainly on credit, except for certain new customers where payment in advance is normally required. The Group generally allows credit periods of 30 days to 90 days (31 December 2023: 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 (31 December 2023: 90 days to 180 days) after taking into consideration the customers' historical repayment record and current ability of making payments.

The settlement terms of trade receivables attributable to the dealing in securities transactions are two days after the trade date, except for the balances with margin clients which are repayable on demand.

20. TRADE AND BILLS PAYABLES

An aging analysis of trade and bills payables, presented based on the invoice date is as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 90 days	128,594	131,519
91 days to 180 days	63,554	101,631
181 days to 1 year	172,665	244,518
1 year to 2 years	120,793	106,589
Over 2 years	605,473	901,560
	<u>1,091,079</u>	<u>1,485,817</u>

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

21. BORROWINGS

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Bank borrowings:		
– Repayable within one year	8,793,934	12,085,680
– Repayable after one year but within two years	5,933,162	5,809,766
– Repayable after two years but within five years	6,972,006	6,433,551
– Repayable after five years	11,422,367	5,885,753
Bonds:		
– Repayable within one year	4,093,771	1,731,484
– Repayable after one year but within two years	99,863	4,104,467
– Repayable after two years but within five years	794,563	–
– Repayable after five years	–	793,450
Other borrowings:		
– Repayable within one year	2,945,459	3,140,806
– Repayable after one year but within two years	966,371	1,199,000
– Repayable after two years but within five years	1,871,054	2,763,616
– Repayable after five years	1,578,625	1,824,159
	<u>45,471,175</u>	<u>45,771,732</u>
Analysed for reporting purpose as:		
Non-current liabilities	29,638,011	28,813,762
Current liabilities	15,833,164	16,957,970
	<u>45,471,175</u>	<u>45,771,732</u>

Note:

- (a) Certain of the Group's bank borrowings and other borrowings are secured by:
 - (i) guarantees given by the SDHS Group Co., Ltd. ("SDHS Group");
 - (ii) guarantees given by the Company and/or its subsidiaries;
 - (iii) pledges over certain of the Group's finance lease receivables;
 - (iv) pledges over certain of the Group's loans receivables;
 - (v) pledges over certain of the Group's trade receivables and contract assets;
 - (vi) pledges over certain of the Group's property, plant and equipment;
 - (vii) pledges over certain of the Group's investment properties;
 - (viii) pledges over certain of the Group's operating concessions;
 - (ix) pledges over the Group's bank deposits; and/or
 - (x) pledges over the Group's equity interests in certain subsidiaries.

22. COMPARATIVE AMOUNTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. MARKET REVIEW

In the first half of 2024, the global slowed-economic growth momentum was weakening. As global headline inflation fell due to moderate consumption growth, sluggish investment activities, improved supply-demand profile and declining demand, monetary policy came to a turning point. Meanwhile, global economy was faced with continued uncertainty brought about by geopolitical risks. Furthermore, technological innovation and green economy play an increasingly crucial role in economic growth of all countries.

Despite of the increasing uncertainty resulted from external changes, lack of effective domestic demand, and divergence in economic performance, China's GDP still grew by 5.0% in the first half of the year with fundamentals unchanged, pointing to a stable economy and long-term prosperity. As a whole, China's economic structure has been continuously improved, new quality productive capacity has been fostered at a faster pace, new growth drivers accelerated to take shape, and green development has gradually become the cornerstone of high-quality development.

II. GROUP STRATEGY AND OPERATIONS

Faced up with volatility persistence in the international and domestic markets, the Group actively responded to the national policy and guidance in promoting the construction of a modern industrial system, fully implemented the new development concept, deeply cultivated emerging industries investment, continuing to promote the strategic transformation to a distinguished industrial holding group, and unswervingly making efforts to achieve the annual business objectives.

In terms of industrial investment business, the Group adhered to the principle of “growth and certainty”, seized pre-emptive opportunity in emerging industries, and formed an industrial holding platform with “new energy + new infrastructure” as our principal business through the acquisition of Shandong Hi-Speed New Energy Group Limited (“**SHNE**”) (01250.HK) and strategic investment in VNET Group, Inc. (“**VNET**”) (VNET.US). As of 30 June 2024, total assets of the Group were approximately HK\$78.84 billion, of which investment in emerging industries were approximately HK\$58.06 billion, accounting for 73.6% of our total assets. The Group excelled in post-investment management by, on the one hand, empowering rapid development of our affiliates from the perspectives of capital, resources, brand and mechanism, on the other hand, in accordance with the standard corporate governance structure and state-owned assets supervision requirements, strengthening the normative construction of management and sharpening competitive edges of our affiliates, and hence improving their long-term value.

In terms of other investment businesses, the Group actively responded to changes in the market, raised our awareness in risks and the preparation for worst-case scenarios, built a solid line of defense against risks, prudently carried out traditional investment businesses, and strictly controlled investment risks brought about by market fluctuations. At the same time, the Group has accelerated the disposal of assets with stock risks in an orderly manner to protect the interests of the Company to the greatest extent to blaze a path to healthy and sustainable development of high quality.

III. BUSINESS REVIEW

(i) Industrial investment business

In terms of investment strategy, the Group continued to focus on two emerging industries, including new energy and new infrastructure, and delve into our principal business in accordance with the strategy of “extending at both ends and expanding in all directions”, enlarging the “fundamentals” of development, and building an industrial system with a strong backbone, multi-dimensional support, mutual coordination and reasonable layout.

Regarding new energy business, the Group continued to give full play to the brand and resource endowment of Shandong Hi-Speed Group Co. Ltd. (“**SDHS Group**”), its controlling shareholder, to explore cooperation opportunities in supporting industries, and to help SHNE expand high-quality new energy projects. During the Reporting Period, the Company entered into a cooperation agreement with the Hezhou Government of Guangxi Zhuang Autonomous Region in relation to a centralized wind power project, the Group’s first centralized new energy project in Guangxi. The 387.5 megawatt onshore wind power project in Heze, Shandong obtained by the Group last year became the first to obtain land pre-approval, wind power project approval and commence construction as the first batch of centralized onshore wind power projects in the province’s “14th Five-Year Plan”. At the same time, the Group actively participated in the second batch of centralized onshore wind power projects in Shandong Province during the “14th Five-Year Plan” and has achieved fruitful results. In addition, hinging on the abundant new energy resources and application scenarios of SDHS Group, the Group has successively carried out cooperation with Chongqing Expressway, Yunnan Construction and Investment, and Shanxi High-speed. In order to establish a leading edge in the field of national energy and energy integration, the Group and Beihang University established the “Beihang – Shandong Hi-Speed Energy Integration Research Center” to build a new energy industry innovation, technology, products and value system based on the integration of source, network, load and storage.

In terms of new infrastructure business, during the Reporting Period, the Group dispatched director(s) and senior executive(s) to VNET in accordance with the relevant investment agreement, clarified the responsibilities of the dispatched personnel, and formulated relevant management processes to deeply participate in its corporate governance, strategic management and other work. The Group actively promoted the industrial synergy between SHNE and VNET, and officially entered into a framework agreement with the Ulanqab Municipal government in relation to big data and new energy, in a move to explore the creation of a collaborative industrial ecological model of “integration of source, network, load and storage”, and jointly promote the integration project of source, network, load and storage in Ulanqab, Inner Mongolia. Upon completion of the project, the business closed loop between power generation and consumption will be realized, and the ecological closed loop of “power + algorithm power” is expected to be formed with “power is used when generated and is available when needed, with reasonable pricing and for mutual benefit”. It is expected that with the gradual implementation of a series of initiatives, it will be conducive to expanding the complementary effect of resources on both sides and consolidating the endogenous driving force of investment enterprises.

During the Reporting Period, benefiting from the strategic synergies brought about by the Group's resource integration, the industrial investment business segment recorded a profit of approximately HK\$353,204,000, as compared to a profit of approximately HK\$485,733,000 for the Corresponding Period.

(ii) Standard investment business

The first half of 2024 saw limited supply of USD bond from Chinese enterprises, weak real estate sentiment, and widening divergence between entities boasting high credit rating and those offering high-yield bond amid limited access to corporate financing, and heightened uncertainty around expectation over the stacked United States Dollars rate cut. The standard fixed-income investment team continued to follow the cautious investment strategy adopted since the beginning of this rate hike cycle, maintaining a further underweight overall position and underweight high-risk and long-term exposures. As of the end of the Reporting Period, the overall size of the standard bond investment has been significantly reduced from its peak.

During the Reporting Period, due to the market volatility, the Group's standard investment business incurred a loss of approximately HK\$29,896,000 on a fair value basis, as compared to a loss of approximately HK\$197,592,000 recorded for the Corresponding Period.

(iii) Non-standard investment business

During the Reporting Period, in respect of the non-standard investment business, the Group insisted on resolving existing risks as the top priority. In the first half, the Group continued to optimize its mechanism, concentrated its efforts on debt restructuring and asset revitalization initiatives to reduce the credit exposure of its existing non-standard investment business, and achieved significant breakthroughs in some projects. At the same time, the Group prudently grasped investment opportunities, focusing on the Group's strategic transformation direction and coordinating with industrial investment in real economy areas such as new energy and new infrastructure, so as to provide financing services for the industrial investment target companies and their upstream and downstream industrial chain companies.

Benefiting from the revenue contribution from the revitalization of existing businesses and certain new high-quality projects, non-standard investment business of the Group recorded a profit of approximately HK\$68,654,000 for the Reporting Period, as compared to a profit of approximately HK\$57,221,000 for the Corresponding Period.

(iv) Licensed financial services

The Group currently holds licences of types 1, 4, 5, 6 and 9 issued by the Securities and Futures Commission of Hong Kong and a money lender licence in Hong Kong, as well as licences including Qualified Foreign Limited Partner (QFLP) fund manager and financial leasing in Mainland China. The Group's services include corporate and individual clients in Mainland China, Hong Kong and the world, providing integrated financial services related to cross-border investment and financing needs in Mainland China and Hong Kong. During the Reporting Period, the licensed financial services business recorded a loss of approximately HK\$93,555,000 as compared to a gain of approximately HK\$107,547,000 for the Corresponding Period.

It is noteworthy that in addition to the above business development, in the first half of the year, the Group successfully issued US\$900 million perpetual bond in the global market, which is the largest single tranche of perpetual bond issued by a Chinese enterprise in Hong Kong in the past three years. The bond was subscribed by nearly 300 institutional investors, with a total subscription volume of more than US\$4.5 billion. The successful issuance of such bond highlighted the Group's remarkable credit qualification profile in overseas markets and further enhances the Group's reputation and influence in the Hong Kong market.

IV. FUTURE PROSPECTS

Looking forward to the second half of the year, the expected winding down of worldwide monetary tightening will benefit China's prudent monetary policy in creating a favorable monetary and financial environment for steady economic growth. As China's macro policies continue to take shape and foster, high-tech manufacturing and infrastructure investments are expected to exert a "longboard effect" in the second half of the year and contribute to moderate domestic growth.

The Third Plenary Session of the 20th Central Committee underscored the significance of and overall requirements on further deepening reform comprehensively and will advance Chinese modernization. Building a beautiful China requires a comprehensive green economic and social development transformation. China's continuous improvement of the ecological environment governance system and the promotion of ecological priority, conservation and intensive, green and low-carbon development will create historic development opportunities for the Group's deep-rooted green industry investment. In addition, the plenary session emphasized that accelerating the development of new and quality production capacity is a key initiative to enhance China's edge and cooperative compatibility at the global level, and China's current promotion of the scientific and technological revolution characterized by digitalization, networking, intelligence and green transformation also underpins the strategic layout of the Group's new infrastructure track.

The Group will maintain strategic focus, firm confidence in development, and continue to promote the integration and coordinated development of its business line of new energy and new infrastructure. The Group will continue to give full play to the resources and brand advantages of SDHS Group, expand the development of key markets, give full play to comprehensive advantages, and strive for a larger volume of policy and competition allocation indicators. The Group will make it a top priority to build a “source, network, load and storage integration” model of collaboration between ultra-large-scale data centers and green electricity, coordinate the planning and layout of computing power and power infrastructure, realize local supply of new energy and local consumption, and provide green and efficient computing power support for the development of digital economy.

In addition to strengthening market development, the Group will be committed to building a sound industrial ecology. Through closer ties with quality enterprises in the track, the Group will promote collaborative innovation of the upstream and downstream of the chain, gradually creating a complementary, embedded and mutually beneficial SDHG ecosystem, so as to achieve a comprehensive improvement in the performance, corporate value and market valuation of the investee companies, continue to promote the effective implementation of the Company’s strategy, and build a distinguished industrial holding group.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group had sufficient liquidity and working capital to maintain its business operations. As at 30 June 2024, the total amount of cash and cash equivalents of the Group which were mostly denominated in RMB, USD and HKD, was approximately HK\$11,912,029,000 (31 December 2023: HK\$5,718,596,000), total assets were approximately HK\$78,842,167,000 (31 December 2023: HK\$72,737,804,000) and total borrowings were approximately HK\$45,471,175,000 (31 December 2023: HK\$45,771,732,000).

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position during the Reporting Period. To manage the liquidity risk, the Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and other commitments can meet its funding requirements from time to time.

As at 30 June 2024, the Company had a total of 6,019,431,109 issued shares with a par value of HK\$0.001 each, and the total loss attributable to the owners of the Company was approximately HK\$1,904,035,000 (total attributable losses as at 31 December 2023: HK\$1,002,210,000).

BANK LOANS AND OTHER BORROWINGS

As at 30 June 2024, the outstanding borrowings of the Group were comprised of bank borrowings, bonds and other borrowings which were approximately HK\$33,121,469,000 (31 December 2023: HK\$30,214,750,000), HK\$4,988,197,000 (31 December 2023: HK\$6,629,401,000) and HK\$7,361,509,000 (31 December 2023: HK\$8,927,581,000), respectively. As at 30 June 2024, the outstanding bonds of the Group included a guaranteed bond with a coupon rate of 4.30% per annum (the outstanding amount: approximately HK\$794,563,000), a guaranteed bond with a coupon rate of 4.10% per annum (the outstanding amount: approximately HK\$3,909,689,000) and guaranteed bonds with coupon rates ranging from 4.20% to 4.90% per annum (the outstanding amount: approximately HK\$283,945,000). The above stated bonds and other borrowings were denominated in USD and RMB.

GEARING RATIO

As at 30 June 2024, the gearing ratio (total outstanding borrowings divided by total assets) of the Group was approximately 57.67% (31 December 2023: 62.93%).

FOREIGN EXCHANGE RISK MANAGEMENT

The Group's monetary assets, liabilities and transactions are mainly denominated in RMB, HKD and USD. The Group is mainly exposed to foreign exchange risk with respect to Renminbi which may affect the Group's performance. The Group will pay attention to the possible exchange rate exposure due to the continuing fluctuation of Renminbi, closely monitor its impact on the performance of the Group and consider adopting appropriate hedging measures when necessary. In addition, the Group also pays attention to the impact of the U.S. interest rate fluctuations on its U.S. dollar-denominated assets from time to time, and takes appropriate response measures. During the Reporting Period, the Group's management considers the impact of foreign exchange exposure on the Group was insignificant therefore, the Group has neither held any financial instruments for hedging purposes, nor any currency borrowings or other hedging instruments to hedge.

PLEDGE OF ASSETS

As at 30 June 2024, certain of the Group's bills payables, lease liabilities and borrowings are secured by:

- guarantees provided by SDHS Group;
- guarantees provided by the Company and/or certain subsidiaries;
- pledges over certain of the Group's loans receivables;
- pledges over certain trade receivables and contract assets of the Group;
- pledges over certain of the Group's property, plant and equipment;

- pledges over certain of the Group's investment property;
- pledges over certain of the Group's operating concessions;
- pledges over certain of the Group's bank deposits; and/or
- pledges over the Group's equity interest in certain subsidiaries.

Save as disclosed above, as at 30 June 2024, the Group did not have any other pledge of assets.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group did not have any significant contingent liabilities during the Reporting Period.

As at 30 June 2024, the Group had capital commitments, which were contracted but not provided in the consolidated financial statements in respect of construction, material and equipment costs for development of clean energy project and capital contributions to joint ventures, amounting to approximately HK\$138,511,000 (31 December 2023: HK\$242,770,000) and approximately HK\$285,239,000 (31 December 2023: HK\$291,919,000), respectively.

SIGNIFICANT INVESTMENTS

As at 30 June 2024, the Group did not hold any individual investment with a value of 5% or more of the total asset of the Group.

The Group did not have any specific plans related to significant investments or acquisitions of capital assets during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group did not have any future plans for material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures of the Group.

ISSUANCE OF DEBENTURES

On 20 December 2022, a subsidiary of SHNE issued corporate bonds with an aggregate principal amount of RMB465,000,000 to certain institutional investors. The interest rates of the bonds ranged from 4.20% to 4.90% per annum. The corporate bonds are guaranteed by trade receivables and repayable on 30 November 2025.

On 30 May 2024, Coastal Emerald Limited issued 6.50% guaranteed perpetual securities in an aggregate principal amount of US\$900,000,000 to independent third parties to raise funds for refinancing and general corporate purposes.

After deduction of the issuance costs, the Group received net consideration of approximately RMB462,920,000 and US\$896,016,000 from the issuance of the above bonds, respectively.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, there were 2,160 employees (including the directors of the Group and directors of the Company's subsidiaries), while there were 2,185 employees for the Corresponding Period.

The Group actively attracts outstanding talents and builds a strong team to maintain the overall business growth of the Group. In order to retain and motivate employees, the Group has formulated an internal remuneration policy. When selecting and promoting employees, the Group will make a decision with reference to their qualification, experience and suitability for the position offered. The performance of employees will also be used as the basis for reviewing remuneration package during the annual review. Meanwhile, competitive remuneration packages are offered to employees by reference to the prevailing market level and individual merits.

In addition, the Group also provides employees with a series of welfare policies to enhance their sense of belonging and work enthusiasm, and jointly promote the sustainable development of the Group. In order to motivate employees to work hard, the Group provides bonuses and rewards to outstanding performance employees. The Group determines the working hours of employees in accordance with relevant laws and regulations, and provides transportation reimbursement and compensatory leave for employees who work overtime. In addition, the Group provides employees with social insurance, housing provident fund and mandatory provident fund and other benefits. In addition to statutory holidays and regular paid annual leave, employees are also entitled to additional leave benefits such as sick leave, marriage leave, maternity leave, paternity leave and compassionate leave. In addition, eligible participants who contribute to the success of the Group's operations will also receive incentives and compensation under the relevant share option scheme of the Company.

Employees are the essential driving force to the sustainable development of the Group. Adhering to a people-oriented approach to talent management, the Group continues to invest resources to attract and retain talents. Employees are provided with competitive remuneration and benefit packages and equal opportunities, as well as a wide range of training and development opportunities. The Group optimises its human resources management system continuously with a view to providing employees with a friendly and healthy workplace and ensuring that employees can develop their talents and potential.

EVENTS AFTER THE REPORTING PERIOD

Change in Directors

Set out below are the changes in Directors after the end of the Reporting Period and up to the date of this announcement:

1. With effect from 2 August 2024, Mr. Wang Xiaodong ceased to be an executive Director, the chairman of the Board, a member and the chairman of each of the executive committee (the “**Executive Committee**”) and the nomination committee (the “**Nomination Committee**”) of the Company.
2. With effect from 2 August 2024, Mr. Li Tianzhang has been appointed as an executive Director and the chairman of the Board and a member and the chairman of each of the Executive Committee and the Nomination Committee.

Saved as disclosed above, the Group did not have any other significant events after the Reporting Period and up to the date of this announcement.

DIVIDENDS

The Board did not declare the payment of an interim dividend for the Reporting Period (Corresponding Period: Nil).

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

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has complied with all applicable provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company will continue to review and update the current corporate governance from time to time to achieve a better level of corporate governance.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established in accordance with the requirements of the CG Code for the purposes of, among others, reviewing and providing supervision over the Group’s financial reporting processes and internal controls. The Audit Committee comprises two non-executive Directors and three independent non-executive Directors.

The Audit Committee has reviewed with management the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2024 and this interim results announcement, the accounting principles and practices adopted and discussed auditing, internal control and financial reporting matters. The Audit Committee is of the view that the applicable accounting standards and requirements have been complied with by the Company and that appropriate disclosure have been made.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code for securities transactions by the Directors. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code throughout the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.sdhg.com.hk). The interim report for the six months ended 30 June 2024 will be published on the above websites and also be despatched to the shareholders of the Company in due course.

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

Hong Kong, 20 August 2024

As at the date of this announcement, the Board comprises Mr. Li Tianzhang, Mr. Zhu Jianbiao, Ms. Liao Jianrong, Mr. Liu Zhijie and Mr. Liu Yao as executive Directors; Mr. Liang Zhanhai, Mr. Chen Di and Mr. Wang Wenbo as non-executive Directors; and Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Jonathan Jun Yan and Mr. Fang Ying as independent non-executive Directors.