




山高新能源集團有限公司

SHANDONG HI-SPEED NEW ENERGY GROUP LIMITED

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

Unleash the world's potential
Green prosperity worldwide



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Annual Report
2025




Corporate Mission

Unleash the world's potential.
Green prosperity worldwide.

Corporate Vision

Becoming the first-class
integrated clean energy
service provider.



Corporate Values

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

Corporate Spirits

Brave to take responsibility and
take the lead.



Management Philosophies

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

Corporate Atmosphere

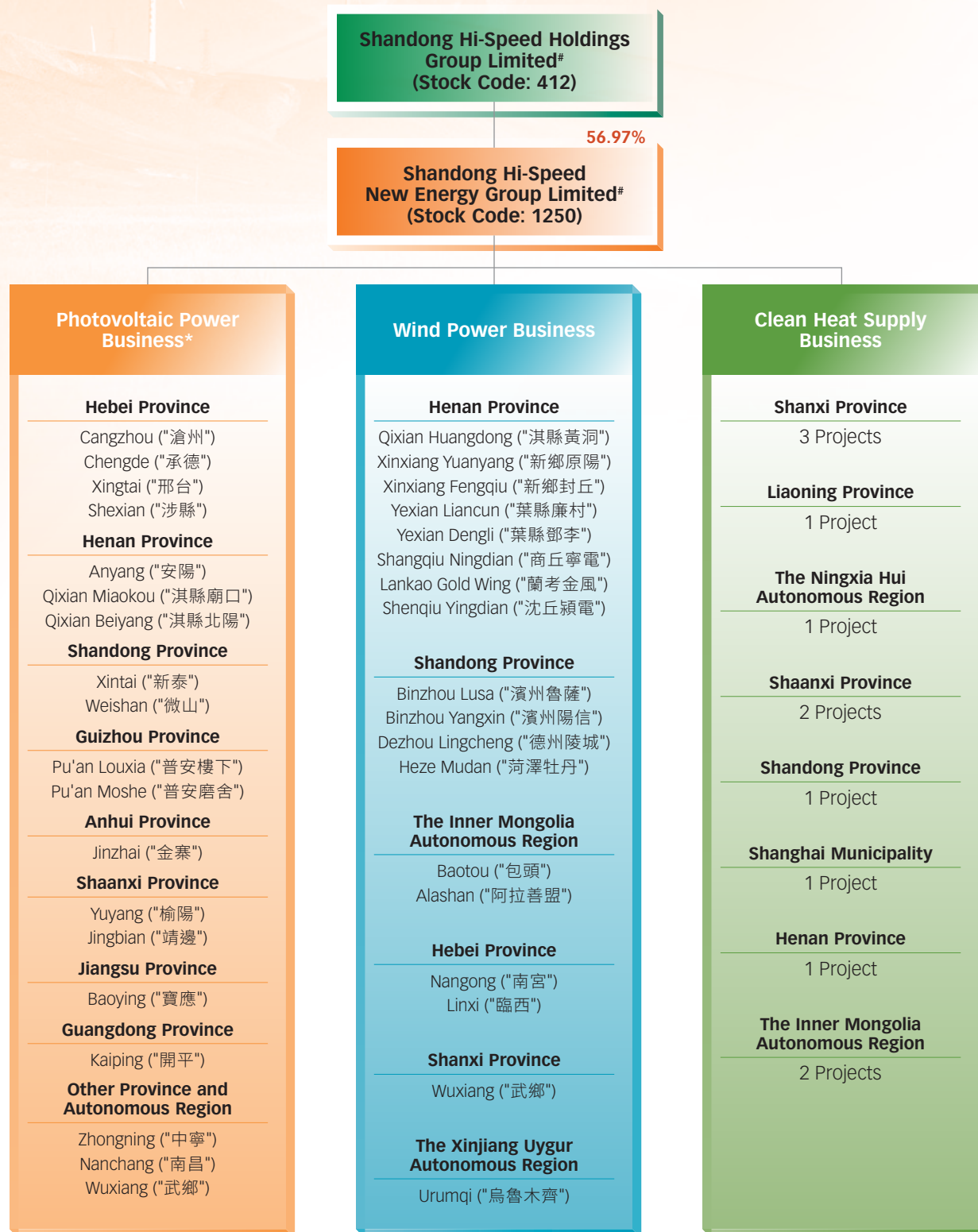
Fellowship &
Openmindedness.

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Corporate Structure

31 December 2025



Listed on the main board of The Stock Exchange of Hong Kong Limited.

* Only projects held by the Group's subsidiaries and in operation with capacity of 50MW or above are disclosed.

Note: The above group structure only lists out major projects held by the Group's subsidiaries and in operation.

Dear Shareholders,

The year of 2025 marked the successful conclusion of the "14th Five-Year Plan", a time when the Company proactively seized opportunities and focused on execution with concrete actions. Backed by strong shareholder support during the year, the Company balanced two core priorities — securing and transforming indicators, and accelerating construction and grid connection — driving exceptional progress in high-quality development. We have successfully completed the "14th Five-Year Plan" and built a solid foundation for the launch of the "15th Five-Year Plan": Firstly, sustainable development gained new momentum. The Company obtained 2,204 MW of new energy project indicators and added 250 MW of on-grid capacity throughout the year, and several large-scale projects, such as the 175 MW distributed wind power project in Yuncheng County, Shandong Province and the 100 MW fishery photovoltaic complementary project in Yizheng City, Jiangsu Province, broke ground during the year. Secondly, the standardization of the management system reached a new level. The Company advanced internal control optimisation, solidified the "three lines of defense" for comprehensive risk management, and ensured the smooth operation of compliance frameworks for equity, property rights, and fund management. Thirdly, our commitment to social responsibilities and environmental, social and governance (ESG) related issues earned renewed recognition. The Company continued to enhance corporate governance, standardize compliance management and information disclosure as a listed company, and was awarded the Three-Star Certificate by The Hong Kong Council of Social Service (HKCSS) with a "Leading Performance" rating, and was selected for the 2025 Greater Bay Area Outstanding ESG Disclosure List.

SHAREHOLDER EMPOWERMENT, GROUP-WIDE MANAGEMENT AND SUSTAINABLE DEVELOPMENT

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

Leveraging the advantages as a provincial subsidiary of SDHS Group, the Company has accelerated its integration into the shareholder ecosystem. The Company has successively participated in three batches of competitive bidding for high-quality policy-based wind power indicators under Shandong Province's "14th Five Year Plan" and achieved fruitful results in each round, with nearly 2 GW of wind power indicators secured in total, equivalent to double the Company's current installed wind capacity. In particular, the Heze Mudan Phase I 93.75 MW Wind Power Project realised full-capacity grid-connected power generation in October, and maintained the fastest construction progress among all projects in its batch throughout the entire process. This year, the Company successfully secured the indicators for the Weifang Anqiu Section 125 MW Project in the third batch of onshore wind power indicator competition under the "14th Five Year Plan" in Shandong Province. In addition, benefiting from the outstanding brand influence of SDHS Group, the Company also obtained a total of 110 MW of wind power indicators, including 60 MW under the Anqiu Wind Power Action (馭風行動) and 50 MW of distributed wind power along the expressway (Juxian Section).

(II) Accelerating the construction of a new pattern for large-scale and cluster-based development

Adhering to the basic strategies of regional deep cultivation, multi-phase rolling development, point-to-area expansion and large-scale development, the Company has actively expanded project resources in the Greater Bay Area and its surrounding regions, eastern load centres, and areas with advantages in development resources including Jiangsu, Shanxi and Guangxi. Focusing on key clean energy provinces under national planning, the Company maintained long-term deep development in important regions, deepened strategic cooperation with local governments and partners, and has gradually a built gigawatt-level source of project indicators in several provinces: The Company has achieved a zero-breakthrough in Heilongjiang Province by securing 300 MW of indicators in Mingshui, Suihua; made further progress in Yunnan Province by obtaining 50 MW of indicators in Kunming and 62.5 MW in Yiliang; developed the 120 MW tidal flat photovoltaic project in Zhuanghe City, Liaoning Province, which, as the Company's first offshore tidal flat photovoltaic project, represented a major breakthrough in its development from land-based to marine-based sectors and injected strong impetus into the Company's high-quality development.

Chairman's Statement

(III) The Company has made new progress in compliance management and ESG

The Company has steadily advanced the construction of its internal control system and substantially completed tasks in the second phase of internal control optimisation, ensuring the effective implementation of various rules, regulations and internal control management measures. The Company has enhanced risk management capabilities, improved its organisational support system, formulated and issued the Comprehensive Risk Management Measures (《全面風險管理辦法》), and improved the “three lines of defense” comprising business departments, functional departments and the audit department. Proactively complying with the new requirements under the Listing Rules and the Corporate Governance Code of the Stock Exchange, the Company strengthened listed company compliance training for personnel at all levels and carried out timely, accurate and comprehensive information disclosure. The Company also elevated its ESG management and practice by implementing the “6+3+4” ESG management improvement roadmap, and strengthened professional recognition in rating areas. In 2025, we were granted an ESG entity score of 78 from Sustainable Fitch Hong Kong Limited, representing an increase of 3 points from 2024; and an S&P Global's CSA score of 44, representing 3-point increase from 2024, and exceeding the global utilities industry average by 4 points.

PERFORMANCE

In 2025, the Group focused on the strong sustainable electricity sales business, and actively expanded the entrusted power operation and maintenance service and other electricity-related professional service projects, with a view to building an excellent operation brand. As of 31 December 2025, the Group recorded a revenue of approximately RMB4,408.7 million and gross profit margin of 45.4%. The profit of the Group for the year was approximately RMB401.6 million. In 2025, the profit attributable to the equity holders of the Company was approximately RMB228.8 million.

In 2025, the aggregate operating power generation of the projects held and/or managed by the Group, its associates and joint ventures was approximately 6.817 million megawatt-hours (“MWh”), representing a year-on-year increase of 4.64%. The core financial indicators such as revenue and net profit successfully met the annual objectives.

In terms of the photovoltaic power related businesses, in 2025, the photovoltaic power generation of the Group on a consolidated basis amounted to approximately 3.824 million MWh. In particular:

In terms of the centralised photovoltaic power related business, as of 31 December 2025, the aggregate on-grid installed capacity of the centralised photovoltaic power plants held by the Group reached approximately 2,603 megawatts (“MW”), mainly located in Anhui Province, Shandong Province, Hebei Province, Henan Province and other provinces which are photovoltaic resource areas II and III as promulgated by the NDRC. The weighted average utilisation hours of the centralised photovoltaic power plant projects held by the Group and in operation during the Year amounted to 1,072 hours.

In terms of the distributed photovoltaic power related business, as of 31 December 2025, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 1,088 MW, mainly located in photovoltaic resource area III as promulgated by the NDRC.

In terms of the wind power related businesses, in 2025, the wind power generation of the Group on a consolidated basis amounted to approximately 2.993 million MWh. The weighted average utilisation hours of the wind power plant projects held by the Group and in operation during the Year amounted to 2,635 hours.

As of 31 December 2025, the aggregate installed capacity of on-grid wind power plants held by the Group was approximately 1,270 MW, which were located in Henan Province, Shandong Province and the Inner Mongolia Autonomous Region, and mainly situated in wind resource area IV as promulgated by the NDRC.

In terms of the clean heat supply businesses, as of 31 December 2025, the Group's clean heat supply area in operation reached approximately 35.298 million square meters.

FUTURE OUTLOOK

The year 2025 marks the first year of comprehensive marketization of China's power trading. The issuance of "Notice on Deepening the Market-oriented Reform of New Energy Feed-in Tariff to Promote High-quality Development of New Energy (NDRC Price [2025] No. 136) 《關於深化新能源上網電價市場化改革促進新能源高質量發展的通知》(發改價格[2025]136號)" ("No. 136") signifies the full entry of new energy generation into the market, with growing uncertainties arising from market-oriented reform and intensifying volatility in the safety and profitability of incremental projects. However, from a macro perspective, the general trend of rapid development of the new energy industry remains unchanged. According to the national new energy development plan, an average of 0.2 billion kWh of newly installed wind and solar capacity is projected to be added annually over the next decade. The industry will maintain a high level of prosperity, providing the Company with broad space for high-quality development.

Meanwhile, according to the development plan of SDHS Group, during the "15th Five-Year Plan" period, it will advance the full-chain green transformation of design, construction and operation, position new energy as a pillar industry supporting sustainable development and deeply engage in projects such as onshore and offshore wind power. It will also deploy pumped storage, new energy storage, nuclear power and geothermal energy, promote innovative models like smart microgrids, virtual power plants and direct green power connections and establish a structurally diversified, technologically advanced and steadily profitable new energy industrial system, thereby charting a clear development path for the Company.

The year 2026 marks the first year of the "15th Five-Year Plan" period and represents a pivotal starting point for the Company to seize opportunities and accelerate its development. We will deeply integrate into the strong momentum of high-quality development within the new energy industry and the overall green and low-carbon transformation of the SDHS Group. Embracing a spirit of being brave to take responsibility and taking the lead, we will ensure that the Company achieves scaled, leapfrog development during the "15th Five-Year Plan" period, realizing significant advancements in installed capacity, operational scale and industry status.

(I) Strengthen Strategic Planning to Guide Development

We will effectively raise our strategic positioning, deeply engage in the development of the national new power system, align with the direction of comprehensive market-oriented reform of new energy, fully consider our resource endowments and factor guarantees, and scientifically formulate the "15th Five-Year Plan" objectives of the Company. Adhering to the basic strategy of "enhancing wind power, stabilizing solar power, building storage capacity, and expanding hydropower", we strive to double the Company's installed capacity of wind and solar power during the "15th Five-Year Plan" period, establishing a new industrial development pattern integrating wind, solar, thermal, hydropower and storage.

Chairman's Statement

(II) Focus on Building Competitive Market Advantages

First, leveraging the strengths as a provincial backbone enterprise of SDHS Group, we will prioritize the Shandong market to actively pursue strategic projects with relatively high industry barriers and access restrictions, such as offshore wind power and nuclear power. We will further deepen the integrated development of "New Energy + Big Transportation", seize policy opportunities for distributed wind power along expressways, and strive to secure more distributed wind power indicators. By strengthening collaboration with ecosystem partners and actively expanding road-area distributed photovoltaic business, we will establish the Company's first flagship brand of "Wind-Solar Corridor" along expressways. Relying on resources from water treatment plants under BEWG, an important shareholder, we will continue to advance our "New Energy + Big Environmental Protection" business and develop high-quality application cases of distributed photovoltaic projects at water plants. We will deepen long-term strategic partnerships with central state-owned enterprises, leading private enterprises and other groups, prioritize selecting projects with stable core operations, consistent performance and higher returns to ensure the Company's comprehensive competitive edge in the domestic distributed photovoltaic sector.

Second, focusing on innovative breakthroughs to overcome industrial development bottlenecks and pioneering new industrial tracks through cross-border development, we will rely on the ecosystem advantages of SDHG to expand commercial applications such as new energy + computing power and new energy + strategic emerging industries, enhance the added value of primary power generation products and ensure the implementation of the first phase of the 300 MW integration project of source, network, load and storage in Ulanqab by 2026. Pooling resources and taking proactive initiatives, we will press ahead to secure the second-phase project indicators.

Third, adhering to in-depth regional development, we will intensify market expansion efforts in key provinces including Guangxi, Shanxi, Jiangsu, Inner Mongolia and Yunnan, and build provincial-level, large-scale development bases through point-to-area expansion and multi-phase rolling development. Coordinating the current power consumption patterns of "West-to-East Power Transmission" and "West-to-West Power Utilization", we will focus on expanding high-quality project resources in eastern load centers, integrated advantage zones, and coastal, riverine, and transportation corridor regions.

(III) Build a Strong Power Trading Team Through Fine Operations and Maintenance

Leveraging modern information technology and methods, we will explore new models to enhance operation and maintenance quality and efficiency through centralised and intelligent operation and maintenance practices. We will further strengthen operation and maintenance cost control capabilities by conducting independent maintenance, technical upgrades and testing to reduce external service costs and ensure cost reduction and efficiency enhancement measures are fully implemented at frontline stations. Adopting market-oriented marketing, we will build a strong power trading team, step up research on trading rules, and make full use of medium-to-long-term, spot and green power trading mechanisms to hedge against price volatility risks, increase effective electricity sales and boost the Company's green power revenue. We will rely on the strengths of Shandong Hi-Speed Carbon Measurement Center to further explore and unlock the value of carbon assets, pursue an integrated development path from carbon assets to carbon measurement, carbon trading and carbon revenue and tap into additional returns from carbon assets. We will also persist in pursuing asset-light expansion, deepen cooperation with central state-owned enterprises, build a renowned brand for outsourced operation and maintenance, and enhance the influence and reputation of the operation and maintenance brand of Shandong Hi-Speed in the industry.

(IV) Accelerate Indicator Conversion to Boost Grid-Connected Capacity

We will focus on enhancing the Company's overall project coordination and organizational synergy capabilities, continuously optimize engineering management system and mechanisms, and timely adjust and refine internal management processes, so as to achieve greater breakthroughs in indicator conversion, project construction and grid-connected capacity growth, providing critical support for the Company's high-quality development. Dedicating full efforts to advancing the construction of Shandong Province's first and second batches of centralised onshore wind power competitive bidding projects, distributed wind power along expressways and road-area distributed photovoltaic projects, we will prioritize the development of large-scale key projects including the 175 MW distributed wind power project in Yuncheng, the 287.5 MW wind power project in Dingtao, Heze, the 100MW wind power project in Muge, Zhaoping, Hezhou, Guangxi, and the 100 MW fishing-solar complementary project in Yizheng, Jiangsu, driving new growth in the Company's installed capacity.

(V) Strengthen Management Foundations to Safeguard High-Quality Development

First, we will conduct high-standard research and grasp of new industrial policies, carry out research and investigation on the mechanism-based electricity price, electricity volumes and implementation periods outlined in No. 136, and organize regionally-focused, province-level analyses of grid curtailment trends. We will also adhere to the strategy of prioritizing wind power expansion and solar stability, accelerate the increase in the proportion of installed capacity, power generation, operating revenue and profits from wind power and scientifically develop regional guidelines for investment destinations to achieve precise and effective deployment of the Company's development resources.

Second, we will align with compliance and regulatory requirements from a high starting point, fully and rigorously implementing relevant provisions in investment approval, equity management and property rights registration. We will strengthen the management of subsidiaries and prioritize it as one of the key tasks for 2026, with tailored management approaches for different categories. In particular, we will improve the supervision of the operation of the three committees, decision-making procedures and business management of entity-based subsidiaries so as to ensure the Company's strategic decisions and arrangements are fully implemented.

Third, we will fully implement the responsibility system for workplace safety, closely integrate it with operational realities, and advance the construction of a dual-prevention system featuring graded risk management and control and hidden hazard investigation. In high-risk operations such as wind turbine hoisting, water-based work, thermal power stations and restricted spaces, we will maintain a stable safety production environment, thereby fostering a sound safety foundation for the Company's high-quality development.

Fourth, we will adhere to the talent-driven development strategy, prioritizing people and valuing talents above all else. We will further deepen reforms to the performance appraisal system for all employees, and establish a sound, fair and impartial performance appraisal mechanism that covers all employees, rewards excellence and penalizes underperformance, creating a clear performance-oriented assessment approach and enhancing the positive motivational impact of appraisals. We will intensify efforts to select outstanding reserve talents, accelerate the development of talent pipelines, explore multi-path career advancement mechanisms, and optimize the structure of relevant job series and ranks to attract more exceptional talents to the Company.

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

Li Tianzhang

CHAIRMAN

Hong Kong, 26 March 2026

Management Discussion and Analysis

31 December 2025

During the Reporting Period, the Group's operating performance was affected by a combination of factors, including the slowdown in macroeconomic growth, the deepening of power market reforms, and the fluctuations in natural resources. According to data released by the National Energy Administration and the China Electricity Council, total electricity consumption in China exceeded 10 trillion kWh for the first time in 2025, reaching 10.37 trillion kWh, a year-on-year increase of 5.0%, providing a stable macroeconomic market environment for the Company's business development. Under the guidance of the national "dual-carbon" target, new energy has become the main source of incremental electricity consumption, with incremental power generation from all categories of new energy throughout the year accounting for 97.1% of the incremental electricity consumption across society. However, against the backdrop of slowing macroeconomic growth, the pressure on electricity consumption increased significantly, coupled with the risk of declining electricity prices brought about by the full marketization of electricity trading, posing certain challenges to the Group's revenue and profitability. The Group's management, assessing the situation, effectively offset some of the adverse effects of the external environment through proactive project operation and development, strict comprehensive cost control, and continuous optimization of the financing structure, demonstrating the resilience of the Group's operations.

During the Reporting Period, the Group recorded an operating revenue of approximately RMB4,408.7 million, which was roughly flat as compared to approximately RMB4,423.1 million for the corresponding period of the last year; gross profit of approximately RMB2,000.1 million, which was also roughly flat as compared to approximately RMB2,021.4 million for the corresponding period of the last year. The main reason why revenue and gross profit remained stable was that the increase in power generation from newly grid-connected projects during the year was offset by the impact of intensified nationwide power rationing and the decline in market-based electricity prices. With the increase in power rationing rate, the loss of power generation revenue caused by power rationing became the core negative factor affecting profits throughout the year. Meanwhile, market-based electricity pricing was fully implemented during the year, marking the complete transition of new energy electricity pricing to a market-oriented model. New projects no longer enjoy fixed guaranteed electricity prices (with existing projects also experiencing minor impacts), with their revenue jointly determined by medium-to-long-term transactions, spot markets, green electricity transactions, and other factors. As a result, the Group's daily operations began to face downward pressure on electricity prices. Collectively, these factors have led to an increase in the share of revenue from parity price projects (with the simultaneous decrease in the share of revenue from subsidized projects).

Profit for the year was approximately RMB401.6 million as compared to approximately RMB462.8 million for the corresponding period of the last year, representing a year-on-year decrease of approximately 13.2%. The decrease in profit for the year was mainly attributable to: (i) changes in revenue and gross profit and their underlying causes (as elaborated above); (ii) significant results in cost reduction and efficiency improvement, which partially offset the negative impact. The Group continued to deepen its refined management philosophy and achieved significant results in controlling financing costs, improving operational efficiency, and reducing administrative expenses. Through a series of measures such as low-cost refinancing, centralized procurement across the supply chain, and promotion of intelligent operation and maintenance models, the Group effectively controlled the growth of costs and expenses, resulting in administrative expenses remaining basically the same as the last year and financial expenses being reduced by approximately RMB181.8 million compared to the last year; and (iii) the combined impact of net other income and gains and net other operating expenses. Affected by factors including a decrease in foreign exchange gains, interest income, and fair value gains on financial assets at fair value through profit or loss, as well as increased impairment of other receivables, prepayments, and similar items, the net amount of these two items decreased by approximately RMB219.8 million.

As at 31 December 2025, the Group recorded total assets of approximately RMB48,544.8 million (2024: RMB48,404.5 million) and total liabilities of approximately RMB28,797.1 million (2024: RMB29,046.5 million), resulting in net assets of approximately RMB19,747.7 million (2024: RMB19,358.0 million). The debt-to-asset ratio was 59.3%, representing a slight decrease of approximately 0.7 percentage point compared to the last year. The Group is committed to maintaining a sound financial structure, and maintains its competitive edge in risk resilience by continuously optimizing cash flow and effectively reducing high-cost debt, thereby securing sufficient financial resources for investment and development during the “15th Five-Year Plan” period.

1. MARKET REVIEW

The year 2025 marks a watershed moment in the development of China's energy sector and represents the concluding year of the “14th Five-Year Plan” period. In that year, the main theme of new energy development shifted profoundly from pursuing rapid expansion of installed capacity to a new stage of high-quality development focusing on quality and efficiency, integration and utilization, and system stability. The core of policy formulation and market mechanism design revolved around building a new type of power system with new energy as the mainstay, aiming to address the deep-seated structural challenges brought about by large-scale, high-proportion new energy integration, such as integration bottlenecks, insufficient system regulation capacity, and the adaptability of market mechanisms.

Judging from industry data, statistics released by the National Energy Administration and the China Electricity Council clearly outlines the profound changes in the supply-demand pattern. By the end of 2025, China's total installed power generation capacity reached 3.89 billion kilowatts, representing a year-on-year increase of 16.1%. This was an increase of approximately 1.69 billion kilowatts compared to the end of the “13th Five-Year Plan” period, representing an average annual growth rate of 12.0%. Among this, installed capacity of power generation from non-fossil energy amounted to approximately 2.40 billion kilowatts, representing a year-on-year increase of 23.0%, accounting for over 60% of the total installed capacity. The installed capacity of solar power as the main driver of energy transition reached 1.20 billion kilowatts, representing a year-on-year increase of 35%; the installed capacity of wind power reached approximately 640 million kilowatts, representing a year-on-year increase of 23%. The rapid growth of the installed capacity of wind and solar power marks the remarkable achievements in China's green and low-carbon energy transition. The total newly added installed capacity of wind and solar power reached approximately 440 million kilowatts throughout the year, accounting for over 80% of the total newly added installed capacity. By the end of 2025, the total installed capacity of wind and solar power reached approximately 1.84 billion kilowatts, accounting for 47% of the total installed capacity, historically surpassing the installed capacity of thermal power.

However, total electricity consumption across society was approximately 10.37 trillion kWh during the same period, representing a year-on-year increase of 5.0%, indicating relatively stable growth in electricity consumption. This structural gap of “rapid increase in installed capacity but slow growth in electricity consumption” has led to a short-term imbalance in the supply and demand of new energy power. Although the average utilization rate of wind and solar power nationwide remains high, the utilization rate of new energy in several “Three Norths” regions and some load center provinces in central and eastern China has experienced a phased decline. The issues of curtailed wind and solar power generation have rebounded, becoming a common challenge that the industry urgently needs to address. It is worth noting that by 2025, the newly added power generation of new energy (wind, solar, and biomass) accounted for 97.1% of the total newly added electricity consumption across society, and new energy has become the primary source for meeting incremental power demand, with its operational performance directly impacts the national electricity supply-demand balance.

Management Discussion and Analysis

31 December 2025

1. MARKET REVIEW (CONTINUED)

At the policy level, the year 2025 witnessed a landmark and profound transformation that fundamentally reshaped the industry's long-term development logic and business model. The most crucial development was the "Notice on Deepening the Market-oriented Reform of New Energy Feed-in Tariff to Promote High-quality Development of New Energy (NDRC Price [2025] No. 136)* 《關於深化新能源上網電價市場化改革促進新能源高質量發展的通知》(發改價格[2025]136號)" issued by the National Development and Reform Commission and the National Energy Administration. This policy clearly marked the end of the era of "guaranteed volume and price" for new energy power generation, which relied on fixed subsidies or benchmark feed-in tariffs as protective support, and the beginning of a new competitive stage of "neither volume nor price guaranteed" where resource allocation is determined by market supply and demand. The new policy, with "regulated electricity volume and regulated electricity price" as its core framework, requires new wind and solar projects to determine their electricity volume and price through bidding and other methods, and to fully participate in medium- and long-term transactions and spot transactions in the electricity market. This presented unprecedented challenges to enterprises in terms of investment decision-making, risk management, and electricity trading expertise. Project returns transformed from a simple formula of "fixed electricity price × power generation" into a complex function influenced by multiple variables, including market supply and demand dynamics, energy conservation and emission reduction policies, user-side demand characteristics, and even the accuracy of weather forecasting.

In terms of guiding the diversified utilization and application scenario expansion of new energy, the state has also introduced highly forward-looking guidelines. The "Notice on Matters Relating to Promoting the Development of Direct Green Power Connections in An Orderly Manner" (NDRC Energy [2025] No. 650)* 《關於有序推動綠電直連發展有關事項的通知》(發改能源[2025]650號)" jointly issued by the National Development and Reform Commission and the National Energy Administration has opened up innovative pathways for local consumption of new energy and meeting the rigid green energy demand of end-users such as energy-intensive industries and data centers. This policy breaks away from the traditional single model of grid-based unified purchase and sale, giving rise to deeply integrated business models such as "new energy + industry" and "direct supply of green power", closely aligning the interests of power generation enterprises with those of end-users. Meanwhile, new business models such as energy-transportation integration (new energy + transportation infrastructure), data-energy integration (new energy + computing centers), integrated wind-solar-hydro-thermal-storage systems, and virtual power plants, driven by both policy incentives and technological advancements, are accelerating from concept verification to demonstration implementation, becoming strategic high grounds for industry leaders to explore new growth areas and build a new-type energy system.

Looking back on the year, the new energy industry has forged ahead amidst intertwined challenges and opportunities. Despite facing the dual pressures of power integration and electricity pricing across the industry, the national strategic direction toward clean and low-carbon energy transition remains rock-solid and unshakable. Various policies clearly signal that future market competition will increasingly favor leading companies with core technological innovation capabilities, refined operation and maintenance management, professional power trading teams, strong cost control measures, and a high level of compliance awareness. Accelerated industry consolidation, the elimination of outdated capacity, and the reshaping of the competitive landscape have created a historic strategic opportunity for strategically positioned players with comprehensive strength to achieve leapfrog development.

2. GROUP STRATEGY AND OPERATIONS

Facing a complex, volatile market environment in 2025 filled with both challenges and opportunities, the Group's management sized up the situation and proactively adjusted its strategic rhythm and development approach, establishing an overarching guideline of high-quality development prioritizing "quality and efficiency". Throughout the Group, we adhered to the working tone of "balancing speed and quality, and pooling efforts to overcome difficulties", vigorously promoting a strategic transformation from a growth model solely centered on "market development" to a synergistic model driven by "the dual cores of development and grid connection". The Group has continued to deeply integrate into the vast industrial ecosystem of SDHS Group, fully leveraging the strong credit endorsement, capital advantages, and rich application scenarios provided by our controlling shareholder. Amidst the complex market conditions, we maintained clear strategic focus and achieved several milestone strategic breakthroughs despite adversity, laying a solid foundation for long-term development during the "15th Five-Year Plan" period.

At the level of top-level strategic design, the Group successfully completed the independent formulation of the "Shandong Hi-Speed New Energy Group '15th Five-Year' Reform and Development Plan (2026-2030)" within the year. This planning document, which embodies the wisdom and dedication of the entire management team, charts a clear, detailed, and highly forward-looking strategic blueprint for the Group's development over the next five years. The plan explicitly proposes the strategic direction of "boosting wind power, stabilizing photovoltaic power, deploying energy storage, and expanding hydro power". This entails significantly increasing the proportion of wind power business, consolidating the fundamental position of photovoltaic business, deploying pumped hydro storage and new energy storage, and actively expanding hydropower and integrated energy services. The goal is to construct a new industrial landscape featuring complementary and coordinated development of wind, photovoltaic, hydro, thermal power and energy storage, propelling the Group from mere scale chasing towards connotative high-quality growth centered on value creation. During the planning process, the Group held special strategic seminars and invited external experts to provide insights, ensuring the foresight and feasibility of the strategic direction.

In terms of business development and market expansion, the Group closely followed national policy guidelines, layout new tracks and models with a forward-looking vision, stood out in fierce market competition, and achieved several historic "breakthrough from zero". During the Reporting Period, the Group newly acquired development targets totaling 2,204 MW, exceeding the annual target, with a significant increase in the proportion of wind power projects, fully reflecting the Group's keen grasp of policy changes and the foresight of its strategic adjustments. In the traditional wind power sector, we successfully secured multiple large-scale centralized wind power projects in Heze and Weifang, Shandong Province, and Mingshui, Heilongjiang Province, further consolidating our scale advantage and competitive barriers in core regions. More strategically significant was the key progress made in several emerging business formats, marking a new chapter in long-duration energy storage. The first phase of the "source-grid-load-storage (源網荷儲)" integrated project in Ulanqab, Inner Mongolia Autonomous Region, obtained approval, successfully exploring a new synergistic development model of "green energy supply + computing infrastructure", leading the industry trend of digital-energy integration. As of the end of the Reporting Period, the total installed capacity of the Group's power generation projects under construction or approved but not yet under construction exceeded 5.8 GW (net of recognised development terminations), including 31 projects with a scale of 100 MW or above, providing important support for the Group's future sustainable development.

Management Discussion and Analysis

31 December 2025

2. GROUP STRATEGY AND OPERATIONS (CONTINUED)

Regarding project construction and the critical task of target conversion, the Group designated “seizing grid connection opportunities and rapid conversion” as the core task of the year. We concentrated superior resources to fully unblock the key bottleneck links from resource acquisition to electricity output. The 93.75 MW centralized wind power project in Mudan District, Heze, Shandong Province (constituting part of the 387.5 MW centralised onshore wind power project in Heze City, Shandong Province, first mentioned in 2023), as one of the first batch of onshore wind power benchmark projects in Shandong Province, consistently led the way during its development and construction. It created an industry benchmark of “Six Firsts”: the first to commence construction, the first to complete the pouring of the foundation for the first wind turbine, the first to complete the hoisting of the first wind turbine’s hybrid tower, the first to complete the hoisting of the first wind turbine, and the first to achieve grid connection. The project successfully achieved full-capacity grid-connected power generation within the year, accumulating valuable practical experience and an efficient management template for the Group’s subsequent large-scale, standardized wind power project construction. Facing the short-term window for rushing grid connections brought about by the new national renewable energy policies, relevant departments of the Group collaborated efficiently and adopted special measures for special cases. This ensured that all 10 projects affected by the policy (8 rushing the 30 April deadline and 2 rushing the 31 May deadline) were connected to the grid on schedule, with some projects commencing operation ahead of time. This effectively avoided the risk of stranded assets that might have resulted from policy adjustments, winning a brilliant battle to defend existing assets and break through with new increments.

In terms of production, operation, maintenance management, and empowerment through digital and intelligent transformation, the Group continued to deepen the reform of the intelligent operation and maintenance (O&M) model featuring “centralized monitoring + regional maintenance + minimal-manned duty”. This significantly improved O&M efficiency and equipment reliability. The consolidated power generation reached 6.817 billion kWh, with the planned completion rate for power generation from existing projects exceeding 100%, and the equipment failure loss rate controlled at an extremely low level. During the Reporting Period, existing projects were orderly integrated into the centralized control platform, and the intelligent O&M model entered the stage of scaled promotion. Through measures such as warranty expiration negotiations, independent maintenance, preventive testing, and technical upgrades, the Group achieved cost reduction and efficiency gains, with technical upgrades directly contributing an additional 2.78 million kWh of power generation. Our O&M standardization capabilities continued to receive high industry recognition. During the Reporting Period, twelve power stations were rated as 4A/3A star-level stations by the China Electricity Council.

Facing the surging tide of power market reforms, the Group responded actively by rapidly establishing a professional power trading team. We conducted in-depth research on trading rules and market dynamics in various provinces, achieving positive results in annual medium-to-long-term contract signing, monthly bidding, spot trading, as well as green power and green certificate trading. In 2025, 34 self-owned projects participated in electricity market trading, with a capacity of 2 GW, accounting for approximately 54% of the capacity of involved power stations. Annual green electricity trading volume reached 200 million kWh, and cumulative green certificate transactions total approximately 550,000 units. In the Tibet Autonomous Region, the Group successfully completed its first power generation right substitution transaction in the previous year, generating annual revenue of over approximately RMB5 million, demonstrating the Group’s innovation capabilities in power marketing. We have preliminarily established a marketing system and risk hedging capabilities adapted to the market-oriented environment, making key capability reserves for full entry into the electricity market.

2. GROUP STRATEGY AND OPERATIONS (CONTINUED)

Regarding internal management optimization and financial resource assurance, the Group continued to integrate cost reduction and efficiency enhancement throughout the entire operational management process. The finance team leveraged its professional expertise to continuously lower the comprehensive financing cost to approximately 3.59% by replacing high-cost existing financing and exploring innovative financing instruments such as green bonds. This represented a decrease of approximately 50 basis points compared to 2024, effectively alleviating pressure from declining performance. During the Reporting Period, the Group cumulatively obtained credit lines of approximately RMB22.56 billion, providing solid financial assurance for business development. Notably, we successfully issued RMB2.5 billion in “Green + Rural Revitalization” bonds, further broadening financing channels and demonstrating the Group's innovation capabilities in the field of green finance.

In terms of safety management, the Group continuously improved its safety management system, fully implemented the full-staff safety production responsibility system, and signed safety responsibility letters at all levels to ensure the implementation of responsibilities. Within the year, we smoothly passed the integrated certification for three management systems: Quality (QMS), Environment (EMS), and Occupational Health and Safety (OHSAS), ensuring the continuous and effective operation of safety management. Regarding risk control, the Group deeply promoted the construction of a dual prevention mechanism, carried out safety inspections and hidden danger investigation and governance throughout the year, and simultaneously implemented a hidden danger reporting reward mechanism to encourage frontline employees to proactively eliminate safety risks. At the same time, we increased investment in technology-driven safety, promoting the application of technologies such as visual monitoring of on-site operations and intelligent fire alarm systems to enhance safety supervision efficiency. In terms of safety education and training, we organized various special safety trainings throughout the year, covering thousands of employee instances, and improved participation rates through online learning platforms, actively fostering a good safety culture atmosphere. During the Reporting Period, several personnel from the Group were selected into the safety expert pool of superior units, recognizing their professional capabilities. Thanks to the above measures, the Group did not experience any major or extra-large safety production liability accidents throughout the year. The overall safety production situation remained stable, and safety targets were fully under control.

In terms of investor relations and capital market communication, the Group is committed to establishing an open, transparent, and two-way communication mechanism to proactively convey corporate value. Throughout the year, we continued to carry out shareholder identification and market dynamic monitoring, actively participated in strategy meetings hosted by institutions, and organized analyst exchange meetings and roadshows, maintaining high-frequency interaction with important shareholders, potential institutional investors, and analysts throughout the year. We released company newsletters during performance periods and interpreted annual reports and ESG reports through innovative formats such as “Infographic Overview” on our WeChat official account, effectively strengthening the market's cognition of the Company's long-term value. Regarding environmental, social, and governance (ESG), the Group deeply integrated ESG concepts into corporate strategy and daily operations, constructing a governance structure centered on the “Sustainability Committee”. The preparation and release of the ESG report introduced a double materiality matrix and responded to the requirements of the UN Sustainable Development Goals, further enhancing the depth and breadth of information disclosure. In terms of ESG ratings, we achieved remarkable results: Sustainable Fitch Hong Kong Limited awarded the Group an ESG entity score of 78, an increase of 3 points compared to the last year; the S&P Global Inc. awarded a CSA score of 44, 4 points higher than the global utilities industry average; and mainstream domestic ESG rating agencies such as Wind Information Co., Ltd., SynTao Green Finance, and Sino-Securities Index Information Service (Shanghai) Co., Ltd all granted the Company an “A” rating. Furthermore, the Group actively participated in the construction of industry ESG standards. The “Disclosure Indicator System and Evaluation Guidelines for Energy Enterprises on Environmental Protection, Social Responsibility and Corporate Governance” (《能源企業環境保護、社會責任和公司治理披露指標體系與評價導則》) in which the Group participated as a contributor, was officially approved by the National Energy Administration within the year, becoming the first group standard in the field of sustainable development in China's energy industry.

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3. BUSINESS REVIEW

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

During the Year, the aggregate operating power generation[#] of the projects held and/or managed by the Group, its associates and joint ventures as at the end of the Year was approximately 6.817 million MWh (2024: approximately 6.515 million MWh), representing an increase of approximately 4.64% compared with the corresponding period of the last year.

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

3.1 Sale of Electricity and Entrusted Operation Services

During the Year, the Group had 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 the provision of entrusted operation services amounted to RMB3,789.3 million (2024: approximately RMB3,720.6 million), representing an increase of RMB68.7 million as compared to the last year.

3.1.1 Photovoltaic Power Projects

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

During the Year, the Group's centralised photovoltaic power business performance declined slightly, mainly due to the increased power limitation rate and the impact of market-oriented transactions, leading to a simultaneous decrease in power generation and average selling price of electricity. The Group recorded revenue of approximately RMB1,792.2 million from the sale of electricity from the centralised photovoltaic power plants, representing approximately 40.7% of the Group's total revenue during the Year. The centralised photovoltaic power business continued to be one of the important sources of revenue for the Group, despite a slight decrease in revenue as compared to the last year (approximately RMB1,939.9 million, a decrease of approximately 7.6%, or approximately 43.9%).

3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.1 Photovoltaic Power Projects (Continued)

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

As of 31 December 2025, 53 (2024: 53) centralised photovoltaic power plants covering 13 provinces, 2 autonomous regions and 1 municipality in the PRC and 1 (2024: 1) centralised photovoltaic power plant in Whyalla, Southern Australia, Australia were held by the Group and in operation. The aggregate on-grid capacity of these photovoltaic power plants reached approximately 2,603 MW, which reflected the Group's continued development and deployment in the new energy sector, details of which are set forth below:

Location	Photovoltaic resource area	31 December 2025			31 December 2024		
		Number of plants	Approximate total on-grid capacity	Approximate aggregate power generation	Number of plants	Approximate total on-grid capacity	Approximate aggregate power generation
			(MW)	(MWh)		(MWh)	(MW)
PRC-Subsidiaries and joint ventures:							
Hebei Province	II/III	18	678	775,821	18	678	846,010
Henan Province	III	3	264	283,934	3	264	274,021
Shandong Province	III	5	243	270,554	5	243	295,928
Guizhou Province	III	4	189	146,746	4	189	191,547
Anhui Province	III	5	194	210,945	5	194	211,558
Shaanxi Province	II	2	161	185,273	2	161	162,020
Jiangxi Province	III	3	125	133,523	3	125	124,627
Jiangsu Province	III	2	184	205,053	2	183	238,359
The Ningxia Hui Autonomous Region	I	1	100	123,306	1	100	124,312
Hubei Province	III	3	70	65,282	3	70	69,052
Jilin Province	II	1	31	36,805	1	31	40,579
The Tibet Autonomous Region	III	1	30	12,544	1	30	26,907
Tianjin Municipality	II	1	32	40,464	1	32	43,785
Yunnan Province	II	1	22	23,509	1	22	30,116
Shanxi Province	III	2	139	129,735	2	139	88,887
Guangdong Province	III	1	135	138,457	1	135	135,423
PRC-Sub-total		53	2,597	2,781,952	53	2,596	2,903,131
Overseas-Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	1	6	3,126	1	6	4,598
Total		54	2,603	2,785,078	54	2,602	2,907,729

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3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.1 Photovoltaic Power Projects (Continued)

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

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

Photovoltaic resource area	31 December 2025			31 December 2024		
	Number of plants	Approximate total on-grid capacity	Approximate aggregate power generation	Number of plants	Approximate total on-grid capacity	Approximate aggregate power generation
		(MW)	(MWh)		(MW)	(MWh)
PRC-Subsidiaries and joint ventures:						
I	1	100	123,307	1	100	124,312
II	12	450	541,336	12	450	553,739
III	40	2,047	2,117,309	40	2,046	2,225,080
Total	53	2,597	2,781,952	53	2,596	2,903,131

Note: 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 years (whichever is later), to the end of the respective years. Therefore, the above aggregate power generation may not reflect a full-year performance of these operations.

3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.1 Photovoltaic Power Projects (Continued)

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

Changes in weighted average utilisation rate and weighted average utilisation hours

	31 December 2025	31 December 2024	Changes
Weighted average utilisation rate (%)	84.32	89.29	(4.97)
Weighted average utilisation hours (hours)	1,072	1,140	(68)

Compared with the market-weighted average utilisation hours over the past five years

Year	The Group Weighted average utilisation hours (hours)	Market Data Weighted average utilisation hours (hours)	Changes
2021	1,259	1,163	96
2022	1,264	1,186	78
2023	1,224	1,286	(62)
2024	1,140	1,211	(71)
2025	1,072	1,088	(16)

Note: Market data for 2021 is sourced from the National Energy Administration; market data for 2022 is sourced from the China Electric Power Planning & Engineering Institute; market data for 2023 to 2025 is sourced from the China Electricity Council.

During the Reporting Period, the weighted average utilisation hours for the Group's centralised photovoltaic power plant projects stood at 1,072 hours, representing a decrease from 1,140 hours in 2024. The weighted average utilisation rate also declined from 89.29% to 84.32%. This change primarily reflects the combined impact of macroeconomic factors such as intensified grid integration pressures faced across the industry during the year and fluctuations in solar radiation resources.

In recent years, the trend in the Group's utilisation hours has largely mirrored the national average, both exhibiting a downward trajectory. From 2023 onwards, as power rationing issues within the industry gradually emerged, both the Group's and market utilisation hours declined in tandem. By 2025, the gap between the Group's utilisation hours and the national average had narrowed to 16 hours. This demonstrates that, despite facing common industry challenges, the Group has been committed to enhancing operational management standards, resulting in a sustained improvement in the relative performance of project power generation efficiency.

Management Discussion and Analysis

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3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.1 Photovoltaic Power Projects (Continued)

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

During the Year, the distributed photovoltaic power business of the Group maintained a robust and stable performance. Benefiting from scale expansion, revenue from the sale of electricity reached approximately RMB650.3 million (2024: approximately RMB547.0 million), representing an increase of approximately 19%. The total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 1,088 MW (2024: approximately 920 MW), mainly located in photovoltaic resource area III as promulgated by the NDRC such as Henan Province, Anhui Province, Shandong Province, Jiangsu Province and Hebei Province, which included the distributed photovoltaic power plants constructed by the Group in certain water plants of Beijing Enterprises Water Group Limited of which the Group sold electricity to respective water plants, and the distributed photovoltaic power plants 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 RMB18.7 million (2024: approximately RMB13.2 million) was recognised during the Year.

3.1.2 Wind Power Plant Projects

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

In 2025, benefiting from the sustained growth of the Group's wind power operations and the superior performance of projects situated in category IV resource zones (areas with higher electricity tariffs) driven by more favourable wind resources at the plant locations this year compared with the previous year, this business expansion has resulted in significant growth in revenue. During the Year, the Group recorded revenue of approximately RMB1,289.4 million from the sale of electricity from the wind power plants, compared to approximately RMB1,186.8 million for the corresponding period of the last year, achieving a steady increase in revenue.

Management Discussion and Analysis

31 December 2025

3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.2 Wind Power Plant Projects (Continued)

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

As of 31 December 2025, 20 (2024: 19) wind power plants covering 4 provinces and 2 autonomous regions in the PRC with an aggregate on-grid capacity of approximately 1,270 MW (2024: approximately 1,176 MW) were held by the Group and in operation, details of which are set forth below:

Location	Wind resource area	31 December 2025			31 December 2024		
		Number of plants	Approximate total on-grid capacity	Approximate aggregate power generation	Number of plants	Approximate total on-grid capacity	Approximate aggregate power generation
			(MW)	(MWh)		(MW)	(MWh)
PRC-Subsidiaries:							
Henan Province	IV	8	372	937,613	8	372	841,037
Shandong Province	IV	4	328	559,619	3	234	481,565
The Inner Mongolia Autonomous Region	I	4	119	413,681	4	119	382,131
Hebei Province	IV	2	301	825,031	2	301	743,354
Shanxi Province	IV	1	50	123,311	1	50	115,396
The Xinjiang Uygur Autonomous Region	I	1	100	133,890	1	100	191,416
Total		20	1,270	2,993,145	19	1,176	2,754,899

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

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

Wind resource area	31 December 2025			31 December 2024		
	Number of plants	Approximate total on-grid capacity	Approximate aggregate power generation	Number of plants	Approximate total on-grid capacity	Approximate aggregate power generation
		(MW)	(MWh)		(MW)	(MWh)
PRC-Subsidiaries:						
I	5	219	547,571	5	219	573,547
IV	15	1,051	2,445,574	14	957	2,181,352
Total	20	1,270	2,993,145	19	1,176	2,754,899

Note: 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 years (whichever is later), to the end of the respective years. Therefore, the above aggregate power generation may not reflect a full-year performance of these operations.

Management Discussion and Analysis

31 December 2025

3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.2 Wind Power Plant Projects (Continued)

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

Changes in weighted average utilisation rate and weighted average utilisation hours

	31 December 2025	31 December 2024	Changes
Weighted average utilisation rate (%)	94.03	95.44	(1.41)
Weighted average utilisation hours (hours)	2,635	2,611	24

Compared with the market-weighted average utilisation hours over the past five years

Year	The Group Weighted average utilisation hours (hours)	Market Data Weighted average utilisation hours (hours)	Changes
2021	2,902	2,246	656
2022	2,464	2,259	205
2023	2,629	2,225	404
2024	2,611	2,127	484
2025	2,635	1,979	656

Note: Market data for 2021 is sourced from the National Energy Administration; market data for 2022 is sourced from the China Electric Power Planning & Engineering Institute; market data for 2023 to 2025 is sourced from the China Electricity Council.

During the Reporting Period, the weighted average utilisation hours for the Group's wind power plant projects stood at 2,635 hours, which though represented a slight increase from 2,611 hours in 2024, the weighted average utilisation rate also declined from 95.44% to 94.03%. This change primarily reflects the combined effects of macroeconomic factors such as intensified grid integration pressures faced across the industry during the year, fluctuations in wind resources as well as the impact of power rationing in certain areas.

Judging from the trends for recent years, the national average utilisation hours for wind power fluctuated downward from 2,246 hours in 2021 to 1,979 hours in 2025, with the industry increasingly affected by the pressure to absorb power generated by the rapid expansion of installed capacity. Although the utilisation hours for the Group's projects also declined from a high level of 2,902 hours to approximately 2,600 hours in recent years, they remained significantly higher than the national average, reflecting the Group's comprehensive strengths in site selection for wind power projects, turbine selection and maintenance management.

3. BUSINESS REVIEW (CONTINUED)

3.1 Sale of Electricity and Entrusted Operation Services (Continued)

3.1.2 Wind Power Plant Projects (Continued)

(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 RMB38.7 million (2024: RMB33.7 million) was recognised during the Year.

3.2 Engineering, Procurement and Construction and Technical Consultancy Services

The Group is principally engaged in the clean energy businesses, including the engineering, procurement and construction and related services for photovoltaic, wind power and clean heat supply projects, and has extensive experience and qualifications in the design, engineering and construction of power-related projects. In recent years, the Group has prioritised the construction of self-owned projects related to photovoltaic and wind power, and continually adjusted and optimised its internal resource allocation. During the Year, the Group's revenue from provision of engineering, procurement and construction and related services was approximately RMB47.2 million (2024: approximately RMB125.4 million) in aggregate, representing approximately 1.1% (2024: approximately 2.8%) of total revenue.

3.3 Provision of Clean Heat Supply Services

As of 31 December 2025, through development and business acquisitions, 12 clean energy projects (2024: 12 projects) in operation were held and/or managed by the Group and its joint ventures, which are located in Henan Province, Shanxi Province, Shaanxi Province, the Ningxia Hui Autonomous Region, Liaoning Province and other provinces and autonomous regions, and make use of natural gas, electricity, geothermal energy, biomass, photovoltaic power generation, industrial waste heat energy, clean coal-fired (ultra-low emission) energy, river water and other clean energy sources. The aggregate actual clean heat supply area reached approximately 35.298 million sq.m. (2024: approximately 35.321 million sq.m.), remaining unchanged as compared to the last year; and the number of clean heat supply services users was approximately 212,163 households (2024: approximately 211,144 households), representing a year-on-year increase of approximately 0.5%. The Group recognised revenue arising from the provision of clean heat supply services of approximately RMB572.2 million (2024: 577.1 million) during the Year, remained largely unchanged as compared to the corresponding period of the last year.

Management Discussion and Analysis

31 December 2025

3. BUSINESS REVIEW (CONTINUED)

3.3 Provision of Clean Heat Supply Services (Continued)

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

Location	Approximate actual clean heat supply area			Approximate number of clean heat supply services users		
	31 December 2025	31 December 2024	Changes	31 December 2025	31 December 2024	Changes
	('000 sq.m.)	('000 sq.m.)	(%)	(households)	(households)	(%)
Northeast region, China	14,839	14,862	(0.2)	44,727	45,389	(1.5)
North region, China	10,602	10,689	(0.8)	89,090	88,258	0.9
Northwest region, China	6,622	6,562	0.9	54,307	53,791	1.0
East and central regions, China	3,235	3,208	0.8	24,039	23,706	1.4
Total	35,298	35,321	(0.1)	212,163	211,144	0.5

3.4 New Business Exploration and Strategic Layout

Driven by the wave of new energy technology revolution and industrial transformation, the Group proactively expands into high-value-added sectors of the industrial chain with forward-looking vision and deepens the exploration and implementation of diversified application scenarios under the “New Energy +” strategy, with a commitment to become a leading integrated clean energy service provider in China.

In the field of transportation and energy integration, the Group has systematically established an integrated innovation chain encompassing “research-planning-demonstration-intelligent tools” through the “Beihang Shandong Hi-Speed Research Centre for Integrated Transport and Energy* (北航山高交能融合研究中心)” jointly established with Beihang University. During the year, the Beihang Shandong Hi-Speed Research Centre for Integrated Transport and Energy was deeply involved in the development of the authoritative industry report 2024 Development Report on Transportation and Energy Integration Disciplines (《2024交通與能源融合學科發展報告》) and has completed high-quality planning proposals and feasibility studies for a series of demonstration projects across multiple locations including Zibo, Foshan and Jiaying, covering hydrogen energy equipment industrial parks, autonomous driving bus shuttle services and zero-carbon port construction. The Linteng Expressway 15.6MW photovoltaic project in the Fei County section, Shandong Province has been connected to the grid and selected as a “2025 National Transport and Energy Integration Innovative Case (2025年全國交通與能源融合創新案例)”. The Group also participated in drafting the group standard Guidelines for the Construction of Expressway Photovoltaic Corridor (《高速公路光伏廊道建設指南》), which has completed expert review.

In the field of electricity-computing synergy, the Group has keenly captured the trend of integration between the digital economy and green energy. Partnering with industry collaborator Beijing VNET Broadband Data Center Co., Ltd., the Group is vigorously advancing “source-network-load-storage” integrated project in Ulanqab, Inner Mongolia Autonomous Region. This project aims to explore a novel development model of “Green Energy Supply + Computing Infrastructure” to realize the two-way empowerment between the localized and efficient consumption of clean power and the low-carbon operation of computing centers, contributing a unique “Shandong Hi-Speed Solution” to the construction of a clean, low-carbon, secure, and efficient energy system and a new computing network system. Phase I of the project has secured approvals, grid connection and other compliance procedures, and strives to achieve significant progress by the end of 2026.

3. BUSINESS REVIEW (CONTINUED)

3.4 New Business Exploration and Strategic Layout (Continued)

In the field of energy storage, the Group's strategic layout are yielding tangible results, with the regulatory pumped storage projects advancing steadily. In the future, the implementation and layout of related core projects will significantly enhance the Group's core capabilities in peak shaving and frequency regulation within the future power system, continuously strengthening its market competitive advantages and laying a solid foundation for the Group's long-term development in the energy storage sector.

In the field of international business, the Group has formally set up an international business working group and completed the formulation of the International Business Strategic Plan of Shandong Hi-Speed New Energy Group, clarifying a development path of "Focusing on Key Priorities and Forging a Steady Overseas Expansion (聚焦重點、穩健出海)". During the Reporting Period, the Group has established strategic partnerships with a number of centrally-administered state-owned enterprises and industry leaders that have successfully expanded overseas, initially identifying multiple potential high-quality project opportunities in countries and regions along the Belt and Road, including Southeast Asia (Indonesia, Laos) and Central Asia (Uzbekistan). The Group strives to achieve a historic "from 0 to 1" breakthrough in its international business during the "15th Five-Year Plan" period, opening up new room for growth.

3.5 Prospects and Outlook

Looking forward to 2026, China's power industry will advance steadily under the guidance of the "15th Five-Year" Plan. According to forecasts by the China Electricity Council, total electricity consumption nationwide will reach 10.9 to 11.0 trillion kWh in 2026, representing a year-on-year increase of 5% to 6%. New power generation capacity additions for the year are anticipated to exceed 0.4 billion KW, with renewable energy sources (wind and solar) contributing over 0.3 billion KW of new installations. By then, solar power generation capacity will historically surpass coal-fired power generation. Combined wind and solar power capacity will account for half of total installed power generation capacity, while coal-fired power capacity will drop to approximately 31%. This marks a historic milestone where China's power system formally enters a new phase dominated by new energy sources, imposing higher requirements on system regulation capabilities, market mechanism refinement, and new energy utilization rates (targeted at no less than 90%).

Looking forward, the Group will profoundly grasp new trends and characteristics in industry development, embedding the sixteen-character guideline of "Quality First, Efficiency as Core, Safety as Foundation, Innovation as Key (質量優先、效益為王、安全為基、創新為要)" throughout all aspects of operations and management. Focusing closely on the four strategic pillars: consumption conditions, industrial synergy, in-depth regional cultivation, and multi-energy complementarity, we will comprehensively enhance our integrated "investment-construction-operation" management capabilities, steadfastly pursue a leading advantage in leveled cost of electricity, and ultimately achieve sustainable, high-quality development.

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3. BUSINESS REVIEW (CONTINUED)

3.5 Prospects and Outlook (Continued)

At the level of business layout, the Group will unwaveringly implement its strategic direction of “Enhancing Wind Power, Stabilizing Photovoltaic Power, Deploying Storage, and Expanding Hydropower”. On one hand, we will continue to consolidate and expand our established strengths in traditional wind power and solar photovoltaic power sectors. The Group will concentrate its superior resources to ensure that over 1 GW of pre-reserved onshore wind power projects commence construction and become operational assets in the opening year of the “15th Five-Year Plan” period, rapidly scaling up installed capacity and increasing market share. On the other hand, the Group will advance the substantive implementation of new business initiatives, including pumped storage, new-type energy storage, the integration of “sources, network, load and storage”, and direct green power supply. The Group will transform strategic reserves into tangible performance contributions, accelerate the cultivation of the Group’s “second growth curve”, and build a diversified and highly resilient business portfolio.

At the level of core competency development, the Group will confront challenges head-on and systematically address weaknesses. Power trading capability will be the key core competency determining the Group’s future success or failure. We will accelerate the cultivation of a professional power trading team that understands the market, excels in strategy and is capable of practical operations. Leveraging advanced technologies such as big data and artificial intelligence, we will build an intelligent trading decision support platform to achieve accurate prediction of market prices and dynamic optimization of trading strategies, striving to take the initiative in the wave of power marketization. The ability to convert indicators is the bottleneck for unlocking existing value and achieving scale growth. With unwavering resolve and systematic planning, the Group will significantly shorten the conversion cycle of projects from indicator acquisition to grid-connected power generation through comprehensive measures such as reshaping internal processes, breaking down departmental barriers, strengthening engineering management capabilities, and implementing standardized design and modular construction. This ensures valuable resources can be rapidly converted into revenue and profits, achieving an efficient cycle of “development-construction-operation”. Furthermore, the Group will continue to vigorously advance its digital and intelligent transformation, deeply integrating technologies such as artificial intelligence, the Internet of Things, and big data into all business links including power plant operations and maintenance, electricity trading, project management, and risk control, so as to comprehensively improve operational efficiency and core competitiveness, empowering the Group’s development with technology.

At the level of sustainable development and capital market communication, the Group will continue to deepen its ESG management, continuously improve its management capabilities on key issues such as climate change response and biodiversity conservation, and strive to maintain industry-leading positions in various mainstream ESG ratings. The Group will further strengthen in-depth communication with investors, continuously and effectively convey the Company’s core values and long-term development strategy, enhance the shaping of its capital market image, and ensure the Company’s long-term competitiveness and visibility in the capital market. Meanwhile, we will actively explore green financial instruments to broaden financing channels and reduce funding costs, so as to provide solid financial support for the Group’s sustainable development.

The Group will continue to leverage the formidable strength and brand endorsement of SDHS Group, a Fortune Global 500 enterprise, actively aligning with the national energy transition toward green and low-carbon development. Firmly anchored to the ambitious goals of high-quality development during the “15th Five-Year Plan” period, the Group will advance with greater determination, confidence, and composure, striving to propel the Company’s development to new heights. The Group will repay shareholders’ trust and support with outstanding performance, create a broad development platform for employees, and contribute greater strength to the sustainable development of society.

4. FINANCIAL PERFORMANCE

4.1 Revenue and gross profit margin

The Group recorded revenue of approximately RMB4,408.7 million (2024: approximately RMB4,423.1 million) during the Year, representing a decrease of approximately 0.3% as compared to the corresponding period of the last year. The decrease was mainly due to the combined effects of (i) a year-on-year reduction in revenue from the photovoltaic power generation business due to greater grid curtailment; (ii) the growth in revenue from the wind power business due to favorable wind resources and the grid connection of newly constructed power stations; and (iii) a reduction in revenue of construction and related services. Revenue from the sale of electricity amounted to approximately RMB3,731.9 million (2024: approximately RMB3,673.7 million) during the Year, representing an increase of approximately 1.6% compared to the last year.

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

	2025			2024		
	Revenue (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Revenue (RMB million)	Gross profit margin (%)	Gross profit (RMB million)
Sale of electricity and entrusted operation services						
Photovoltaic power business	2,442.5	49.9	1,218.2	2,486.9	52.7	1,309.6
Wind power business	1,289.4	56.4	726.8	1,186.8	53.8	638.5
Entrusted operation services	57.4	10.6	6.1	46.9	10.2	4.8
Construction and related services	47.2	1.3	0.6	125.4	14.0	17.6
Provision of clean heat supply services	572.2	8.5	48.4	577.1	8.8	50.8
Total	4,408.7	45.4	2,000.1	4,423.1	45.7	2,021.3

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

Gross profit for the sale of electricity business of approximately RMB1,945.0 million for the Year, accounted for 97.2% (2024: 96.4%) of the total gross profit of the Group. The contribution of sale of electricity to the Group’s total gross profit increased, mainly due to the steady growth in the operation scale of the Group’s photovoltaic and wind power plant projects. On the other hand, contribution of provision of clean heat supply services to the Group’s total gross profit was 2.4% (2024: 2.5%) during the Year.

During the Year, the overall gross profit margin decreased from 45.7% for 2024 to 45.4%, representing a decrease of 0.3 percentage point.

Management Discussion and Analysis

31 December 2025

4. FINANCIAL PERFORMANCE (CONTINUED)

4.2 Other income and gains, net

The Group's other income and gains, net decreased by approximately RMB110.8 million to approximately RMB132.1 million (2024: approximately RMB242.9 million) during the Year, which was mainly due to (i) a decrease of approximately RMB19.4 million in exchange gain to approximately RMB27.8 million (2024: approximately RMB47.2 million), resulting from exchange rate movements of foreign currency borrowings; (ii) a decrease of approximately RMB25.1 million in fair value gain on financial assets at fair value through profit or loss to approximately RMB2.1 million (2024: approximately RMB27.2 million), resulting from changes in financial asset valuations; and (iii) the absence of gains on debt restructuring during the year (2024: approximately RMB24.7 million).

4.3 Administrative expenses

The Group's administrative expenses amounted to approximately RMB349.6 million (2024: approximately RMB350.1 million) during the Year, which was mainly due to the combined effect of (i) the decrease in professional service fees within administrative expenses as compared to the corresponding period of the last year as a result of the cost control and efficiency enhancement of the Group; and (ii) the increase in tax and surcharges of the Group compared to the corresponding period of the last year.

4.4 Other operating expenses, net

The Group's other operating expenses increased by approximately RMB108.9 million to approximately RMB184.3 million (2024: approximately RMB75.4 million) during the Year, which was mainly due to (i) impairments of financial assets comprising prepayments, deposits and other receivables increased to approximately RMB113.0 million (2024: approximately RMB2.9 million), resulting from movements in expected credit losses; (ii) investment impairment of associates and joint ventures of approximately RMB55.1 million (2024: approximately RMB56.9 million); and (iii) the impairments of approximately RMB7.3 million (2024: approximately RMB3.6 million) for the property, plant and equipment.

4.5 Finance costs

The decrease in finance costs of the Group by approximately RMB181.9 million to approximately RMB965.4 million (2024: approximately RMB1,147.3 million) was mainly attributable to a decrease in finance costs resulting from the replacement of high-cost financing with low-cost financing and advance repayment of high cost overseas borrowings during the Year.

4.6 Income tax expense

The Group conducted its principal activities in the PRC and the relevant standard corporate income tax rate was 25%. The increase in income tax expense during the Year was mainly due to the combined effect of the expiry of preferential tax policies for certain subsidiaries which resulted in an increase in current income tax during the Year and the Group's active implementation of tax planning measures to control current income tax expenses while reducing deferred income tax expenses.

4.7 Property, plant and equipment

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

4. FINANCIAL PERFORMANCE (CONTINUED)

4.8 Investment properties

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

4.9 Goodwill

Goodwill was attributable to the acquisition of subsidiaries since 2016.

4.10 Operating concessions and operating rights

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

4.11 Investments in joint ventures

It mainly represented the capital contributions made by the Group to the limited partnerships established in the PRC and joint ventures established for conducting the clean energy businesses. The change in the Group's investment in joint ventures from approximately RMB393.2 million as at 31 December 2024 to approximately RMB483.2 million as at 31 December 2025 was mainly due to the combined effects of (i) the investment in joint ventures during the Year; (ii) the share of profits and losses of the joint ventures; and (iii) the investment impairment of the Group in certain joint ventures.

4.12 Investments in associates

It mainly represented (i) the Group's investment in Shandong High Speed Renewable Energy Group Limited (山高環能集團股份有限公司), an associate owned as to 24.17% 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; and (ii) 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 increase in the Group's investment in associates from approximately RMB1,076.3 million as at 31 December 2024 to approximately RMB1,168.9 million as at 31 December 2025 was mainly attributable to the combined effects of (i) the share of profit and loss of associates; (ii) the impairment of the Group's investment in certain associates; and (iii) the investment in associates during the Year.

4.13 Equity investments designated at fair value through other comprehensive income

Equity investments designated at fair value through other comprehensive income represent the Group's investment in Guangzhou Greater Bay Technology Co., Ltd. (廣州巨灣技研有限公司), being 3.90% 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.

Management Discussion and Analysis

31 December 2025

4. FINANCIAL PERFORMANCE (CONTINUED)

4.14 Contract assets

Contract assets denominated in RMB as at 31 December 2025 of approximately RMB708.8 million (2024: approximately RMB690.1 million) represented (i) gross receivables of approximately RMB33.5 million (2024: approximately RMB34.3 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects and recognised on the basis of construction progress; (ii) gross receivables of approximately RMB677.6 million (2024: approximately RMB659.9 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that will be billed and settled upon registering into the list of national renewable energy power generation subsidies for the renewable energy power generation projects (the “**Project List**”); and (iii) loss allowances of contract assets denominated in RMB of approximately RMB2.3 million (2024: approximately RMB4.1 million). The decrease in contract assets was mainly attributable to the increase in the extent of construction services provided for and settlements from customers during the Year.

4.15 Trade and bills receivables

Trade and bills receivables of approximately RMB8,140.9 million (2024: approximately RMB8,674.3 million) as at 31 December 2025 mainly comprised (i) gross receivables from the sale of electricity of the photovoltaic and wind power plant projects of approximately RMB7,097.2 million (2024: approximately RMB7,614.2 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 RMB680.2 million (2024: approximately RMB786.3 million); and (iii) loss allowances of trade and bills receivables of approximately RMB118.5 million (2024: approximately RMB107.8 million).

As at 31 December 2025, gross trade receivables for the sale of electricity of the photovoltaic and wind power plant projects mainly comprised (i) receivables of approximately RMB321.7 million (2024: approximately RMB294.9 million) from the sale of electricity mainly to State Grid Corporation of China, a state-owned enterprise principally engaged in the development and operation of nationwide power network; and (ii) receivables of approximately RMB6,663.2 million (2024: approximately RMB7,174.2 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that have been registered into the Project List.

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

The decrease in prepayments, deposits and other receivables, other tax recoverables and financial assets at fair value through profit or loss by approximately RMB11.3 million in aggregate (deposits and other receivables decreased by approximately RMB243.7 million) to approximately RMB4,293.5 million (2024: approximately RMB4,304.8 million) in aggregate was mainly attributable to the combined effects of (i) the increase of prepayments, deposits and other receivables; and (ii) the redemption of the financial assets at fair value through profit or loss and the changes in fair value.

4.17 Cash and cash equivalents

The increase in cash and cash equivalents by approximately RMB970.7 million to approximately RMB4,616.3 million (2024: approximately RMB3,645.6 million) was mainly attributable to net effect of (i) cash inflow from the funds raised from financial institutions; (ii) net cash inflow from daily operating activities; (iii) cash outflow on constructing, developing and operating clean energy projects; and (iv) the net decrease of interest-bearing bank loans and other borrowings during the Year.

4. FINANCIAL PERFORMANCE (CONTINUED)

4.18 Trade and bills payables

Trade and bills payables of approximately RMB1,007.9 million (2024: approximately RMB890.3 million) mainly represented trade and bills payables in relation to the provision of engineering, procurement and construction services for the development of clean energy projects.

4.19 Other payables and accruals

Other payables and accruals of approximately RMB558.6 million (2024: approximately RMB1,009.5 million) decreased by approximately RMB450.9 million, which was mainly due to the effect of (i) construction and equipment payables to contractors and suppliers in relation to the projects held by the Group; and (ii) settlement of the construction and equipment payables of projects acquired or under development by the Group during the Year.

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

As at 31 December 2025, the total interest-bearing bank loans and other borrowings, corporate bonds (excluding operating leases) amounted to approximately RMB25,786.5 million (2024: approximately RMB25,687.5 million), representing an increase by approximately RMB99.0 million in aggregate (non-current portion decreased by approximately RMB1,643.3 million and current portion increased by approximately RMB1,742.3 million), which was mainly attributable to the net effect of (i) the increased bank loans to meet business expansion needs and working capital requirements; and (ii) the repayment of bank loans and other borrowings during the Year.

4.21 Capital expenditures

During the Year, the Group's total capital expenditures amounted to approximately RMB1,561.9 million (2024: approximately RMB962.4 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects, and other property, plant and equipment of approximately RMB1,292.3 million (2024: approximately RMB902.7 million) in aggregate; (ii) acquisition of other intangible assets of approximately RMB1.9 million (2024: approximately RMB11.0 million); and (iii) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates and other equity investments of approximately RMB267.7 million (2024: approximately RMB48.7 million).

4.22 Liquidity and financial resources

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

As at 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB4,616.3 million (2024: approximately RMB3,645.6 million).

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

Management Discussion and Analysis

31 December 2025

4. FINANCIAL PERFORMANCE (CONTINUED)

4.22 Liquidity and financial resources (Continued)

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

As at 31 December 2025, the Group's total borrowings including interest-bearing bank loans and other borrowings and corporate bonds (excluding operating leases) amounted to approximately RMB25,786.5 million (2024: approximately RMB25,687.5 million) comprised (i) bank loans of approximately RMB19,409.1 million (2024: approximately RMB19,901.6 million); (ii) corporate bonds of approximately RMB2,517.5 million (2024: approximately RMB694.5 million); and (iii) lease liabilities under finance lease arrangements and other loans of approximately RMB3,859.9 million (2024: approximately RMB5,091.4 million). Approximately 67% (2024: approximately 74%) of the Group's borrowings are long-term borrowings.

5. CHARGE ON THE GROUP'S ASSETS

The secured bank loans and other borrowings and bills payables of the Group as at 31 December 2025 are secured by:

- i. pledges over certain of the Group's property, plant and equipment;
- 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 2025, the Group did not have any charges on the Group's assets.

6. CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities (2024: Nil).

7. DEBENTURE ISSUED

Corporate bonds of the Group as at 31 December 2025:

- (a) Super short-term commercial paper with an aggregate principal amount of RMB500 million were issued by a subsidiary of the Company on 3 July 2025, with interest rates of 1.78% per annum, and are repayable on 26 March 2026.
- (b) Super short-term commercial paper with an aggregate principal amount of RMB500 million were issued by a subsidiary of the Company on 18 December 2025, with interest rates of 1.85% per annum, and are repayable on 15 September 2026.
- (c) Medium-term notes with an aggregate principal amount of RMB500 million were issued by a subsidiary of the Company from 7 May 2025 to 8 May 2025, with interest rates of 2.30% per annum, and are repayable on 9 May 2028.

7. DEBENTURE ISSUED (CONTINUED)

- (d) Medium-term notes with an aggregate principal amount of RMB500 million were issued by a subsidiary of the Company from 4 September 2025 to 5 September 2025, with interest rates of 2.15% per annum, and are repayable on 8 September 2030.
- (e) Medium-term notes with an aggregate principal amount of RMB500 million were issued by a subsidiary of the Company on 27 October 2025, with interest rates of 2.25% per annum, and are repayable on 28 October 2030.

8. FOREIGN EXCHANGE EXPOSURE

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

9. EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed 1,810 employees (2024: 1,886 employees). The staff cost is set out in note 6 to the financial statements. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group actively recruits talents and builds a strong team to sustain the overall business growth of the Group. In order to retain and motivate employees, the Group has formulated internal remuneration policies. When selecting and promoting employees, the Group will make reference to their qualifications, experience and suitability for the position. The performance of employees is also taken as the basis for reviewing their remuneration packages during the annual appraisals. At the same time, the Group will offer competitive remuneration packages to its employees with reference to the prevailing market level and individual expertise.

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

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

Management Discussion and Analysis

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

1. Discloseable Transaction in relation to Yizheng EPC Contract

On 13 May 2025, Yizheng Shandong Hi-Speed New Energy Co., Ltd.* (儀征市山高新能源有限公司) (“**YSHS New Energy**”) (a direct non-wholly owned subsidiary of the Company, as the principal), entered into the engineering, procurement and construction contract (“**Yizheng EPC Contract**”) with PowerChina Chengdu Engineering Corporation Limited* (中國電建集團成都勘測設計研究院有限公司) and Guizhou Smart Power Technology Co., Ltd.* (貴州智慧電力科技有限公司) (collectively “**Joint Contractors A**”), pursuant to which, YSHS New Energy agreed to engage the Joint Contractors A to provide relevant engineering, procurement and construction services in relation to the 100MW fishery, photovoltaic and storage integration demonstration project in Liuji Town, Yizheng City, Jiangsu Province, the PRC at a total consideration of RMB416,879,989.36 (tax inclusive). If the actual installed capacity is greater than the approved installed capacity and that the actual installed capacity shall be no more than 115 MW, the total tentative consideration shall be up to RMB479,276,300.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction under the Yizheng EPC Contract exceeds 5% but is less than 25%, the transaction under the Yizheng EPC Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

For further details, please refer to the announcement of the Company dated 13 May 2025.

2. Discloseable Transaction in relation to Wenshui Finance Lease Agreement

On 25 July 2025, Wenshui Shangao Heat Supply Company Limited* (文水山高供熱有限公司) (“**Wenshui Shangao Heat Supply**”), as lessee, entered into the finance lease agreement with China Resources Financial Leasing Co., Ltd (華潤融資租賃有限公司) (“**CR Leasing**”), as lessor, pursuant to which CR Leasing shall purchase the heating equipment and ancillary facilities at Wenshui County, Shanxi Province, the PRC (the “**Wenshui Leased Assets**”) from Wenshui Shangao Heat Supply for a total consideration of RMB250,000,000 (“**Wenshui Finance Lease Agreement**”); and the Wenshui Leased Assets would then be leased to Wenshui Shangao Heat Supply for a term of 96 months. The ownership of the Wenshui Leased Assets under the Wenshui Finance Lease Agreement will be vested in CR Leasing throughout the lease period. At the end of the lease period and subject to payments by Wenshui Shangao Heat Supply of (i) all amounts due under the Wenshui Finance Lease Agreement; and (ii) a nominal consideration of RMB100 for the Wenshui Leased Assets, the ownership of the Wenshui Leased Assets will be returned to Wenshui Shangao Heat Supply.

As the highest applicable percentage ratio sets out in Rule 14.07 of the Listing Rules in respect of the Wenshui Finance Lease Agreement and the transactions contemplated therein is more than 5% and all of the applicable percentage ratios are below 25%, the execution of the Wenshui Finance Lease Agreement and the transactions contemplated therein constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

For further details, please refer to the announcement of the Company dated 25 July 2025.

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

3. Discloseable Transaction in relation to Haixing Finance Lease Agreement

On 9 September 2025, Beijing Enterprises Clean Energy (Haixing) Company Limited* (北控清潔能源(海興)有限公司) (“**BECE (Haixing)**”), as lessee, entered into the finance lease agreement (the “**Haixing Finance Lease Agreement**”) with BOC Financial Leasing Co., Ltd. (“**BOCL**”), as lessor, pursuant to which BOCL shall purchase the photovoltaic system and ancillary facilities of 145 MW centralized photovoltaic power plant located at Haixing County, Cangzhou City, Hebei Province, the PRC (the “**Haixing Leased Assets**”) from BECE (Haixing) for a total consideration of RMB385,000,000; and the Haixing Leased Assets would then be leased to BECE (Haixing) for a term of 13 years. The ownership of the Haixing Leased Assets under the Haixing Finance Lease Agreement will be vested in BOCL throughout the lease period. At the end of the lease period and subject to payments by BECE (Haixing) of (i) all amounts due under the Haixing Finance Lease Agreement; and (ii) a nominal consideration of RMB100 for the Haixing Leased Assets, the ownership of the Haixing Leased Assets will be returned to BECE (Haixing).

As the highest applicable percentage ratio sets out in Rule 14.07 of the Listing Rules in respect of the Haixing Finance Lease Agreement and the transactions contemplated therein is more than 5% and all of the applicable percentage ratios are below 25%, the execution of the Haixing Finance Lease Agreement and the transactions contemplated therein constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

For further details, please refer to the announcement of the Company dated 9 September 2025.

4. Discloseable Transactions and Connected Transaction in relation to Yuncheng EPC Contract

On 13 September 2025, Heze Shandong Hi-Speed Comprehensive Energy Co., Ltd.* (菏澤山高綜合能源有限公司) (“**Heze SH Energy**”), a direct wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG, as the principal, entered into the EPC contract (the “**Yuncheng EPC Contract**”) with the joint contractors (namely China Energy Engineering Group Anhui No. 2 Electric Power Construction Engineering Co., Ltd.* (中國能源建設集團安徽電力建設第二工程有限公司) and Shandong Zhengchen Technology Co., Ltd. (山東正晨科技股份有限公司)) (collectively “**Joint Contactors B**”). Pursuant to the Yuncheng EPC Contract, Heze SH Energy agreed to engage the Joint Contractors B to provide EPC services in relation to the 175 MW distributed wind power project in Yuncheng County, Heze City, Shandong Province, the PRC, at an aggregate contracting fee of RMB1,011,365,724.00 (inclusive of all taxes) (subject to adjustment in case of change in national tax policies).

Management Discussion and Analysis

31 December 2025

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

4. Discloseable Transactions and Connected Transaction in relation to Yuncheng EPC Contract (Continued)

As at 13 September 2025, as (i) Heze SH Energy is a direct wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG; (ii) SDHS Group, by itself and through several entities, holds directly and indirectly approximately 43.44% issued share capital of SDHG and holds indirectly approximately 60.66% issued share capital of the Company in aggregate; (iii) SDHSC and SDHS Group hold 65% and 35% of the equity interests in Shandong Hi-Speed Information Group Co. Ltd.* (山東高速信息集團有限公司) (“**Shandong Hi-Speed Information Group**”) respectively, and Shandong Hi-Speed Information Group holds approximately 33.3944% of the equity interests in Shandong Zhengchen Technology Co., Ltd., which is regarded as a 30%-controlled company of SDHS Group; and (iv) the Company is a direct non-wholly owned subsidiary of SDHG, therefore pursuant to Chapter 14A of the Listing Rules, (a) SDHS Group is an indirect controlling shareholder and a connected person of the Company and a controlling shareholder and a connected person of SDHG; (b) Shandong Zhengchen Technology Co., Ltd. is an associate of SDHS Group and connected person of each of the Company and SDHG; and (c) the transactions contemplated under the Yuncheng EPC Contract constitute connected transactions of each of the Company and SDHG.

Pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, a series of transactions will be aggregated and treated as if they were one transaction if they were all entered into within a 12-month period or were otherwise related. As the previous EPC contracts as defined in the joint announcement of the Company and SDHG dated 13 September 2025 (the “**Yuncheng Previous EPC Contracts**”) are in similar nature of the Yuncheng EPC Contract with the same connected person, the transactions under the Yuncheng EPC Contract and the Yuncheng Previous EPC Contracts shall be aggregated in accordance with Rule 14A.81 to Rule 14A.82 of the Listing Rules.

As at 13 September 2025, as the highest applicable percentage ratio in respect of the transactions under the Yuncheng EPC Contract and the Yuncheng Previous EPC Contracts aggregated in accordance with the Listing Rules exceeds 5% for the Company, the entering into of the Yuncheng EPC Contract is subject to the reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The transactions contemplated under the Yuncheng EPC Contract will be recorded as acquisitions of power plant assets, and the maximum value of the transactions recognized by the Company will be the total amount of Yuncheng EPC Contract. In this regard, as at 13 September 2025, as the highest applicable percentage ratio in respect of the aggregate consideration under the Yuncheng EPC Contract exceeds 5% but falls below 25%, the transactions contemplated under the Yuncheng EPC Contract constitute a discloseable transaction for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

For further details, please refer to the joint announcement of the Company and SDHG dated 13 September 2025, the circular of the Company dated 25 September 2025 and the announcement of the Company dated 16 October 2025.

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

5. Discloseable Transactions in relation to Zhaoping EPC Contract

On 16 December 2025, Zhaoping Shangao New Energy Co., Ltd.* (昭平縣山高新能源有限公司) (“**Zhaoping Shangao**”) (a direct non-wholly owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG, as the principal), entered into the EPC general contracting contract (the “**Zhaoping EPC Contract**”) in relation to the 100 MW wind farm project in Zhaoping County, Hezhou City, Guangxi Zhuang Autonomous Region, the PRC (the “**Zhaoping Project**”) with the joint contractors (namely CCCC First Harbor Engineering Co., Ltd.* (中交第一航務工程局有限公司), CCCC First Harbor Southwest Engineering Co., Ltd.* (中交一航局西南工程有限公司) and China Electric Power Construction Group Henan Electric Power Survey and Design Institute Co., Ltd.* (中國電建集團河南省電力勘測設計院有限公司) (collectively “**Joint Contractors C**”), pursuant to which, Zhaoping Shangao agreed to engage the Joint Contractors C to provide relevant EPC services in relation to the Zhaoping Project at an aggregate contracting fee of RMB674,628,269.88 (tentatively, tax inclusive) (subject to adjustment in case of change in national tax policies).

As at 16 December 2025, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Zhaoping EPC Contract exceeds 5% but is less than 25% for each of the Company and SDHG, the transaction contemplated under the Zhaoping EPC Contract constitutes a discloseable transaction for each of the Company and SDHG under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Zhaoping Shangao is an insignificant subsidiary of the Company and SDHG under Rule 14A.09 of the Listing Rules. Notwithstanding that China Urban and Rural Construction Development Co., Ltd.* (中國城鄉控股集團有限公司) is a substantial shareholder of Zhaoping Shangao, China Urban and Rural Construction Development Co., Ltd.* and its ultimate beneficial owner(s) are not regarded as connected persons for each of the Company and SDHG pursuant to Rule 14A.09 of the Listing Rules. Therefore, the transaction contemplated under the Zhaoping EPC Contract does not constitute a connected transaction for each of the Company and SDHG under Chapter 14A of the Listing Rules.

For further details, please refer to the joint announcement of the Company and SDHG dated 16 December 2025.

6. Discloseable Transaction in relation to Wuxiang EPC Contract

On 22 December 2025, Wuxiang Beiqing Electric Power Smart Energy Co., Ltd.* (武鄉北清電力智慧能源有限公司) (“**Wuxiang Beiqing Smart Energy**”) (an indirect non-wholly owned subsidiary of the Company, as the principal), entered into the EPC general contracting contract (the “**Wuxiang EPC Contract**”) in relation to the 100 MW photovoltaic power generation project in Wuxiang County, Changzhi City, Shanxi Province (the “**Wuxiang Project**”) with China Railway 17th Bureau 2nd Engineering Co., Ltd.* (中鐵十七局集團第二工程有限公司) (“**CR 17th Bureau 2nd Engineering**”) (as the contractor). Pursuant to the Wuxiang EPC Contract, Wuxiang Beiqing Smart Energy agreed to engage CR 17th Bureau 2nd Engineering to provide EPC services in relation to the Wuxiang Project at an aggregate contracting fee of RMB405,513,902.57 (tax inclusive) (subject to adjustment in case of change in national tax policies).

Management Discussion and Analysis

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

6. Discloseable Transaction in relation to Wuxiang EPC Contract (Continued)

As at 22 December 2025, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Wuxiang EPC Contract exceeds 5% but is less than 25%, the transaction contemplated under the Wuxiang EPC Contract constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

For further details, please refer to the announcement of the Company dated 22 December 2025.

Save as disclosed above, the Group did not have significant investments, material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

11. FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2025, the Group did not have any future plans for material investments or capital assets.

12. PRINCIPAL RISKS AND UNCERTAINTIES

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

Fluctuation in currency exchange rates

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

Liquidity risk

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

Policy risks

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

12. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Other business risks

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

13. EVENTS AFTER THE REPORTING PERIOD

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

1. Change in information of the Directors

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

1. Mr. Victor Huang was appointed as an independent non-executive director of Royal Deluxe Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 3789) with effect from 1 February 2026.
2. Mr. Zhu Jianbiao was resigned as the executive director and co-chairman of VNET Group, Inc. (世紀互聯集團*), a company listed on Nasdaq (Stock Symbol: VNET) with effect from 9 March 2026.

2. Continuing Connected Transaction in relation to the Feixian Electricity Sales Agreement

On 27 March 2026, Feixian Zhuoneng New Energy Co., Ltd.* (費縣卓能新能源有限公司) ("**Feixian Zhuoneng**"), being a direct wholly-owned subsidiary of the Company, and Shandong Hi-Speed Linyi Development Co., Ltd.* (山東高速臨沂發展有限公司) ("**Linyi Development**") entered into the agreement in respect of sales of electricity generated by photovoltaic power stations to be constructed and operated by the Company in the designated areas of the production plant owned by Linyi Development ("**Feixian Electricity Sales Agreement**") for a period from 27 March 2026 to 31 December 2028.

As at 27 March 2026, as (i) Linyi Development is a direct wholly-owned subsidiary of SDHS Group; and (ii) SDHS Group, through several entities, owns an aggregate of approximately 56.97% of the issued shares capital of the Company, pursuant to Chapter 14A of the Listing Rules: (a) SDHS Group is an indirect controlling Shareholder and connected person of the Company; and (b) Linyi Development is regarded as an associate of SDHS Group and a connected person of the Company. As such, the sales of electricity under the Feixian Electricity Sales Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

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13. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

2. Continuing Connected Transaction in relation to the Feixian Electricity Sales Agreement (Continued)

Prior to the entering into the Feixian Electricity Sales Agreement, the Group entered into the previous agreements with various subsidiaries of SDHS Group in relation to the sales of electricity generated by photovoltaic power stations of the Group in relevant designated areas. Particularly, the term of the SHNE Pingyin Electricity Sales Agreement is from 1 November 2023 to 31 October 2026, the term of the Qingdao Shanhui Clean Electricity Sales Agreement is from 7 May 2025 to 6 May 2028, the term of the framework agreement for electricity sales entered into between the Company and Shandong Hi-Speed Yunnan Development Co., Ltd.* (山東高速雲南發展有限公司) (“**SDHS Yunnan**”) on 30 December 2025 (“**Previous Agreement C**”) is from 1 January 2026 to 31 December 2028, and the term of the energy management agreement entered into between Jinan Shandong Hi-Speed New Energy Technology Co., Ltd.* (濟南山高新能源科技有限公司) and Shandong Hi-Speed Service Development Group Co., Ltd Jinan Branch* (山東高速服務開發集團有限公司濟南分公司) (“**SDHS Service Development Jinan Branch**”) (“**Previous Agreement D**”) on 11 January 2026 is from 12 January 2026 to 11 January 2029 (collectively, the “**2026 SDHS Group Previous Agreements**”).

Pursuant to Rules 14A.81 to 14A.83 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or were otherwise related. As a result of (i) the overlap of duration of the 2026 SDHS Group Previous Agreements and the Feixian Electricity Sales Agreement; (ii) Qilu Expressway (Shandong) Assembly Co., Ltd. (齊魯高速 (山東) 裝配有限公司) (“**Qilu Expressway Assembly**”) (being the counterparty under the SHNE Pingyin Electricity Sales Agreement), Shandong Luqiao Group Qingdao Construction Co., Ltd.* (山東省路橋集團青島建設有限公司) (“**Shandong Luqiao Qingdao Construction**”) (being the counterparty under the Qingdao Shanhui Clean Electricity Sales Agreement), SDHS Yunnan (being the counterparty under the Previous Agreement C), SDHS Service Development Jinan Branch (being the counterparty under the Previous Agreement D) and Linyi Development (being the counterparty under the Feixian Electricity Sales Agreement) are all subsidiaries of SDHS Group, and hence regarded as associates of the same connected person of the Company; and (iii) the nature of the transactions and the principal terms of the 2026 SDHS Group Previous Agreements and the Feixian Electricity Sales Agreement are almost identical, the transactions under the Feixian Electricity Sales Agreement and the 2026 SDHS Group Previous Agreements should be aggregated under Rules 14A.81 to 14A.83 of the Listing Rules. The aggregated annual caps for the estimated electricity fees receivable by the Group under the Feixian Electricity Sales Agreement and the 2026 SDHS Group Previous Agreements for the three years ending 31 December 2028 and for the period from 1 January 2029 to 11 January 2029 are RMB3,944,817, RMB2,606,941, RMB2,330,151 and RMB18,102, respectively.

As one or more of the applicable percentage ratios in respect of the aggregated annual caps of the sales of electricity under the Feixian Electricity Sales Agreement and the transactions under the 2026 SDHS Group Previous Agreements conducted by the Group are more than 0.1% but are all less than 5%, the sales of electricity under the Feixian Electricity Sales Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules for the Company.

For further details of the Feixian Electricity Sales Agreement, please refer to the announcement of the Company dated 27 March 2026.

13. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

3. Major Transactions in relation to the Dingtao EPC Contract

On 31 March 2026, Heze Shandong Hi-Speed Wind Power Co., Ltd.* (菏澤山高風電有限公司) (“**Heze SH**”) (an indirect wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG, as the principal), entered into the EPC contract with China Construction Second Engineering Bureau Ltd.* (中國建築第二工程局有限公司) (“**CC2 Bureau**”) and China Power Construction Group Guiyang Survey and Design Institute Co., Ltd.* (中國電建集團貴陽勘測設計研究院有限公司) (“**China Power Guiyang Research Institute**”) (collectively, the “**Joint Contractor F**”) (the “**Dingtao EPC Contract**”). Pursuant to the Dingtao EPC Contract, Heze SH agreed to engage the Joint Contractor F to provide EPC services in relation to the 287.5 MW wind power project located in Dingtao District, Heze City, Shandong Province, the PRC at an aggregate contracting fee of RMB1,197,418,298.23 (inclusive of all taxes) (subject to adjustment in case of change in national tax policies).

As at 31 March 2026, since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Dingtao EPC Contract exceed 25% but are less than 100% for the Company, the transactions contemplated under the Dingtao EPC Contract constitute major transactions under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and shareholders’ approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, none of its Shareholders has any material interest in the transactions contemplated under the Dingtao EPC Contract. Therefore, if the Company convenes a shareholders’ meeting to seek approval for the transactions contemplated under the Dingtao EPC Contract, none of its Shareholders shall be required to abstain from voting.

As at 31 March 2026, SDHG which directly holds 1,279,878,252 shares of the Company, representing approximately 56.97% of the total issued share capital of the Company, has approved the transactions contemplated under the Dingtao EPC Contract by a written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company. As such, pursuant to Rule 14.44 of the Listing Rules, the Company will not hold a shareholders’ meeting to approve the transactions contemplated under the Dingtao EPC Contract.

For further details, please refer the joint announcement of the Company and SDHG dated 31 March 2026.

14. CORPORATE SOCIAL RESPONSIBILITY

Environmental, Social and Governance report

Further details of the Group’s commitment and strategies to sustainability and the performance in environmental contributions, employee relations, supply chain management, occupational health and safety and social investments of the core businesses of the Group for the Year are set out in the Group’s Environmental, Social and Governance Report for the year ended 31 December 2025, which was published on the websites of the Company (www.shneg.com.hk) and the Stock Exchange (www.hkexnews.hk).

* For identification purposes only

Directors' Profile

31 December 2025

EXECUTIVE DIRECTORS

Mr. Li Tianzhang

Mr. Li Tianzhang, aged 49, has been appointed as an executive director of the Company and the chairman of the Board, a member and the chairman of the nomination committee of the Company on 2 August 2024. Mr. Li Tianzhang is currently serving as an executive director of SDHG, a company listed on the Main Board of the Stock Exchange (Stock Code: 412), the chairman of the board of directors of SDHG, a member and the chairman of the nomination committee of SDHG, and a member and the chairman of the executive committee of SDHG.

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

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

Mr. Zhu Jianbiao

Mr. Zhu Jianbiao ("Mr. Zhu"), aged 52, has been appointed as an executive director of the Company on 19 May 2022 and the chairman of sustainability committee of the Company on 20 July 2023. He currently serves as an executive director and the vice chairman of the board, the chairman and a member of the strategic development committee, a member of the executive committee and the chief executive officer of SDHG.

Mr. Zhu has been an independent non-executive director of Beijing Energy International Holding Co., Ltd (北京能源國際控股有限公司), a company listed on the Main Board of the Stock Exchange (Stock Code: 686) since June 2021. Mr. Zhu has been an independent non-executive director of IPE Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 929) since November 2022. Mr. Zhu served 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) from January 2024 to March 2026.

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

EXECUTIVE DIRECTORS (CONTINUED)

Mr. Wang Wenbo

Mr. Wang Wenbo, aged 56, has been appointed as an executive director of the Company on 19 May 2022. He is currently a non-executive director of SDHG and a member of the audit committee of SDHG. Mr. Wang Wenbo holds a bachelor's degree in vacuum technology and equipment from Hefei University of Technology and a master's degree of arts in international economic and trade relations jointly granted by Nankai University and Flinders University of South Australia. He is a senior economist with in-depth knowledge in investment and legal fields. Mr. Wang Wenbo has been an independent non-executive director of Zhongtai Securities Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600918) since 29 April 2024.

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

Mr. Liu Zhijie

Mr. Liu Zhijie ("Mr. Liu"), aged 51, has been appointed as an executive Director, authorised representative and a member of sustainability committee of the Company on 28 February 2025. Mr. Liu also serves as a director of certain subsidiaries of the Company. He currently serves as an executive Director, a member of each of the executive committee and the remuneration committee and the chief financial officer of SDHG. He is also a director of a number of subsidiaries of SDHG.

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

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

Directors' Profile

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EXECUTIVE DIRECTORS (CONTINUED)

Ms. Liao Jianrong

Ms. Liao Jianrong (whose former name is 廖劍榮) ("Ms. Liao"), aged 55, has been appointed as an executive director and a member of the remuneration committee of the Company on 19 May 2022. She has been appointed as a member of the nomination committee of the Company on 31 July 2025. Ms. Liao also serves as a director of certain subsidiaries of the Company. She is currently an executive director of SDHG, a member of the executive committee and a member of nomination committee of SDHG. Ms. Liao has more than 20 years of experience in administration and human resource management, financial management and bank management sectors. She has also acquired knowledge in investment and financing management and has deep insights into the economic development.

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

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

Mr. Li Li

Mr. Li Li ("Mr. Li"), aged 60, has been appointed as an executive director of the Company on 19 May 2022. Mr. Li joined Beijing Enterprises Water Group Limited ("**BEWG**") in October 2010. Mr. Li served as an executive director of BEWG, a company listed on the main Board of the Stock Exchange (Stock Code: 371) from February 2014 to December 2025. Mr. Li served as a non-executive director and an executive director of Beijing Enterprises Urban Resources Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3718), during the period from March 2019 to December 2025.

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

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

Mr. Wang Meng

Mr. Wang Meng, aged 55, has been appointed as an executive director of the Company on 20 July 2023. Mr. Wang Meng worked at BEIJING HENGWAN CONSTRUCTION COMPANY* (北京恒萬建築公司) during the years from 1994 to 2000 and Beijing Zedu Law Firm* (北京市則度律師事務所) during the years from 2001 to 2018. Mr. Wang Meng joined Zhejiang Qiqiao Ice and Snow Business Management Co., Ltd.* (浙江啟喬冰雪企業管理有限公司) since 2018 and is currently serving as chairman and is also serving as senior vice president and director of law department of Tus-Holdings Co., Ltd.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Qin Si Zhao

Professor Qin Si Zhao ("Professor Qin"), aged 62, has been appointed as an independent non-executive director and a member of the nomination committee of the Company on 20 July 2023. He is currently President of Lingnan University and Wai Kee Kau chair professor of Data Science. He has been serving as inaugural dean of the School of Data Science and chair professor of Data Science at the City University of Hong Kong from January 2020 to June 2023. During the three years from 2014 to 2016, Professor Qin served as vice president and presidential chair professor of The Chinese University of Hong Kong, Shenzhen. During 2011 to 2013, he served as associate dean of Chemical Engineering and Materials Science at the University of Southern California in the United States of America.

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

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

Directors' Profile

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INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Mr. Victor Huang

Mr. Victor Huang ("Mr. Huang"), aged 54, appointed as an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of the Company on 19 May 2022. He also has been appointed as a member of the sustainability committee on 20 July 2023 and a member of the nomination committee of the Company on 31 July 2025 respectively. Mr. Huang has over 30 years of experience in finance, accounting and transaction services. He joined PricewaterhouseCoopers in Hong Kong in January 1993 and became its partner in 2005. During 2014 to 2017, he served as partner at KPMG in Hong Kong.

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

Company Name	Stock Exchange	Stock Code	Position (Date of Appointment)
Topsports International Holdings Limited	Stock Exchange	6110	Independent non-executive director (20 June 2019)
ManpowerGroup Greater China Limited	Stock Exchange	2180	Independent non-executive director (15 March 2019)
New Times Corporation Limited	Stock Exchange	0166	Independent non-executive director (19 June 2020)
COSCO SHIPPING Energy Transportation Co., Ltd.	Stock Exchange Shanghai Stock Exchange	1138 600026	Independent non-executive director (22 June 2020)
Giordano International Limited	Stock Exchange	709	Independent non-executive director (3 April 2024)
Royal Deluxe Holdings Limited	Stock Exchange	3789	Independent non-executive director (1 February 2026)

During February 2020 to November 2020, he served as an independent non-executive director of China Bright Culture Group, a company listed on the Main Board of the Stock Exchange (Stock Code: 1859). During December 2018 to December 2020, he served as an independent non-executive director of Trinity Limited, a company listed on the Main Board of the Stock Exchange and the listing of which was cancelled on 31 October 2022 (Stock Code: 891). During November 2020 to November 2021, he served as an independent non-executive director of Evergrande Property Services Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 6666). During February 2018 to February 2024, he served as an independent non-executive director of LBX Pharmacy Chain Co., Ltd., a company listed on Shanghai Stock Exchange (Stock Code: 603883). During August 2018 to July 2024, he served as an independent non-executive director of Qingdao Haier Biomedical Co., Ltd., a company listed on Shanghai Stock Exchange (Stock Code: 688139). During June 2019 to May 2025, he served as an independent non-executive director of Scholar Education Group, a company listed on the Main Board of the Stock Exchange (Stock Code: 1769).

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

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Mr. Yang Xiangliang

Mr. Yang Xiangliang ("Mr. Yang"), aged 65, has been appointed as an independent non-executive director, a member of the audit committee and a member of the nomination committee of the Company on 19 May 2022. Mr. Yang has been serving as a consultant of the Shandong Province Electricity Association* (山東省電力企業協會) since 2017. He served as the deputy general manager and director of the production safety department of National New Energy Group Co., Ltd. (Shandong Branch)* (國家新能源集團公司山東分公司) from 2007 to 2017 and 2003 to 2004 respectively. Mr. Yang held the position of general manager of Shandong Heze Power Plant* (山東荷澤發電廠) during 2004 to 2007. He worked at Shandong Rizhao Power Plant* (山東日照發電廠) as deputy factory manager and chief engineer during 1997 to 2003 and Shandong Zou County Power Plant* (山東鄒縣發電廠) as production supervisor, safety and quality control director and deputy chief engineer from 1982 to 1997.

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

Mr. Chiu Kung Chik

Mr. Chiu Kung Chik ("Mr. Chiu"), aged 41, has been appointed as an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee of the Company in 29 July 2016. Mr. Chiu is currently a non-executive director of Link Holdings Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8237). He is currently an independent non-executive director of GoFintech Quantum Innovation Limited (formerly known as GoFintech Innovation Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 290). During 2008 to 2015, Mr. Chiu worked with UBS AG in the investment banking department in its Hong Kong office, primarily focusing on advising large scale corporate clients on their capital market activities. During the aforesaid time, he had completed a number of high-profile transactions with over US\$20 billion in total transaction value.

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

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

The changes in the information of the directors of the Company since the publication of the 2025 interim report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules up to the date of this report is set out below:

1. Mr. Victor Huang was appointed as an independent non-executive director of Royal Deluxe Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 3789) with effect from 1 February 2026.
2. Mr. Zhu Jianbiao was resigned as the executive director and co-chairman of VNET Group, Inc. (世紀互聯集團*), a company listed on Nasdaq (Stock Symbol: VNET) with effect from 9 March 2026.

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

* For identification purpose only

Corporate Governance Report

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

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

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

CORPORATE MISSION

Unleash the world's potential. Green prosperity worldwide.

CORPORATE VISION

Becoming the first-class integrated clean energy service provider.

CORPORATE VALUES

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

CORPORATE SPIRITS

Brave to take responsibility and take the lead.

MANAGEMENT PHILOSOPHIES

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

CORPORATE ATMOSPHERE

Fellowship & Openmindedness.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

Corporate Governance Report

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (CONTINUED)

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

BOARD OF DIRECTORS

Role and delegation

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

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

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

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

Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

Board Composition

The Board composition of the Company as at 31 December 2025 and up to the date of this annual report is set out as below:

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

Notes:

1. Mr. Sun Qingwei has resigned as an executive Director on 28 February 2025 due to the work adjustment.
2. Mr. Liu Zhijie has been appointed on 28 February 2025. Mr. Liu Zhijie confirmed that he (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 28 February 2025; and (ii) understands his obligations as a director of a listed issuer under the Listing Rules.
3. Each of Ms. Liao Jianrong and Mr. Victor Huang has been appointed as a member of the Nomination Committee on 31 July 2025.
4. Mr. He Yongbing has resigned as an executive Director on 20 February 2025 in order to devote more time to his other business commitments.

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

BOARD OF DIRECTORS (CONTINUED)

Chairman and Chief Executive Officer

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

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

Independent non-executive Directors

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

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

BOARD COMMITTEES

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

Audit Committee

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

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

Corporate Governance Report

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

The meetings of the Audit Committee shall be held at least twice a year and when necessary. During the year under review, the Audit Committee had held three physical meetings during which the Audit Committee has performed the following major works:

- reviewed, with both the external auditor and management, the audit approach and methodology applied in relation to the results of the Group for the year ended 31 December 2024;
- reviewed the results announcements and the financial statements for the year ended 31 December 2024 and for the six months ended 30 June 2025 respectively;
- reviewed the continuing connected transactions of the Group;
- considered and approved the audit work of the external auditor and monitored its independence and objectivity;
- reviewed the business and financial performance of the Company;
- reviewed the effectiveness of the Company's financial reporting system, internal audit function, risk management and internal control systems;
- reviewed and monitored the relationship with the external auditor, including overseeing its appointment, independence, remuneration, tenure and engagement for non-audit services;
- made recommendation to the Board to put forward a resolution in respect of the re-appointment of external auditor at the annual general meeting ("AGM").

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

Auditor's remuneration

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

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

Services rendered for the Group	RMB million
Audit services [#]	5
Non-audit services [*]	6.5
Total	11.5

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

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

The Audit Committee is satisfied that the non-audit services in 2025 did not affect the independence of the external auditor.

BOARD COMMITTEES (CONTINUED)

Nomination Committee

The Nomination Committee comprises two executive Directors and three independent non-executive Directors, namely Mr. Li Tianzhang (chairman), Ms. Liao Jianrong (appointed on 31 July 2025), Professor Qin Si Zhao, Mr. Victor Huang (appointed on 31 July 2025) and Mr. Yang Xiangliang during the year under review.

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

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

- considered and made recommendations to the Board on the resignation of Mr. Sun Qingwei as executive Director, the authorised representative and a member of the Sustainability Committee;
- considered and made recommendations to the Board on the appointment of Mr. Liu Zhijie as executive Director, the authorised representative and a member of the Sustainability Committee;
- considered and made recommendations to the Board on the appointment of each of Ms. Liao Jianrong and Mr. Victor Huang as a member of the Nomination Committee;
- reviewed and made recommendations to the Board on the updated terms of reference of the Nomination Committee;
- the service term of each of the executive Directors, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Ms. Liao Jianrong and Mr. Li Li, and independent non-executive Directors, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik was expired on 18 May 2025, made recommendations to the Board on the renewal of service term for 3 years;
- made recommendations to the Board on the re-appointment of the retiring Directors at the AGM;
- reviewed the size, structure and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- reviewed the independence of independent non-executive Directors;
- reviewed the implementation and effectiveness of the Nomination Policy and the Board Diversity Policy in accordance with the CG Code.

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

Corporate Governance Report

BOARD COMMITTEES (CONTINUED)

Nomination policy and Board diversity

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

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

- accomplishment and experience in the industry, in particular, in the clean energy segment;
- reputation for integrity;
- commitment in respect of available time and relevant interest;
- merit and contribution will bring to the Board;
- contribution to diversity (including without limitation, gender, ages, cultural and educational background, ethnicity, professional experience, skills and knowledge) of the Board; and
- in the case of independent non-executive Directors, the independence of the candidate and tenure of services, and in particular, whether they have served the Board for more than nine years.

The above factors are for reference only, and not meant to be exhaustive and conclusive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate. The nomination of Mr. Liu Zhijie as executive Director, and each of Ms. Liao Jianrong and Mr. Victor Huang as the member of Nomination Committee, was considered and recommended by the Nomination Committee to the Board for approval during the Year.

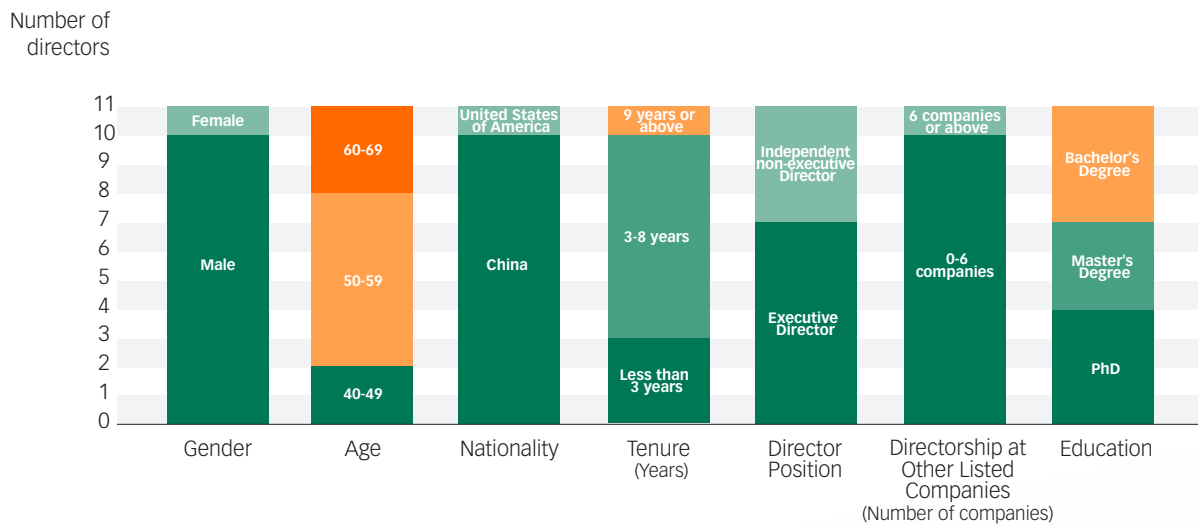
The Board also adopted a Board Diversity Policy formulated by the Company in accordance with the requirements of the Listing Rules. During the Year, no changes to the Board Diversity policy were considered necessary. It aims to set out the approach to achieve diversity on the Board. The Board endeavours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

BOARD COMMITTEES (CONTINUED)

Nomination policy and Board diversity (Continued)

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

The illustration of the Board diversity as at 31 December 2025 is shown below while the detailed biographies (including their roles, function, skills and experience) are set out in this annual report under the section headed “Directors’ Profile”.



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

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

1. The number of independent non-executive Directors shall be no less than three and at least one-third of the Board of Directors.
2. At least one independent non-executive Director shall have appropriate professional qualifications or appropriate accounting or related financial management expertise.
3. Ensuring the Board is composed of members of different genders.
4. Maintain at least one female director.

Corporate Governance Report

BOARD COMMITTEES (CONTINUED)

Nomination policy and Board diversity (Continued)

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

As at 31 December 2025, the Group maintained approximately 73:27 ratio of men to women in the workplace. The Company is committed to attract a diverse workforce (including but not limited to gender, age, cultural and educational background, skills, knowledge and experience) and to create a fair and supportive workplace for the employers.

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

Tenure

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

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

Directors' induction and continuous professional development

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

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable statutory and regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Besides, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged trainings for Directors in the form of seminar and provision of reading materials. Guidance notes and memorandum are issued to Directors where appropriate, to ensure awareness of best corporate governance practices. Ongoing training helps Directors keep abreast of current trends and issues facing the Group, while enabling them to update and refresh the skills and knowledge necessary for the performance of their duties effectively.

Corporate Governance Report

BOARD COMMITTEES (CONTINUED)

Directors' induction and continuous professional development (Continued)

All Directors are required to provide their training records on annual basis. The records are maintained by the Company Secretary. According to the records maintained by the Company, the Directors received an aggregate of about 261 hours of training in respect of the topics mentioned in 3.09G of the Listing Rules in compliance with the requirements of the CG Code on continuous professional development during the Year. The average hours of training is around 24 hours for each director.

Name of Directors	Reading Material ⁴	Attending in-house or external training, industry-specific seminars and conferences ⁵
Executive Directors		
Mr. Li Tianzhang	✓	✓
Mr. Zhu Jianbiao	✓	✓
Mr. Wang Wenbo	✓	✓
Mr. Sun Qingwei ¹	✓	N/A
Mr. Liu Zhijie ²	✓	✓
Ms. Liao Jianrong	✓	✓
Mr. Li Li	✓	✓
Mr. He Yongbing ³	✓	N/A
Mr. Wang Meng	✓	✓
Independent non-executive Directors		
Professor Qin Si Zhao	✓	✓
Mr. Victor Huang	✓	✓
Mr. Yang Xiangliang	✓	✓
Mr. Chiu Kung Chik	✓	✓

Notes:

- Mr. Sun Qingwei has resigned on 28 February 2025.
- Mr. Liu Zhijie has been appointed on 28 February 2025.
- Mr. He Yongbing has resigned on 20 February 2025.
- the Company provided the reading material on topics related to the roles, functions and responsibilities of the board and directors, regulatory updates relevant to the discharge of directors' duties, ESG matters, risk management in relevant to the Company's business, business trends and industry development updates.
- attending and participating in in-house external training on topics to the roles, functions and responsibilities of directors, improve board effectiveness, key legal and regulatory developments, compliance requirement and new opportunities of the industry relevant to the Company.

Corporate Governance Report

BOARD COMMITTEES (CONTINUED)

Directors' induction and continuous professional development (Continued)

New Directors are provided with comprehensive induction training conducted by external legal advisers to ensure that they have a thorough understanding of their role and responsibilities as Board members. During the Year, Mr. Liu Zhijie attended induction training sessions on 28 February 2025, an external legal adviser provided legal advice on Hong Kong Law as regards the requirements under the Listing Rules that are applicable to him as director of the listed company, their obligations as Directors, and the possible consequences of making false declarations or giving false information to the SFC. Mr. Liu has confirmed his understanding of the information provided by the legal adviser.

Remuneration Committee

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

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

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

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

- reviewed and recommended to the Board to the adjustments in relation to the outstanding share options of the Company under the share option scheme adopted by the Company on 11 June 2013 and updated on 8 June 2021 and expired on 9 June 2023 (close of business on the business day immediately preceding the tenth anniversary thereof);
- reviewed the terms of service agreement and remuneration package of Mr. Liu Zhijie, newly appointed as an executive Director, an Authorised Representative and a member of the Sustainability Committee;
- reviewed the 3-year terms of service agreements, letter of appointments and remuneration packages of Directors, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Ms. Liao Jianrong, Mr. Li Li, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik;
- reviewed the remuneration policy and structure of the Company;
- reviewed and recommended to the Board the remuneration packages of executive Directors and senior management of the Company; and
- reviewed and recommended to the Board the remuneration packages of the independent non-executive Directors.

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

BOARD COMMITTEES (CONTINUED)

Sustainability Committee

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

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

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

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

- reviewed the Company's compliance with the CG Code, the preparation and assurance work of the environmental, social and governance report for the year ended 31 December 2024;
- identify the Company's sustainability issues, review the sustainability indicator system, and prioritize issues through double materiality analysis;
- monitor the ESG rating performance of the Company in 2024 by domestic and international rating agencies; and
- review the Company's climate change initiatives, examine the Measures for the Management of New Energy and Carbon Data, and trace historical carbon emissions data.

Corporate Governance Report

BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS

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

Name of Directors	Meetings attended/held						Extraordinary General Meetings
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Sustainability Committee	AGM	
Executive Directors							
Mr. Li Tianzhang (<i>Chairman</i>)	9/11	-	2/2	-	-	1/1	1/1
Mr. Zhu Jianbiao	9/11	-	-	-	1/1	1/1	1/1
Mr. Wang Wenbo	8/11	-	-	-	-	0/1	1/1
Mr. Sun Qingwei ¹	1/2	-	-	-	-	-	-
Mr. Liu Zhijie ²	9/9	-	-	-	1/1	1/1	1/1
Ms. Liao Jianrong ³	11/11	-	-	2/2	-	1/1	1/1
Mr. Li Li	6/11	-	-	-	-	0/1	1/1
Mr. He Yongbing ⁴	0/1	-	-	-	-	-	-
Mr. Wang Meng	10/11	-	-	-	-	0/1	1/1
Independent non-executive Directors							
Professor Qin Si Zhao	4/11	-	2/2	-	-	1/1	1/1
Mr. Victor Huang ³	11/11	3/3	-	2/2	1/1	1/1	1/1
Mr. Yang Xiangliang	11/11	3/3	2/2	-	-	1/1	1/1
Mr. Chiu Kung Chik	9/11	3/3	-	2/2	-	1/1	1/1

Notes:

1. Mr. Sun Qingwei has resigned as an executive Director and the member of Sustainability Committee on 28 February 2025.
2. Mr. Liu Zhijie has been appointed as an executive Director and the member of Sustainability Committee on 28 February 2025.
3. Each of Ms. Liao Jianrong and Mr. Victor Huang has been appointed as a member of Nomination Committee on 31 July 2025.
4. Mr. He Yongbing has resigned as an executive Director on 20 February 2025.

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

Board Evaluation

In 2025, the Company actively selecting qualified professional institutions to conduct a formal evaluation of the Board's performance in 2026.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The responsibility of Ernst & Young, the Company's external auditor, is set out on pages 88 to 92 of the "Independent Auditor's Report" in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

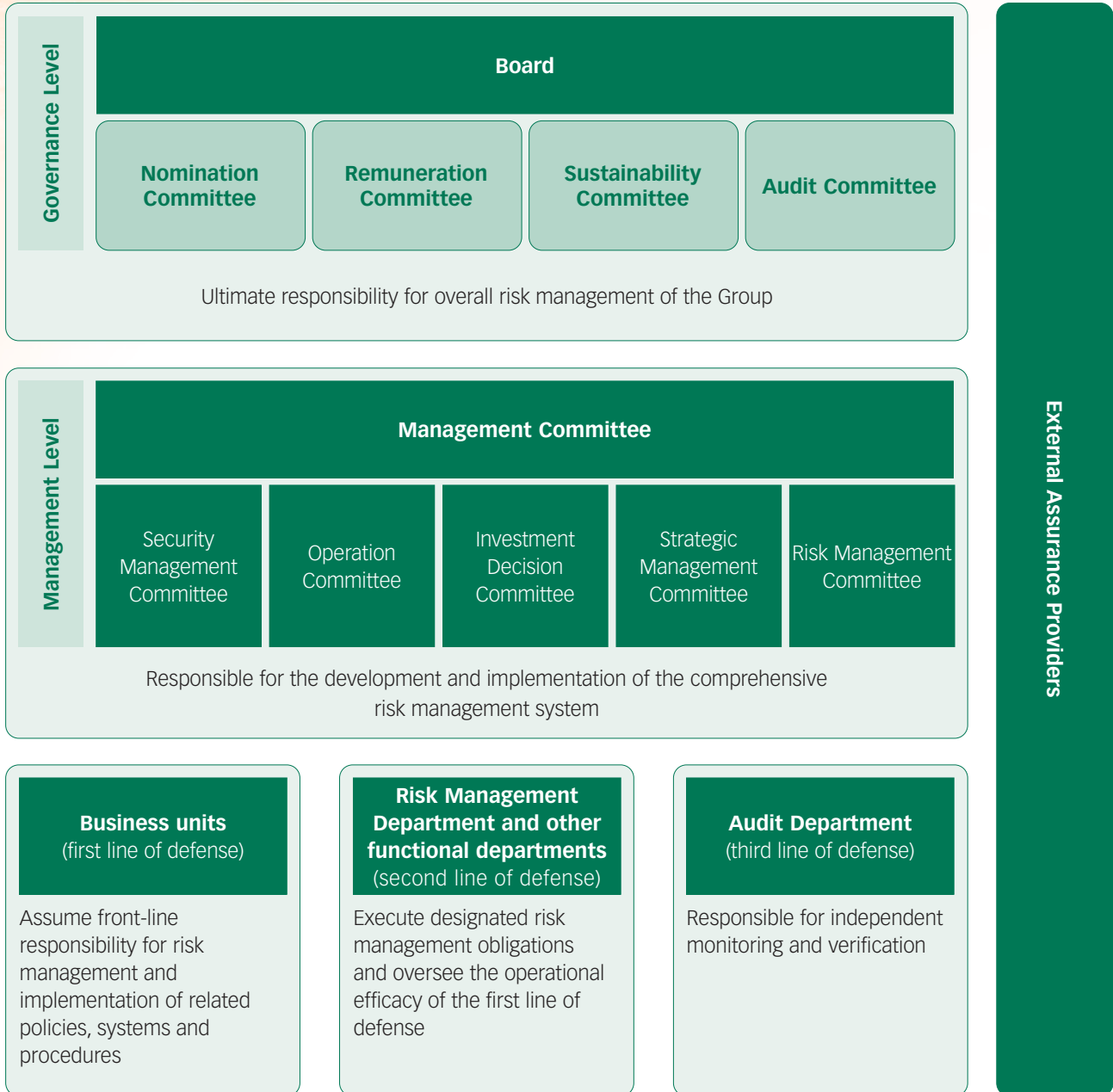
The Board has the overall responsibility for overseeing the risk management and internal control systems on an on-going basis, and reviewing the effectiveness of the Group's risk management and internal control systems at least annually covering material controls, including financial, operational and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

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

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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



RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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

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

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

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

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

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

- (i) Risk Identification: identify risks that may potentially affect the Group's businesses and operations;
- (ii) Risk Evaluation: consider the impact of risks on the business and the likelihood of their occurrence; and
- (iii) Risk Management: perform on-going and periodic monitoring of the risks and ensure that appropriate internal control processes are in place.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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

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

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

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

WHISTLEBLOWING POLICY AND ANTI-CORRUPTION POLICY

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

- The Board aims to appoint at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors in accordance with the Listing Rules, and appoint independent non-executive Directors to other board committees whenever possible, in order to ensure the inclusion of independent views;
- Independent non-executive Directors are not granted equity-based compensation with performance-related elements (such as share options or share awards) because such compensation may lead to biased decision-making and compromise their objectivity and independence;
- The Nomination Committee must strictly adhere to the nomination policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors. Each independent non-executive Directors is required to inform the Company as soon as practicable if there is any change in his/her own personal information that may materially affect his/her independence;
- The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement;
- Each Director has the right to seek further information and documents from the management on the matters to be discussed at the Board meetings when fulfilling their duties and may also seek assistance from the Company Secretary and, if necessary, seek external independent professional advice, at the expenses of the Company;
- If any Director or any closely connected person of the Director has a significant interest in any contract or arrangement, the Director shall not vote on any Board resolution related to such contract or arrangement, and their presence shall not be counted in the quorum for the meeting; and
- The chairman of the Board should at least annually hold meeting with the independent non-executive Directors without the presence of other directors to discuss significant matters and any concerns.

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

INSIDE INFORMATION

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

Corporate Governance Report

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

COMPANY SECRETARY

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

SHAREHOLDERS' RIGHTS

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

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

Procedures for directing Shareholders' enquiries to the Board

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

Procedures for putting forward proposals at Shareholders' meetings

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

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

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

INVESTOR RELATIONS

Constitutional Documents

There is no change in the Company's constitutional documents during the Year.

Shareholders Communication Policy

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

INVESTOR RELATIONS (CONTINUED)

Shareholders Communication Policy (Continued)

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

1. Disseminate corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) electronically to the Shareholders under the Listing Rules, and the Company shall send the printed copies of the corporate communication to the Shareholders upon receipt of their requests;
2. AGM or other general meetings (including extraordinary general meetings) of the Company provides a face-to-face forum for Shareholders to raise questions and comments and exchange their views with the Board;
3. Via the Company's website at www.shneg.com.hk, Shareholders can obtain updated and key information on the major developments of the Group. Information, such as financial statements, results announcements, circulars, notices of general meetings and all announcements, released by the Company on the HKEx website at www.hkex.com.hk is also posted on the Company's website immediately thereafter;
4. The Company's Hong Kong branch share registrar deals with the Shareholders on the shareholdings, share registration and related matters for the Shareholders' enquiries;
5. A dedicated investor relations section is available on the Company's website at www.shneg.com.hk and information on the Company's website is updated on a regular basis;
6. Shareholders and investors who have any query in respect of the Company may contact the investor relations department of the Company by email to ir@shneg.com.hk or contact the Company Secretary at the Company's principal place of business in Hong Kong.

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

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

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

Report of the Directors

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

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

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

The financial risk management objectives and policies of the Group are set out in note 45 to the financial statements. Description of principal risks and uncertainties that the Group may be facing, environmental policies and performance of the Group, compliance with relevant laws and regulations which have a significant impact on the Group and relationship with stakeholders are set out in sections headed "ENVIRONMENTAL POLICIES AND PERFORMANCE", "COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS" AND "RELATIONSHIP WITH STAKEHOLDERS" of this report.

RESULTS

The Group's results for the Year and the Group's financial position as at 31 December 2025 are set out in the financial statements on pages 93 to 196 of this annual report.

The Board does not recommend the payment of dividend for the Year (2024: Nil).

Dividend Policy

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

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

RESULTS (CONTINUED)

Dividend Policy (Continued)

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

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group as at 31 December 2025 and for the last four financial years, as extracted from the published audited financial statements of the Company and adjusted for the change of presentation currency, is set out on page 197 of this annual report. This summary does not form part of the audited financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2025 are set out in note 1 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

DONATIONS

During the Year, the Group has donated approximately RMB16,000 (2024: approximately RMB25,000).

EQUITY-LINKED AGREEMENTS

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

PRE-EMPTIVE RIGHTS

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

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

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the Shareholders as at 31 December 2025 amounted to approximately RMB7,693.2 million (2024: approximately RMB7,676.7 million).

Report of the Directors

TAX RELIEF

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

Particulars of the environmental policies and performances of the Company during the Year are set out in 2025 Environmental, Social and Governance Report which is available on the website of the Company at www.shneg.com.hk.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

RELATIONSHIP WITH STAKEHOLDERS

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

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

RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

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

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate percentage of sales attributable to the Group's five largest customers is approximately 56% of the total sales of the Group, and the largest customer included therein amounted to approximately 17%.

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

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

DIRECTORS

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

Executive Directors

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

Independent Non-executive Directors

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

Report of the Directors

DIRECTORS (CONTINUED)

In accordance with articles 108 of the Articles of Association, Mr. Zhu Jianbiao, Mr. Wang Meng, Mr. Yang Xiangliang and Mr. Chiu Kung Chik shall retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election. Mr. Chiu Kung Chik has served the Company as an independent non-executive Director over nine years as at the date of this annual report. According to Code Provision B.2.3 under CG Code, his appointment should be subject to a separate resolution to be approved by shareholders.

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

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at the AGM. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the Remuneration Committee. During the Year, Mr. Li Tianzhang, Mr. Wang Wenbo, Mr. Sun Qingwei (resigned on 28 February 2025), Mr. He Yongbing (resigned on 20 February 2025) and Mr. Liu Zhijie (appointed on 28 February 2025) agreed to waive emoluments for the Year. Details of the Directors' remuneration are set out in note 8 to the financial statements.

EMOLUMENT POLICY

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

DEFINED CONTRIBUTION PLANS

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

DEFINED CONTRIBUTION PLANS (CONTINUED)

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

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

During the Year, total contributions to the Group’s pension scheme contributions charged to profit or loss amounted to approximately RMB26,807,000 (2024: approximately RMB25,678,000).

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

DIRECTORS’ INTEREST IN COMPETING BUSINESS

As at 31 December 2025, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business that competed or was likely to compete with the business of the Group.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE AND PERMITTED INDEMNITY PROVISION

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

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

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

Report of the Directors

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

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code were as below:

Interests and underlying shares of the Company

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

Note:

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

SHARE OPTION SCHEME

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

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

SHARE OPTION SCHEME (CONTINUED)

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

(i) Purpose

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

(ii) Eligible participants

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

(iii) Total number of shares available for issue

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

(iv) Limit for each participant

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

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

(v) Exercise period

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

(vi) Vesting period

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

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

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

Report of the Directors

SHARE OPTION SCHEME (CONTINUED)

(viii) Exercise price

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

(ix) Remaining life

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

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

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

SHARE OPTION SCHEME (CONTINUED)

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

Notes:

- The share options granted on 15 September 2020 are subject to a vesting scale in five tranches of 20% each per annum starting from the third anniversary and will be fully vested on the seventh anniversary of the date of grant. Apart from the aforesaid vesting dates, each tranche of the share options shall be vested and exercisable on the condition that each participant has passed the cultural values and performance assessment of the Company.
- The closing price per ordinary share as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 14 September 2020 was HK\$0.039. As a result of the Share Consolidation, the exercise prices per Share were adjusted to HK\$4.00 for the grant of share options on 15 September 2020.
- Pursuant to the terms of the Share Option Scheme, adjustments are required to be made to the exercise price and the number of Shares that can be subscribed for under the outstanding share options as a result of the completion of Share Consolidation of the Company that every fifty (50) issued and unissued ordinary shares of the Company be consolidated into one consolidated ordinary share with effect from 26 June 2023. The number of Shares to be issued upon exercise of the outstanding Share Options were adjusted from 993,000,000 to 19,860,000 on 26 June 2023.

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

Report of the Directors

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

As at 31 December 2025, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company as disclosed above) had, or were deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly interested in 5% or more of the issued voting shares of any other member of the Group or held any option in respect of such shares and recorded in the register kept by the Company pursuant to section 336 of the SFO:

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

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

Notes:

- Number of shares held by relevant Shareholders were adjusted upon share consolidation of the Company effective from 26 June 2023, where every fifty (50) issued ordinary shares of the Company of par value of HK\$0.001 each in the share capital of the Company were consolidated into one (1) consolidated ordinary share of the Company of par value of HK\$0.05 each.
- The approximate percentage was calculated on the basis of 2,246,588,726 shares of the Company in issue as at 31 December 2025.
- SDHS Group is deemed to be interested in an aggregate of 1,279,878,252 shares of the Company as a result of its indirect holding of such shares through the following entities:

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

SDHG, a company listed on the Main Board of the Stock Exchange (Stock Code: 412), beneficially holds 1,279,878,252 shares of the Company. SDHG is directly held as to approximately 22.68% by SDHS Group and approximately 20.70% by Shandong International (Hong Kong) Limited. Shandong International (Hong Kong) Limited is wholly owned by 山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*). 山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*) is wholly-owned by SDHS Group.

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

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

Notes: (Continued)

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

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

Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 405,063,291 shares of the Company. BEWG, a company listed on the Main Board of the Stock Exchange (Stock Code: 371), is directly held as to approximately 41.03% by BE Environmental, approximately 0.37% by Beijing Holdings Limited ("BHL") and approximately 0.10% by BEHL. The remaining shares of BEWG are held by public shareholders. BE Environmental is a wholly-owned subsidiary of BEHL, a company listed on the Main Board of the Stock Exchange (Stock Code: 392), which BE BVI (by itself and through its subsidiaries) is deemed to be interested in approximately 62.16%. The remaining shares of BEHL are held by public shareholders. Both BE BVI and BHL are wholly-owned by BE Group.

Save as disclosed above, as at 31 December 2025, no other interests or short positions in the shares or underlying shares of the Company were notified to the Company and the Stock Exchange required to be recorded in the register kept by the Company under Section 336 of the SFO.

MANAGEMENT CONTRACTS

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

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

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

(I) 2022 Electricity Sales Agreement

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

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

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

The actual transaction amount of the transactions under the 2022 Electricity Sales Agreement and the 2023 Electricity Supplemental Agreement for the year ended 31 December 2025 is RMB18,633,266.

(II) 2025 Electricity Sales Agreement

On 31 December 2025, the Company and BEWG entered into an agreement (the “**2025 Electricity Sales Agreement**”) in respect of the Sales of Electricity for a term commenced from 1 January 2026 to 31 December 2028. The annual cap amount relating the electricity fees receivable by the Group in respect of the Sales of Electricity for each of the three years ending 31 December 2028 being the term of the 2025 Electricity Sales Agreement, will not exceed RMB19,184,600, RMB25,195,345 and RMB24,784,198 respectively.

As at 31 December 2025, BEWG was a substantial shareholder of the Company indirectly holding approximately 18.03% of the total issued share capital of the Company and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the 2025 Electricity Sales Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For further details of the 2025 Electricity Sales Agreement, please refer to the announcements of the Company dated 31 December 2025 and 23 January 2026 respectively.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(III) SHNE Pingyin Electricity Sales Agreement

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

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

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

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(III) SHNE Pingyin Electricity Sales Agreement (Continued)

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

On 7 May 2025, the aggregated annual caps for the estimated electricity fee receivable by the Group under the SHNE Pingyin Electricity Sales Agreement, Previous Agreement A and Previous Agreement B (collectively, the "**SDHS Group Previous Agreements**") together with the Qingdao Shanhui Clean Electricity Sales Agreement (defined as below) for the three years ending 31 December 2027 and for the period from 1 January 2028 to 6 May 2028 had been revised to approximately RMB4,183,631.88, RMB1,821,420.40, RMB351,694.00 and RMB87,565, respectively.

The actual transaction amount of the transactions under SDHS Group Previous Agreements and Qingdao Shanhui Clean Electricity Sales Agreement for the year ended 31 December 2025 is RMB1,577,535.

(IV) Qingdao Shanhui Clean Electricity Sales Agreement

On 7 May 2025, Qingdao Shanhui Clean Energy Technology Co., Ltd.* (青島山輝清潔能源科技有限公司) ("**Qingdao Shanhui Clean**"), being a direct wholly-owned subsidiary of the Company, and Shandong Luqiao Group Qingdao Construction Co., Ltd.* (山東省路橋集團青島建設有限公司) ("**Shandong Luqiao Qingdao Construction**") entered into the agreement in respect of the sales of electricity generated by photovoltaic power stations in designated areas of the production plant to Shandong Luqiao Qingdao Construction (the "**Qingdao Shanhui Clean Electricity Sales Agreement**") for a term of three years commencing from 7 May 2025 and expiring on 6 May 2028 (subject to compliance with the requirements of the applicable laws and regulations, may be renewable for a period of three years or shorter upon mutual agreement of the parties to the Qingdao Shanhui Clean Electricity Sales Agreement, and the duration of the sales of electricity shall be up to twenty-five years). The annual caps for the electricity fee receivable by the Group under the Qingdao Shanhui Clean Electricity Sales Agreement for the three years ending 31 December 2027 and for the period from 1 January 2028 to 6 May 2028 are RMB177,279, RMB353,126, RMB351,694 and RMB87,565, respectively.

As at 7 May 2025, as (i) SDHS Group, being an indirect controlling shareholder of the Company, through various entities owns an aggregate of approximately 60.66% of the issued shares capital of the Company; and (ii) Shandong Luqiao Qingdao Construction is a 60% indirect non-wholly owned subsidiary of SDHS Road&Bridge Group, which is in turn directly and indirectly held as to approximately 56.74% by SDHS Group, Shandong Luqiao Qingdao Construction is therefore regarded as an associate of SDHS Group and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the sales of electricity under the Qingdao Shanhui Clean Electricity Sales Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Prior to the Qingdao Shanhui Clean Electricity Sales Agreement, the Group entered into the SDHS Group Previous Agreements, in relation to the sales of electricity generated by distributed photovoltaic power stations of the Group in relevant designated areas, while the respective term of the three previous agreements is from 14 November 2022 to 13 November 2025, from 24 April 2023 to 31 December 2025 and from 1 November 2023 to 31 October 2026.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(IV) Qingdao Shanhui Clean Electricity Sales Agreement (Continued)

Pursuant to Rules 14A.81 to 14A.83 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into within a 12-month period or were otherwise related. As a result of (i) the overlap of duration of the SDHS Group Previous Agreements and the Qingdao Shanhui Clean Electricity Sales Agreement; (ii) each of the counterparties under the SDHS Group Previous Agreements and Shandong Luqiao Qingdao Construction (being the counterparty under the Qingdao Shanhui Clean Electricity Sales Agreement) are all subsidiaries of SDHS Group, and hence regarded as associates of the same connected person of the Company; and (iii) the nature of the transactions and the principal terms of the SDHS Group Previous Agreements and the Qingdao Shanhui Clean Electricity Sales Agreement are almost identical, the transactions under the Qingdao Shanhui Clean Electricity Sales Agreement and the SDHS Group Previous Agreements should be aggregated under Rules 14A.81 to 14A.83 of the Listing Rules. The aggregated annual caps for the estimated electricity fee receivable by the Group under the Qingdao Shanhui Clean Electricity Sales Agreement and the SDHS Group Previous Agreements for the three years ending 31 December 2027 and for the period from 1 January 2028 to 6 May 2028 are approximately RMB4,183,631.88, RMB1,821,420.40, RMB351,694.00 and RMB87,565, respectively.

As one or more of the applicable percentage ratios in respect of the aggregated annual caps of the sales of electricity under the Qingdao Shanhui Clean Electricity Sales Agreement and the transactions under the SDHS Group Previous Agreements conducted by the Group are more than 0.1% but all of which are less than 5%, the sales of electricity under the SDHS Group Electricity Sales Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules for the Company. For further details of the Qingdao Shanhui Clean Electricity Sales Agreement, please refer to the announcement of the Company dated 7 May 2025.

The actual transaction amount of the transactions under SDHS Group Previous Agreements and Qingdao Shanhui Clean Electricity Sales Agreement for the year ended 31 December 2025 is RMB1,577,535.

The continuing connected transactions set out above were carried out within the respective annual caps, details of which are set out in note 42 to the financial statements.

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

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

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

Report of the Directors

CONNECTED TRANSACTIONS

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

1. Connected Transactions in relation to the Yangzhou Weichai EPC Contract

On 2 April 2025, Yangzhou Shandong Hi-Speed New Energy Co., Ltd. ("**Yangzhou SHNE**") (a direct wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG, as the principal) and Shandong Zhengchen Technology Co., Ltd. ("**Zhengchen Technology**") (as the contractor) entered into the EPC general contracting contract in relation to the Weichai 5.01215 MW distributed photovoltaic project in Yangzhou City, Jiangsu Province, PRC (the "**Yangzhou Weichai EPC Contract**"). Pursuant to the Yangzhou Weichai EPC Contract, Yangzhou SHNE agreed to engage Zhengchen Technology to provide relevant EPC services in relation to the Project at an aggregate contracting fee of RMB17,532,779.55 (inclusive of all taxes) (subject to adjustment in case of change in national tax policies).

As at 2 April 2025, as (i) SDHS and SDHS Group held 65% and 35% of the equity interests in Shandong Hi-Speed Information Group respectively, and Shandong Hi-Speed Information Group held approximately 33.3944% of the equity interests in Zhengchen Technology, which is a 30%-controlled company of SDHS Group; and (ii) SDHS Group through various entities owns an aggregate of approximately 60.66% of the issued share capital of the Company, therefore pursuant to Chapter 14A of the Listing Rules, (a) SDHS Group is an indirect controlling shareholder and a connected person of the Company; and (b) Zhengchen Technology is regarded as an associate of SDHS Group and a connected person of the Company.

As the highest applicable percentage ratios calculated in accordance with the Listing Rules in relation to the transaction under the Yangzhou Weichai EPC Contract exceed 0.1% but are less than 5%, the transaction under the Yangzhou Weichai EPC Contract is subject to the reporting and announcement requirements but exempted from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For further details, please refer the announcement of the Company dated 2 April 2025.

2. Connected Transactions in relation to Feixian EPC Contract

On 18 July 2025, Feixian Zhuoneng New Energy Co., Ltd.* (費縣卓能新能源有限公司) ("**Feixian Zhuoneng New Energy**") (a direct wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG, as the principal), entered into the EPC general contracting contract in relation to the Linteng Expressway 15.6MWp distributed photovoltaic project (the "**Linteng Expressway Project**") (the "**Feixian EPC Contract**") with the joint contractors (namely Shandong Road and Bridge Construction Group Co., Ltd. (山東省公路橋樑建設集團有限公司) ("**Shandong Road and Bridge Construction Group**"), Shandong Provincial Communications Planning and Design Institute Group Co., Ltd. (山東省交通規劃設計院集團有限公司) ("**Shandong Provincial Communications Planning and Design Institute**") and Shandong Electric Power Engineering Consulting Institute Corp., Ltd (山東電力工程諮詢院有限公司) ("**Shandong Electric Power Engineering Consulting Institute**") (collectively "**Joint Contractors D**"). Pursuant to the Feixian EPC Contract, Feixian Zhuoneng New Energy agreed to engage Joint Contractors D to provide EPC services in relation to the Linteng Expressway Project at an aggregate contracting fee of RMB58,550,787.83 (inclusive of all taxes) (subject to adjustment in case of change in national tax policies).

CONNECTED TRANSACTIONS (CONTINUED)

2. Connected Transactions in relation to Feixian EPC Contract (Continued)

As at 18 July 2025, as (i) Feixian Zhuoneng New Energy is a direct wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG; (ii) SDHS Group, by itself and through several entities, holds approximately 43.44% issued share capital of SDHG and approximately 60.66% issued share capital of the Company in aggregate, both directly and indirectly; (iii) Shandong Road and Bridge Construction Group is a direct non-wholly owned subsidiary held by SDHS Road & Bridge Group as to approximately 76.77%, which, in turn, is held by SDHS Group directly and indirectly as to approximately 56.78%; (iv) Shandong Provincial Communications Planning and Design Institute is a direct non-wholly owned subsidiary held by SDHS Group as to 95%; and (v) the Company is a direct non-wholly owned subsidiary of SDHG, therefore pursuant to Chapter 14A of the Listing Rules, (a) SDHS Group is an indirect controlling shareholder and a connected person of the Company and a controlling shareholder and a connected person of SDHG; (b) Shandong Road and Bridge Construction Group and Shandong Provincial Communications Planning and Design Institute are associates of SDHS Group and connected persons of each of the Company and SDHG; (c) the transactions contemplated under the Feixian EPC Contract constitute connected transactions of each of the Company and SDHG.

Pursuant to Rule 14A.81 to Rule 14A.83 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or were otherwise related. As the Yangzhou Weichai EPC Contract is in the nature and of major terms that are basically the same as those of the Feixian EPC Contract. Accordingly, the transactions under the Feixian EPC Contract and Yangzhou Weichai EPC Contract shall be aggregated in accordance with Rule 14A.81 to Rule 14A.83 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions under the Feixian EPC Contract and Yangzhou Weichai EPC Contract aggregated in accordance with the Listing Rules exceeds 0.1% but falls below 5% for the Company, the entering into of the Feixian EPC Contract is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For further details, please refer the joint announcement of the Company and SDHG dated 18 July 2025.

3. Connected Transactions in relation to the Loan Contract

On 5 September 2025, Shandong Hi-Speed Photovoltaic Power Development Company Limited* (山高光伏電力發展有限公司) (“**SDHS Photovoltaic**”), an indirect wholly-owned subsidiary of the Company and an indirect non-wholly-owned subsidiary of SDHG (as the borrower), entered into the loan contract with Beijing Branch of PingAn Bank Co., Ltd. (“**PingAn Bank**”) (as the lender)(the “**Loan Contract**”). Pursuant to the Loan Contract, Beijing Branch of PingAn Bank agreed to provide a loan of RMB868,334,134.50 to SDHS Photovoltaic.

As at 5 September 2025, i) Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), through its subsidiaries, holds more than 10% shares of Tianjin Clean Energy Investment Company Limited* (天津富歡企業管理諮詢有限公司) (an indirect non-wholly-owned subsidiary of the Company and an indirect non-wholly-owned subsidiary of SDHG), and PingAn Bank is a subsidiary of Ping An Insurance (Group) Company of China, Ltd.; and ii) SDHG directly holds approximately 60.66% issued share capital of the Company, therefore pursuant to Chapter 14A of the Listing Rules, PingAn Bank is a connected person of each of the Company and SDHG at subsidiary level.

Report of the Directors

CONNECTED TRANSACTIONS (CONTINUED)

3. Connected Transactions in relation to the Loan Contract (Continued)

As (i) the highest applicable percentage ratio in respect of the Loan Contract and the transactions to be contemplated thereunder in accordance with the Listing Rules exceeds 5%; (ii) the Board has approved the Loan Contract and the transactions to be contemplated thereunder; and (iii) the independent non-executive directors of the Company have confirmed that the terms of the Loan Contract and the transactions to be contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole for the Company, the Loan Contract and the transactions to be contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules. For further details, please refer to the joint announcement of the Company and SDHG dated 5 September 2025.

4. Connected Transaction in relation to Lancao EPC Contract

On 12 September 2025, Jinan Shandong Hi-Speed New Energy Technology Co., Ltd.* (濟南山高新能源科技有限公司) ("**Jinan SHNE Technology**") (an indirect wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG) as the principal, entered into the EPC contract ("**Lancao EPC Contract**") with the joint contractors (namely Shandong Hi-Speed City Construction Co., Ltd.* (山東高速城市建設有限公司) ("**SDHS City Construction**"), Shandong Provincial Communications Planning and Design Institute Group Co., Ltd.* (山東省交通規劃設計院集團有限公司) ("**Shandong Provincial Communications Planning and Design Institute**") and China Hydropower Consulting Group Guiyang Survey and Design Institute Geotechnical Engineering Co., Ltd.* (中國水電顧問集團貴陽勘測設計研究院岩土工程有限公司)) (collectively, the "**Joint Contractors E**"). Pursuant to Lancao EPC Contract, Jinan SHNE Technology agreed to engage the Joint Contractors E to provide EPC services in relation to the Lancao Expressway approximately 5.56MWp distributed photovoltaic project in Linshu County, Linyi City, Shandong Province, the PRC, at an aggregate contracting fee of RMB18,229,119.57 (inclusive of all taxes) (subject to adjustment in case of change in national tax policies).

As at 12 September 2025, as (i) Jinan SHNE Technology is an indirect wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG; (ii) SDHS Group, by itself and through several entities, holds approximately 43.44% issued share capital of SDHG and approximately 60.66% issued share capital of the Company in aggregate, both directly and indirectly; (iii) SDHS City Construction is a non-wholly owned indirect subsidiary of SDHS Group, which indirectly owns as to 51% of its equity interest; (iv) Shandong Provincial Communications Planning and Design Institute is a direct non-wholly owned subsidiary of SDHS Group, which owns as to 95% of its equity interest; and (v) the Company is a direct non-wholly owned subsidiary of SDHG, therefore, pursuant to Chapter 14A of the Listing Rules, (a) SDHS Group is an indirect controlling shareholder and a connected person of the Company and a controlling shareholder and a connected person of SDHG; (b) SDHS City Construction and Shandong Provincial Communications Planning and Design Institute are associates of SDHS Group and connected persons of each of the Company and SDHG; (c) the transactions contemplated under the Lancao EPC Contract constitute connected transactions of each of the Company and SDHG.

Pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or were otherwise related. As the Yangzhou Weichai EPC Contract and Feixian EPC Contract ("**Lancao Previous EPC Contracts**") are in similar nature of the Lancao EPC Contract with the same connected person or persons who are connected with one another, the transactions under the Lancao EPC Contract and the Lancao Previous EPC Contracts shall be aggregated in accordance with Rule 14A.81 to Rule 14A.82 of the Listing Rules.

CONNECTED TRANSACTIONS (CONTINUED)

4. Connected Transaction in relation to Lancao EPC Contract (Continued)

As at 12 September 2025, as the highest applicable percentage ratio in respect of the transactions under the Lancao EPC Contract and the Lancao Previous EPC Contracts aggregated in accordance with the Listing Rules exceeds 0.1% but falls below 5% for the Company, entering into the Lancao EPC Contract is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For further details, please refer to the joint announcement of the Company and SDHG dated 12 September 2025.

5. Discloseable Transactions and Connected Transaction in relation to Yuncheng EPC Contract

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

6. Connected Transaction in relation to Linteng Cooperation Agreement

On 29 December 2025, Shandong Hi-Speed Linteng Highway Co., Ltd.* (山東高速臨滕公路有限公司) ("**SDHS Linteng**") entered into the agreement ("**Linteng Cooperation Agreement**") with Shandong Hi-Speed New Energy (Shandong) Co., Ltd.* (山高新能源(山東)有限公司) ("**SHNE (Shandong)**"), an indirect wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of SDHG, in relation to the lease of the designated area operated by SDHS Linteng as set out in Linteng Cooperation Agreement, including certain locations and space on expressways such as toll stations, service areas, slops, tunnels and ramp circles in Linyi City, Shandong Province ("**Linteng Designated Area**").

As at 29 December 2025, as (i) SDHS Linteng is a non-wholly owned subsidiary of SDHS Group; (ii) SDHS Group, by itself and through several entities, holds directly and indirectly approximately 43.37% issued share capital of SDHG in aggregate and holds indirectly approximately 56.97% issued share capital of the Company; and (iii) the Company is a direct non-wholly owned subsidiary of SDHG, therefore pursuant to Chapter 14A of the Listing Rules, SDHS Group is an indirect controlling shareholder and a connected person of the Company and a controlling shareholder and a connected person of SDHG. Accordingly, SDHS Linteng is an associate of SDHS Group and a connected person of each of the Company and SDHG under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 "Leases", the lease of Linteng Designated Area under Linteng Cooperation Agreement will be recognised as a right-of-use asset of each of the Company and SDHG. Pursuant to Linteng Cooperation Agreement, the unaudited aggregate value of the right-of-use asset recognised by each of the Company and SDHG is approximately RMB51,305,161. Accordingly, the lease of Linteng Designated Area contemplated under Linteng Cooperation Agreement constitute a one-off connected transaction of each of the Company and SDHG under Chapter 14A of the Listing Rules.

Report of the Directors

CONNECTED TRANSACTIONS (CONTINUED)

6. Connected Transaction in relation to Linteng Cooperation Agreement (Continued)

As the highest applicable percentage ratio (based on the value of the right-of-use asset to be recognised by each of the Company and SDHG in relation to the lease of Linteng Designated Area) calculated in accordance with the Listing Rules in relation to the lease of Linteng Designated Area contemplated under Linteng Cooperation Agreement exceeds 0.1% but is less than 5% for each of the Company and SDHG, the transaction contemplated under Linteng Cooperation Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules for each of the Company and SDHG.

For further details, please refer to the joint announcement of the Company and SDHG dated 29 December 2025.

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

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

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

SUFFICIENCY OF PUBLIC FLOAT

Reference is made to (i) the joint announcement of SDHG and the Company dated 18 February 2025 in relation to, among others, the close of the Offers; and (ii) the announcement of the Company dated 7 March 2025 in relation to the grant of waiver from strict compliance with the minimum public float requirement of 25% as set out in Rules 8.08(1) and 13.32(1) of the Listing Rules (the "**Prescribed Minimum Public Float**"). Immediately upon the close of the Offers on 18 February 2025, subject to the due registration by the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, of the transfer of the Shares validly accepting the Share Offer to SDHG, 478,710,671 Shares, representing approximately 21.31% of the then entire issued share capital of the Company, were held by the public (as defined under the Listing Rules) and therefore the Prescribed Minimum Public Float was not satisfied by the Company.

The Company has made an application to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with Rules 8.08(1) and 13.32(1) of the Listing Rules for a period from 18 February 2025 up to and including 17 May 2025 (the "**Waiver**"). As the Waiver had expired on 17 May 2025, the Company applied to the Stock Exchange for an extension of the Waiver for the further period from 18 May 2025 to 17 August 2025 (the "**Extended Waiver**"). On 13 June 2025, the Stock Exchange has granted the Extended Waiver. As the Extended Waiver was due to expire on 17 August 2025, and the Offeror required additional time to finalize the arrangements with the potential placee, the Company had, prior to the said expiry, applied to the Stock Exchange for a further extension of the Waiver ("**Further Extended Waiver**"). On 5 December 2025, the Stock Exchange has granted the Further Extended Waiver for the further period from 18 August 2025 to 28 November 2025 (both days inclusive) subject to the disclosure of the Further Extended Waiver (including details and reasons) by way of publication of the announcement. For further details, please refer to announcements of the Company dated 28 January 2025, 18 February 2025, 7 March 2025, 16 May 2025, 13 June 2025 and 5 December 2025.

SUFFICIENCY OF PUBLIC FLOAT (CONTINUED)

Based on information that is publicly available to the Company and to the best of the knowledge of the Directors, from 18 February 2025 up to 28 November 2025, the Company's public float was below 25%. On 28 November 2025, The Company was informed by SDHG that SDHG disposed of 82,833,512 Shares of the Company ("**Shares**") to a purchaser (the "**Purchaser**") through placing agent on 28 November 2025, an aggregate of 103,000 Shares on market on 28 August 2025 and 1 September 2025, respectively (representing an aggregate of 82,936,512 Shares and approximately 3.69% of the total issued share capital of the Company as at 28 November 2025) (the "**Disposals**"). To the best knowledge, information, and belief of the Directors, having made all reasonable enquiries, the Purchaser and its beneficial owner are independent and not a connected person (as defined under the Listing Rules) of the Company, and immediately after the Disposals, a total of 561,647,183 Shares, representing 25% of the total issued share capital of the Company as at 28 November 2025, are held by the public. Accordingly, the minimum public float of the Company as required under Rule 8.08(1) of the Listing Rules had been restored on 28 November 2025.

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Ernst & Young who will retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution will be proposed at the AGM for the re-appointment of Ernst & Young as auditor of the Company.

There was no change in auditors of the Company in any of the preceding three years.

APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2025 were approved by the Board on 26 March 2026.

On behalf of the Board

Li Tianzhang

CHAIRMAN

Hong Kong, 26 March 2026

* For identification purposes only

Independent Auditor's Report



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To the shareholders of Shandong Hi-Speed New Energy Group Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Shandong Hi-Speed New Energy Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 93 to 196, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Independent Auditor's Report

To the shareholders of Shandong Hi-Speed New Energy Group Limited

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

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

The carrying values of the Group's trade and bills receivables, financial assets included in prepayments, deposits and other receivables, and contract assets as at 31 December 2025 amounted to RMB8,140,876,000, RMB1,990,252,000 and RMB708,807,000, respectively. The provision for expected credit losses ("ECLS") as at 31 December 2025 was RMB732,980,000.

Management uses the simplified approach to calculate ECLS for trade and bill receivables and contract assets and the general approach to calculate ECLS for financial assets included in prepayments, deposits and other receivables.

Management has engaged an external specialist to assess the credit risks of the debtors and prepare the calculation of the ECLS.

The Group considers the available information which includes information about past events, current conditions and forecasts of future economic conditions to estimate the ECLS. The Group also assesses whether the credit risk on other receivables has increased significantly under the general approach.

Significant management judgements and estimates are involved in determining the ECLS.

Relevant disclosures are included in notes 3, 25, 26 and 27 to the financial statements.

We obtained an understanding of the Group's credit risk management and practices, and assessed the Group's policy on determining the ECLS, including an evaluation of management judgements on (i) the level of disaggregation of categories for collective assessment; (ii) the use of available credit risk information; and (iii) the criteria for determining whether a significant increase in credit risk has occurred.

We assessed the competence, objectivity and independence of the Group's external specialist.

We obtained and reviewed the valuation established by management and involved our internal valuation specialists to assist us to assess the methodology applied and the key assumptions and estimates adopted in the ECL calculations.

We assessed the ageing of the balances, management's action to recover the outstanding amounts and the available information regarding the financial ability of the debtors, on a sampling basis.

Independent Auditor's Report

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

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

Independent Auditor's Report

To the shareholders of Shandong Hi-Speed New Energy Group Limited

(Incorporated in the Cayman Islands with limited liability)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's Report

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Kwok Yin (practising certificate number: P05403).

Ernst & Young

Certified Public Accountants
Hong Kong

26 March 2026

Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	4,408,662	4,423,147
Cost of sales	6	(2,408,517)	(2,401,770)
Gross profit		2,000,145	2,021,377
Other income and gains, net	5	132,068	242,918
Selling and distribution expenses		(4,268)	(3,982)
Administrative expenses		(349,635)	(350,103)
Other operating expenses, net		(184,348)	(75,356)
Finance costs	7	(965,441)	(1,147,255)
Share of profits and losses of:			
Joint ventures		(35,343)	(1,443)
Associates		9,756	(27,402)
PROFIT BEFORE TAX	6	602,934	658,754
Income tax expense	10	(201,320)	(195,984)
PROFIT FOR THE YEAR		401,614	462,770
Attributable to:			
Equity holders of the Company		228,773	284,242
Non-controlling interests		172,841	178,528
		401,614	462,770
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	13		
Basic		RMB10.18 cents	RMB12.65 cents
Diluted		RMB10.18 cents	RMB12.65 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	401,614	462,770
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Exchange fluctuation reserve:		
Translation of foreign operations	(430)	(110,109)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	418	(6)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(12)	(110,115)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	401,602	352,655
Attributable to:		
Equity holders of the Company	228,761	174,127
Non-controlling interests	172,841	178,528
	401,602	352,655

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	23,618,407	23,876,479
Investment properties	15	150,790	150,790
Goodwill	16	458,880	458,880
Operating concessions	17	1,240,412	1,319,823
Operating rights	18	2,397,877	2,547,633
Other intangible assets	19	25,074	26,728
Investments in joint ventures	20	483,203	393,150
Investments in associates	21	1,168,932	1,076,255
Equity investments designated at fair value through other comprehensive income	22	300,412	299,994
Prepayments, deposits and other receivables	27	1,086,931	856,148
Other tax recoverables	28	468,229	384,087
Deferred tax assets	34	448,444	437,270
Total non-current assets		31,847,591	31,827,237
CURRENT ASSETS			
Inventories		33,701	44,686
Contract assets	25	708,807	690,081
Trade and bills receivables	26	8,140,876	8,674,336
Financial assets at fair value through profit or loss	23	427,789	553,173
Prepayments, deposits and other receivables	27	2,097,058	2,263,057
Other tax recoverables	28	213,487	248,368
Restricted cash and pledged deposits	29	116,736	115,538
Cash and cash equivalents	29	4,616,294	3,645,621
Assets classified as held for sale	11	342,435	342,435
Total current assets		16,697,183	16,577,295
CURRENT LIABILITIES			
Trade and bills payables	30	1,007,918	890,344
Other payables and accruals	31	558,620	1,009,508
Interest-bearing bank loans and other borrowings	32	7,537,764	6,110,307
Corporate bonds	33	1,017,507	694,506
Income tax payables		188,535	141,544
Total current liabilities		10,310,344	8,846,209

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NET CURRENT ASSETS		6,386,839	7,731,086
TOTAL ASSETS LESS CURRENT LIABILITIES		38,234,430	39,558,323
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	32	16,588,853	19,758,252
Corporate bonds	33	1,500,000	–
Other non-current liabilities	24	–	9,298
Deferred tax liabilities	34	397,924	432,806
Total non-current liabilities		18,486,777	20,200,356
Net assets		19,747,653	19,357,967
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	35	94,880	94,880
Reserves	37	13,361,370	13,132,448
		13,456,250	13,227,328
Non-controlling interests		6,291,403	6,130,639
Total equity		19,747,653	19,357,967

Zhu Jianbiao
Director

Liu Zhijie
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

Note	Attributable to equity holders of the Company										
	Ordinary shares RMB'000	Share premium account RMB'000	Share option reserve RMB'000 (note 36)	Special reserves RMB'000 (note 37)	Statutory surplus reserve RMB'000 (note 37)	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	94,880	8,962,160	35,442	82,013	647,754	(6)	(566,062)	3,971,147	13,227,328	6,130,639	19,357,967
Profit for the year	-	-	-	-	-	-	-	228,773	228,773	172,841	401,614
Other comprehensive income for the year:											
Exchange differences related to foreign operations	-	-	-	-	-	-	(430)	-	(430)	-	(430)
Equity investments designated at fair value through other comprehensive income	-	-	-	-	-	418	-	-	418	-	418
Total comprehensive income for the year	-	-	-	-	-	418	(430)	228,773	228,761	172,841	401,602
Acquisition of non-controlling interests	-	-	-	179	-	-	-	-	179	(19,268)	(19,089)
Capital contributions from non-controlling equity holders	-	-	-	-	-	-	-	-	-	50,350	50,350
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(43,159)	(43,159)
Equity-settled share option arrangements	36	-	(18)	-	-	-	-	-	(18)	-	(18)
At 31 December 2025	94,880	8,962,160*	35,424*	82,192*	647,754*	412*	(566,492)*	4,199,920*	13,456,250	6,291,403	19,747,653

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

* These reserve accounts comprise the consolidated reserves of RMB13,361,370,000 (2024: RMB13,132,448,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		602,934	658,754
Adjustments for:			
Interest income	5	(31,588)	(39,901)
Fair value gains on financial assets at fair value through profit or loss	5,6	(2,138)	(27,156)
Gains on debt restructuring	5	–	(24,730)
Losses on disposal of property, plant and equipment	6	4,932	1,464
Depreciation of property, plant and equipment	6	1,628,354	1,642,021
Amortisation of operating concessions	6	68,879	71,202
Amortisation of operating rights	6	149,756	149,757
Amortisation of other intangible assets	6	3,509	3,079
Equity-settled share option expenses	36	(18)	(14)
Impairment/(reversal of impairment) of financial assets and contract assets	6	121,911	(646)
Impairment loss in relation to investments in joint ventures	6	48,044	–
Impairment of an investment in an associate	6	7,079	56,944
Impairment of property, plant and equipment	6	7,294	3,607
Finance costs	7	965,441	1,147,255
Fair value (gains)/losses on financial guarantees	6	(9,298)	272
Share of losses of joint ventures		35,343	1,443
Share of (profits)/losses of associates		(9,756)	27,402
		3,590,678	3,670,753
Decrease in inventories		10,985	20,274
(Increase)/decrease in contract assets		(16,981)	81,374
Decrease/(increase) in trade and bills receivables		522,767	(856,092)
(Increase)/decrease in prepayments, deposits and other receivables		(189,864)	281,194
Increase in other tax recoverables		(49,261)	(50,101)
Increase/(decrease) in trade and bills payables		117,574	(387,000)
Decrease in other payables and accruals		(185,269)	(353,024)
Cash flows generated from operations		3,800,629	2,407,378
The People's Republic of China tax paid		(200,385)	(251,112)
Net cash flows from operating activities		3,600,244	2,156,266

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		31,588	39,901
Purchases of items of property, plant and equipment		(1,607,507)	(1,241,558)
Proceeds from disposal of items of property, plant and equipment and other intangible assets		–	117
Consideration addition of operating concessions		(4,716)	(4,409)
Addition of other intangible assets		(1,855)	(3,231)
Addition of financial assets at fair value through profit or loss		–	(173,266)
Proceeds from disposal of financial assets at fair value through profit or loss		127,522	135,006
Investments in joint ventures		(177,697)	(18,677)
Investments in associates		(90,000)	(29,988)
Decrease in payables in relation to the development of clean energy projects		(51,415)	(57,891)
(Placement)/withdrawal of restricted cash and pledged deposits		(1,198)	109,116
Decrease in loans and advances to suppliers, customers and former shareholders in relation to acquisitions		165,600	29,472
Dividend income from a joint venture		4,257	1,569
Net cash flows used in investing activities		(1,605,421)	(1,213,839)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions by non-controlling equity holders		50,350	2,002,000
Dividend paid to non-controlling interests		(322,480)	(49,492)
Acquisition of non-controlling interests		(19,089)	(170,813)
Net proceeds from issuance of corporate bonds		1,823,001	361,487
New bank loans and other borrowings		7,429,050	7,994,960
Repayment of bank loans and other borrowings		(9,196,525)	(10,794,396)
Changes of deposits under leases		180,048	62,128
Interest on bank loans and other borrowings and corporate bonds paid		(968,729)	(1,154,022)
Net cash flows used in financing activities		(1,024,374)	(1,748,148)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		3,645,621	4,449,652
Effect of foreign exchange rate changes, net		224	1,690
CASH AND CASH EQUIVALENTS AT END OF YEAR		4,616,294	3,645,621
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	29	4,616,294	3,645,621
Cash and cash equivalents as stated in the statement of cash flows		4,616,294	3,645,621

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION

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

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

In the opinion of the directors, the holding company of the Company is Shandong Hi-Speed Holdings Group Limited, which is incorporated in Bermuda. The ultimate holding company of the Company is Shandong Hi-Speed Group Co. Ltd., which is incorporated in the PRC.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries as at 31 December 2025 are as follows:

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

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

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

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

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

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

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

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

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

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

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

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

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) Accounting Standards (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss, financial asset at fair value through other comprehensive income and financial guarantee contracts which have been measured at fair value. Disposal assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples and no material impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

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

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group’s financial statements.

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

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation’s comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

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

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (Continued)

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

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

Business combinations and goodwill

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

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

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

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

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

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

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

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

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

Fair value measurement

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (Continued)

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

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

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

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

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

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

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

Investment properties

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

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

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

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31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Non-current assets and disposal groups held for sale

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

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

Service concession arrangements

Consideration given by the grantor

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

Construction services

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

Entrusted operating

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

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

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

Intangible assets (other than goodwill)

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

Operating concessions

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (Continued)

Operating rights

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

Computer software

Computer software is stated at cost less accumulated amortisation and any impairment losses. Amortisation is provided on the straight-line basis over its estimated useful life of 5-10 years.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Properties	3 to 25 years
Land leases	17 to 30 years
Photovoltaic and wind power plants	20 to 25 years

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

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

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

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

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

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

Group as a lessor

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

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

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

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

Financial assets at fair value through profit or loss

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

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

Derecognition of financial assets

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

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

General approach

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

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

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

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

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

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

Financial guarantee contracts

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions (Continued)

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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

(a) Sale of electricity and trading income

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

(b) Tariff adjustment

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

(c) Construction and related services

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(d) *Entrusted operations*

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

(e) *Provision of clean heat supply services*

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

Revenue from other sources

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

Other income

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

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

Contract balances

(a) Contract assets

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

(b) Contract liabilities

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contract costs

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

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

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

Share-based payments

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

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

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

Other employee benefits

Pension schemes

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

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

Termination benefits

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

Borrowing costs

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

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2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Classification of investments in limited partnerships

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

Deferred tax assets

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

Estimation uncertainty

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

Provision for expected credit losses on trade and bill receivables and contract assets

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

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

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

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

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

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

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

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

Impairment of non-financial assets (other than goodwill)

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the relevant business units to which the goodwill is allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The net carrying amount of goodwill as at 31 December 2025 was RMB458,880,000 (2024: RMB458,880,000), details of which are set out in note 16 to the financial statements.

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

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

4. OPERATING SEGMENT INFORMATION

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

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

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

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31 December 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2025

	Construction-related business RMB'000	Operation of clean energy projects RMB'000	Total RMB'000
Segment revenue	358,393	4,361,522	4,719,915
Intersegment sales	(311,253)	–	(311,253)
	47,140	4,361,522	4,408,662
Segment results	38,792	889,333	928,125
Elimination of intersegment results			(42,609)
Corporate and other unallocated income and expenses, net			(11,612)
Share of losses of:			
Joint ventures			(35,343)
Associates			9,756
Finance costs (other than interest on lease liabilities)			(245,383)
Profit before tax			602,934
Other segment information:			
Capital expenditure*			
– Operating segments	–	1,292,319	1,292,319
– Amount unallocated			1,795
			1,294,114
Depreciation and amortisation			
– Operating segments	2,188	1,845,838	1,848,026
– Amount unallocated			2,472
			1,850,498
(Reversal of impairment)/impairment of financial assets and contract assets, net**			
– Operating segments	(66,879)	189,514	122,635
– Amount unallocated			(724)
			121,911
Impairment of an investment in an associate and joint ventures**			
– Amount unallocated	–	–	55,123
Impairment of property, plant and equipment**			
– Operating segments	–	7,294	7,294

Notes to Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024

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

Notes to Financial Statements

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4. OPERATING SEGMENT INFORMATION (CONTINUED)

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

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

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

Geographical information

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

Information about major customers

Revenue from the PRC central government-controlled power grid companies amounted to RMB3,483,045,000 for the year ended 31 December 2025 (2024: RMB3,481,302,000).

5. REVENUE, OTHER INCOME AND GAINS, NET

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

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Sale of electricity and entrusted operation services		
Photovoltaic Power Business	2,442,525	2,486,893
Wind Power Business	1,289,386	1,186,855
Entrusted operation services	57,434	46,891
Construction and related services	47,140	125,409
Provision of clean heat supply services	572,177	577,099
Total	4,408,662	4,423,147

Revenue from contracts with customers

(i) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
By timing of revenue recognition:		
Transferred at a point in time	3,832,370	3,770,140
Transferred over time	576,292	653,007
Total revenue from contracts with customers	4,408,662	4,423,147

Notes to Financial Statements

31 December 2025

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

Revenue from contracts with customers (Continued)

(ii) Performance obligations

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

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	11,169	11,321

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year (2024: within one year).

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

	2025 RMB'000	2024 RMB'000
Bank interest income	20,461	29,221
Other interest income [®]	11,127	10,680
Government grants [#]	12,899	15,661
Fair value gain on financial assets at fair value through profit or loss	2,138	27,156
Gains on debt restructuring	–	24,730
Management income	23,224	53,976
Reversal of impairment of trade and bills receivables	–	546
Exchange gains	27,802	47,173
Others	34,417	33,775
Total other income and gains, net	132,068	242,918

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

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

Notes to Financial Statements

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6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of sales of electricity and entrusted operation services		1,838,281	1,767,694
Cost of construction and related services		46,508	107,775
Cost of clean heat supply services		523,728	526,301
Depreciation of property, plant and equipment [@]	14	1,459,738	1,447,543
Depreciation of right-of-use assets recognised under property, plant and equipment [@]	14	168,616	194,478
Amortisation of operating concessions*	17	68,879	71,202
Amortisation of operating rights*	18	149,756	149,757
Amortisation of other intangible assets [#]	19	3,509	3,079
Lease payments not included in the measurement of lease liabilities		20,859	19,122
Auditor's remuneration		11,463	13,392
Employee benefit expenses (excluding directors' remuneration (note 8)):			
Salaries, allowances and benefits in kind		146,282	147,445
Equity-settled share option expenses, net	36	(18)	(33)
Net pension scheme contributions		26,807	25,678
Welfare and other expenses		13,795	14,831
		186,866	187,921
Foreign exchange differences, net ^{***}		(27,802)	(47,173)
Impairment/(reversal of impairment) of financial assets and contract assets ^{**} :			
Reversal of impairment of contract assets ^{**}	25	(1,745)	(3,025)
Impairment/(reversal of impairment) of trade and bills receivables ^{**}	26	10,693	(546)
Impairment of financial assets included in prepayments, deposits and other receivables ^{**}	27	112,963	2,925
Impairment of investments in an associate ^{**}	21	7,079	56,944
Impairment of investment in joint ventures ^{**}	20	48,044	–
Impairment of property, plant and equipment ^{**}	14	7,294	3,607
Losses on disposal of property, plant and equipment ^{**}		4,932	1,464
Fair value (gains)/losses on financial guarantees ^{**}		(9,298)	272
Fair value gains on financial assets at fair value through profit or loss ^{***}		(2,138)	(27,156)

Notes to Financial Statements

31 December 2025

6. PROFIT BEFORE TAX (CONTINUED)

- Ⓔ Depreciation for the year amounting to RMB1,623,032,000 and RMB5,322,000 (2024: RMB1,636,003,000 and RMB6,018,000) is included in “Cost of sales” and “Administrative expenses” in the consolidated statement of profit or loss, respectively.
- * Amortisation of operating concessions and operating rights for the year are included in “Cost of sales” in the consolidated statement of profit or loss.
- # Amortisation of other intangible assets for the year is included in “Administrative expenses” in the consolidated statement of profit or loss.
- ** Impairment /(reversal of impairment) of financial assets and contract assets, impairment of investments in an associate, impairment of investment in joint ventures, impairment of property, plant and equipment, losses on disposal of property, plant and equipment and fair value (gains)/losses on financial guarantees for the year are included in “Other operating expenses, net” in the consolidated statement of profit or loss.
- *** Foreign exchange differences, net and fair value gains on financial assets at fair value through profit or loss for the year are included in “Other income and gains, net” in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on interest-bearing bank loans and other borrowings	842,175	974,943
Interest on lease liabilities	97,795	169,273
Interest on corporate bonds	28,760	9,805
Total interest expenses on financial liabilities not at fair value through profit or loss	968,730	1,154,021
Less: interest capitalized	(3,289)	(6,766)
	965,441	1,147,255

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8. DIRECTORS' REMUNERATION

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

	2025 RMB'000	2024 RMB'000
Fees	1,638	1,698
Other emoluments:		
Equity-settled share option expense	4	19
	4	19
Total	1,642	1,717

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

(a) Independent non-executive directors

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

2025

	Fees RMB'000	Equity-settled share option expense RMB'000	Total remuneration RMB'000
Independent non-executive directors:			
Professor Qin Si Zhao	198	–	198
Mr. Victor Huang	241	–	241
Mr. Yang Xiangliang	198	–	198
Mr. Chiu Kung Chik	209	4	213
	846	4	850

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31 December 2025

8. DIRECTORS' REMUNERATION (CONTINUED)

(a) Independent non-executive directors (Continued)

2024

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

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

(b) Executive directors

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

2025

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity- settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:						
Mr. Li Tianzhang ¹	–	–	–	–	–	–
Mr. Zhu Jianbiao	198	–	–	–	–	198
Mr. Wang Wenbo	–	–	–	–	–	–
Mr. Liu Zhijie ²	–	–	–	–	–	–
Ms. Liao Jianrong	198	–	–	–	–	198
Mr. Li Li	198	–	–	–	–	198
Mr. Wang Meng	198	–	–	–	–	198
	792	–	–	–	–	792

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8. DIRECTORS' REMUNERATION (CONTINUED)

(b) Executive directors (Continued)

2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity- settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:						
Mr. Li Tianzhang ¹	-	-	-	-	-	-
Mr. Wang Xiaodong ³	-	-	-	-	-	-
Mr. Zhu Jianbiao	207	-	-	-	-	207
Mr. Wang Wenbo	-	-	-	-	-	-
Mr. Sun Qingwei ⁴	-	-	-	-	-	-
Ms. Liao Jianrong	207	-	-	-	-	207
Mr. Li Li	207	-	-	-	-	207
Mr. He Yongbing ⁵	-	-	-	-	-	-
Mr. Wang Meng	207	-	-	-	-	207
	828	-	-	-	-	828

¹ Appointed as an executive director and the Chairman of the Company on 2 August 2024, and agreed to waive any remuneration.

² Appointed as an executive director of the Company on 28 February 2025.

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

⁴ Resigned as an executive director of the Company on 28 February 2025, and agreed to waive any remuneration.

⁵ Resigned as an executive director of the Company on 20 February 2025, and agreed to waive any remuneration.

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

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year excluded directors (2024: excluded directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining five (2024: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	7,909	8,306
Performance related bonuses	5,288	4,046
Equity-settled share option expense	267	990
	13,464	13,342

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

	Number of employees	
	2025	2024
Nil to HK\$1,500,000	–	–
HK\$1,500,001 to HK\$2,000,000	2	3
HK\$2,000,001 to HK\$3,000,000	2	1
Over HK\$3,000,001	1	1
	5	5

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

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the five highest paid employees, or directors of the Company, as an inducement to join or upon joining the Group or as compensation for loss of office.

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31 December 2025

10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2024: 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.

	2025 RMB'000	2024 RMB'000
Current – Chinese Mainland	247,376	216,941
Charge for the year	243,949	223,663
Overprovision in prior years	3,427	(6,722)
Deferred (note 34)	(46,056)	(20,957)
Total tax expense for the year	201,320	195,984

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

	2025 RMB'000	2024 RMB'000
Profit before tax	602,934	658,754
Tax expense at the statutory tax rate	150,734	164,689
Tax concession	(82,822)	(132,109)
Adjustments in respect of current tax of previous periods	3,427	(6,722)
Profit or loss attributable to joint ventures and associates	6,397	7,211
Income not subject to tax	(3,923)	(7,865)
Expenses not deductible for tax	84,438	85,155
Tax losses not recognised	61,682	103,857
Tax losses utilised from previous periods	(18,613)	(18,232)
Tax expense for the year	201,320	195,984

The share of tax credit attributable to joint ventures amounting to RMB6,236,000 (2024: share of tax credit attributable to joint ventures amounting to RMB1,106,000) and the share of tax expense attributable to associates amounting to RMB1,775,000 (2024: share of tax credit attributable to associates amounting to RMB63,620,000) are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Notes to Financial Statements

31 December 2025

11. ASSETS CLASSIFIED AS HELD FOR SALE

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

	2025 RMB'000	2024 RMB'000
Assets:		
Property, plant and equipment	331,601	331,601
Others	10,834	10,834
Assets classified as held for sale	342,435	342,435

12. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2025 (2024: Nil).

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

The calculation of the basic earnings per share amounts is based on the profit attributable to the equity holders of the Company for the years ended 31 December 2025 and 2024, and the number of ordinary shares outstanding during these years.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2025 and 2024 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:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit for the year attributable to equity holders of the Company	228,773	284,242
Profit used in the basic and diluted earnings per share calculations	228,773	284,242

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13. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (CONTINUED)

	2025	2024
Number of ordinary shares		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculation	2,246,588,726	2,246,588,726
Basic earnings per share	RMB10.18 cents	RMB12.65 cents
Diluted earnings per share	RMB10.18 cents	RMB12.65 cents

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets				Owned assets								Total	
	Properties RMB'000	Land leases RMB'000	Photovoltaic and wind power plants RMB'000	Sub-total RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Photovoltaic and wind power plants RMB'000	Clean heat supply facilities RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000		Sub-total RMB'000
31 December 2025														
At 1 January 2025														
Cost	498,564	901,611	2,225,174	3,625,349	460,536	1,255	27,053,447	721,550	82,284	21,639	157,382	534,034	29,032,127	32,657,476
Accumulated depreciation	(128,625)	(170,025)	(743,593)	(1,042,243)	(81,316)	(1,217)	(7,322,036)	(204,115)	(19,108)	(15,895)	(72,948)	(22,119)	(7,738,754)	(8,780,997)
Net carrying amount	369,939	731,586	1,481,581	2,583,106	379,220	38	19,731,411	517,435	63,176	5,744	84,434	511,915	21,293,373	23,876,479
At 1 January 2025	369,939	731,586	1,481,581	2,583,106	379,220	38	19,731,411	517,435	63,176	5,744	84,434	511,915	21,293,373	23,876,479
Additions	22,069	67,022	43,449	132,540	4,716	-	114,691	19,406	4,461	1,271	14,528	1,128,470	1,287,543	1,420,083
Impairment loss (note 6)	-	-	-	-	-	-	(120)	-	-	-	-	(7,174)	(7,294)	(7,294)
Disposals	(6,669)	-	-	(6,669)	-	-	(4,579)	(31,259)	-	-	-	-	(35,838)	(42,507)
Depreciation provided during the year (note 6)	(27,808)	(57,962)	(82,846)	(168,616)	(19,346)	(38)	(1,379,668)	(43,081)	(4,781)	(2,313)	(10,511)	-	(1,459,738)	(1,628,354)
Transfers	-	-	(418,806)	(418,806)	58,124	-	1,013,022	88,177	5,669	-	-	(746,186)	418,806	-
At 31 December 2025, net of accumulated depreciation	357,531	740,646	1,023,378	2,121,555	422,714	-	19,474,757	550,678	68,525	4,702	88,451	887,025	21,496,852	23,618,407
At 31 December 2025:														
Cost	513,964	968,633	1,695,189	3,177,786	523,376	1,255	28,174,988	797,694	92,413	22,807	171,865	916,318	30,700,716	33,878,502
Accumulated depreciation	(156,433)	(227,987)	(671,811)	(1,056,231)	(100,662)	(1,255)	(8,700,231)	(247,016)	(23,888)	(18,105)	(83,414)	(29,293)	(9,203,864)	(10,260,095)
Net carrying amount	357,531	740,646	1,023,378	2,121,555	422,714	-	19,474,757	550,678	68,525	4,702	88,451	887,025	21,496,852	23,618,407

Notes to Financial Statements

31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

At 31 December 2025, certain of the Group's property, plant and equipment with a net carrying amount of RMB8,234,061,000 (2024: RMB8,538,634,000) were also pledged to secure certain interest-bearing bank loans and other borrowings (note 32(b)(iii)).

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15. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January and 31 December	150,790	150,790

Notes:

- (a) The Group's investment properties consist of an office floor and 4 car parking spaces in Hong Kong and were revalued on 31 December 2025 based on valuations performed by an independent professionally qualified valuer. Each year, the Group's senior management decides which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior management has ongoing discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed.

- (b) Fair value hierarchy disclosure

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

	Office floor and car parking spaces RMB'000
Carrying amount at 1 January 2024	147,339
Foreign exchange differences	3,451
Carrying amount at 31 December 2024 and 1 January 2025	150,790
Foreign exchange differences	–
Carrying amount at 31 December 2025	150,790

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

Valuation technique	Significant unobservable inputs	Weighted average input	
Direct comparison method	Price per square feet	As at 31 December 2025 Office floor: RMB11,841 per square feet	As at 31 December 2024 Office floor: RMB11,649 per square feet
		Car parking spaces: RMB1,726,866 per space	Car parking spaces: RMB1,732,541 per space

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

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16. GOODWILL

	2025 RMB'000	2024 RMB'000
Cost and net carrying amount:		
At 1 January	458,880	459,049
Deregistration of subsidiaries	–	(169)
At 31 December	458,880	458,880

Impairment testing of goodwill

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

	2025 RMB'000	2024 RMB'000
Net carrying amount of goodwill		
Photovoltaic Power Business and the Wind Power Business	413,479	413,479
Clean Heat Supply Business	45,401	45,401
	458,880	458,880

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

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31 December 2025

16. GOODWILL (CONTINUED)

Key assumptions used in estimations of the recoverable amounts

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

Photovoltaic Power Business and Wind Power Business

- Budgeted revenue
 - The budgeted revenue is based on the projected electricity sales volume and the latest electricity selling prices and tariff charges as issued by the National Development and Reform Commission of the PRC applicable to the respective projects.
- Budgeted gross margin
 - The basis used to determine the value assigned to the budgeted gross margin is the weighted average gross margins of ranging from 49.9% to 56.4% (2024: 52.7% to 53.8%) achieved in the year immediately before the budget year with reference to the respective projects, and the expected market development.
- Discount rate
 - The pre-tax discount rates of ranging from 5.48% to 11.24% (2024: 4.84% to 8.13%) are used and reflects specific risks of the respective units (group of cash-generating units) and is determined by reference to the discount rates for similar industries.
- Business environment
 - There will be no major changes in the existing political, legal and economic conditions in Chinese mainland.

Clean Heat Supply Business

- Budgeted revenue
 - The budgeted revenue is based on the projected area for heat supply and the heat supply sales unit price.
- Budgeted gross margin
 - The basis used to determine the value assigned to the budgeted gross margin is the weighted average gross margin of 8.5% (2024: 8.8%) achieved in the year immediately before the budget year with reference to the respective projects, and the expected market development.
- Discount rate
 - The pre-tax discount rates of ranging from 6.77% to 7.97% (2024: 6.66% to 7.92%) is used and reflects specific risks of the respective units (group of cash-generating units) and is determined by reference to the discount rates for similar industries.
- Business environment
 - There will be no major changes in the existing political, legal and economic conditions in Chinese mainland.

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

17. SERVICE CONCESSION ARRANGEMENTS

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

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

At 31 December 2025, the Group had 1 and 3 (2024: 1 and 3) service concession arrangements in the operation on the Photovoltaic Power Business and the Clean Heat Supply Business, respectively, with the respective governmental authorities in Chinese mainland, and a summary of the major terms of these service concession arrangements is set out as below:

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

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17. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

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

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

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17. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

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

	Note	2025 RMB'000	2024 RMB'000
At 1 January:			
Cost		1,810,457	1,806,048
Accumulated amortisation		(490,634)	(419,432)
Net carrying amount		1,319,823	1,386,616
At 1 January		1,319,823	1,386,616
Additions		4,716	4,409
Reductions		(15,248)	–
Amortisation provided during the year	6	(68,879)	(71,202)
At 31 December		1,240,412	1,319,823
At 31 December:			
Cost		1,799,925	1,810,457
Accumulated amortisation		(559,513)	(490,634)
Net carrying amount		1,240,412	1,319,823

At 31 December 2025, concession rights of the Group included in service concession arrangements with an aggregate carrying amount of Nil (2024: RMB844,445,000) were pledged to secure certain lease liabilities of the Group (note 32(b)(iv)).

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18. OPERATING RIGHTS

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

	Note	2025 RMB'000	2024 RMB'000
At 1 January:			
Cost		3,033,724	3,033,724
Accumulated amortisation		(486,091)	(336,334)
Net carrying amount		2,547,633	2,697,390
At 1 January		2,547,633	2,697,390
Amortisation provided during the year	6	(149,756)	(149,757)
At 31 December		2,397,877	2,547,633
At 31 December:			
Cost		3,033,724	3,033,724
Accumulated amortisation		(635,847)	(486,091)
Net carrying amount		2,397,877	2,547,633

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19. OTHER INTANGIBLE ASSETS

	Note	2025 RMB'000	2024 RMB'000
At 1 January:			
Cost		68,459	57,604
Accumulated amortisation		(41,731)	(38,663)
Net carrying amount		26,728	18,941
At 1 January		26,728	18,941
Additions		1,855	10,983
Amortisation provided during the year	6	(3,509)	(3,079)
Disposals		–	(117)
At 31 December		25,074	26,728
At 31 December:			
Cost		70,314	68,459
Accumulated amortisation		(45,240)	(41,731)
Net carrying amount		25,074	26,728

20. INVESTMENTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets	511,905	373,808
Goodwill on acquisition	19,342	19,342
Impairment	531,247 (48,044)	393,150 –
	483,203	393,150

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

During the year ended 31 December 2025, an impairment loss of RMB48,044,000 (2024:Nil) has been provided as the recoverable amount of the investment was less than its carrying amount. The impairment loss arose as a result of the less than satisfactory past and expected performance of the joint venture.

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20. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

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

	2025 RMB'000	2024 RMB'000
Share of the joint ventures' loss for the year	(35,343)	(1,443)
Share of the joint ventures' total comprehensive loss	(35,343)	(1,443)
Aggregate carrying amount of the Group's investments in joint ventures	483,203	393,150

21. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	667,093	567,337
Goodwill on acquisition	614,503	614,503
Impairment	1,281,596 (112,664)	1,181,840 (105,585)
	1,168,932	1,076,255

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

During the year ended 31 December 2025, an impairment loss of RMB7,079,000 (2024: RMB56,944,000) has been provided as the recoverable amount of the investment was less than its carrying amount. The impairment loss arose as a result of the less than satisfactory past and expected performance of the associate.

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

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21. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2025 RMB'000	2024 RMB'000
Share of the associates' profit/(loss) for the year	9,756	(27,402)
Share of the associates' total comprehensive income/(loss)	9,756	(27,402)
Aggregate carrying amount of the Group's investments in associates	1,168,932	1,076,255
Market value of the Group's listed investment	1,020,999	694,870

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

	2025 RMB'000	2024 RMB'000
Unlisted equity investments, at fair value	300,412	299,994

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

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Unlisted investments, at fair value	427,789	553,173

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

24. OTHER NON-CURRENT LIABILITIES

	2025 RMB'000	2024 RMB'000
Guarantees given to third parties and related parties	–	9,298
	–	9,298

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25. CONTRACT ASSETS

	Notes	2025 RMB'000	2024 RMB'000
Tariff adjustment receivables	(a)	677,642	659,927
Construction contracts	(b)	33,520	34,254
		711,162	694,181
Less: Impairment	(c)	(2,355)	(4,100)
		708,807	690,081

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. Upon completion of certain milestones as agreed with customers and such being accepted by them, the amounts recognised as contract assets are reclassified to trade receivables.
- (c) The movements in the loss allowance for impairment of contract assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	4,100	7,125
Impairment gain, net (note 6)	(1,745)	(3,025)
At end of year	2,355	4,100

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

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

	2025	2024
Expected credit loss rate	0.33%	0.59%
Gross carrying amount (RMB'000)	711,162	694,181
Expected credit losses (RMB'000)	2,355	4,100

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

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26. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	1,545,981	1,599,290
Tariff adjustment receivables (Notes)	6,663,153	7,174,172
Bills receivable	50,260	8,699
	8,259,394	8,782,161
Less: Impairment	(118,518)	(107,825)
	8,140,876	8,674,336

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

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

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

- (b) At 31 December 2025, certain subsidiaries engaging in the operation of clean energy businesses have pledged trade receivables to secure certain bank loans and other borrowings (note 32(b)(ii)).

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

	2025 RMB'000	2024 RMB'000
Within 3 months	355,664	444,155
4 to 6 months	24,412	32,795
7 to 12 months	68,462	188,089
1 to 2 years	367,821	188,515
Over 2 years	666,420	652,407
	1,482,779	1,505,961

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26. TRADE AND BILLS RECEIVABLES (CONTINUED)

Notes: (Continued)

(c) (Continued)

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

	2025 RMB'000	2024 RMB'000
Within 3 months	552,998	561,344
4 to 6 months	680,343	450,222
7 to 12 months	636,741	799,907
1 to 2 years	1,785,683	2,462,880
Over 2 years	3,002,332	2,894,022
	6,658,097	7,168,375

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

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

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

As at 31 December 2025:

	Current	Past due			Total	
		Less than 6 months	7 to 12 months	1 to 2 years		
Expected credit loss rate	0.15%	1.74%	2.90%	4.15%	15.11%	1.44%
Gross carrying amount (RMB'000)	7,160,276	92,224	190,184	142,078	624,372	8,209,134
Expected credit losses (RMB'000)	10,836	1,601	5,514	5,902	94,339	118,192

As at 31 December 2024:

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

For bills receivable, impairment analysis is performed at each reporting date by considering the probability of default of comparable companies. The measurement of impairment is a function of the probability of default, loss given default and the exposure at default. A loss allowance of RMB326,000 (2024: RMB44,000) was provided for bills receivable as at 31 December 2025.

Notes to Financial Statements

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26. TRADE AND BILLS RECEIVABLES (CONTINUED)

Notes: (Continued)

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

	2025 RMB'000	2024 RMB'000
At beginning of year	107,825	108,371
Impairment losses, net (note 6)	10,693	(546)
At end of year	118,518	107,825

(e) As at 31 December 2025, the amounts due from the shareholders and their subsidiaries, joint ventures and associates, were RMB50,377,000 (2024: RMB35,721,000) and RMB146,814,000 (2024: RMB153,763,000), respectively.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2025 RMB'000	2024 RMB'000
Prepayments	(a)	1,193,737	772,287
Deposits and other receivables	(b)	1,781,521	2,044,311
Due from joint ventures	(c)	590,871	571,523
Due from associates	(d)	229,967	230,228
Less: Impairment	(e)	3,796,096 (612,107)	3,618,349 (499,144)
Portion classified as current assets		3,183,989 (2,097,058)	3,119,205 (2,263,057)
Non-current portion		1,086,931	856,148

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27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (a) The Group's prepayments mainly included prepayments for the purchase of equipment for photovoltaic and wind power plant projects, clean heat supply facilities and the equity acquisition. Prepayments of RMB201,161,000 (2024: RMB12,164,000) were provided to the shareholders and their subsidiaries.
- (b) The Group's deposits and other receivables as at 31 December 2025 included, inter alia, the following:
- (i) Refundable security deposits under finance lease arrangements of RMB30,500,000 (2024: RMB210,548,000);
 - (ii) Deposits and other receivables mainly represent deposits with suppliers, and loans and advances to companies with acquisition potential. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2025, the probability of default applied ranged from 0.48% to 8.69% (2024: 0.65% to 9.18%) and the loss given default was estimated to be 61.70% (2024: 62.20%). In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate; and
 - (iii) As at 31 December 2025, the amounts due from the shareholders and their subsidiaries were RMB474,000 (2024: RMB119,000).
- (c) Except for the amounts due from joint ventures of RMB164,464,000 (2024: RMB298,363,000) which are unsecured, interest-bearing at 10% (2024: 7% to 10%) and are repayable within one year, the remaining amounts due from joint ventures are unsecured, interest-free and have no fixed terms of repayment. As at 31 December 2025, the loss allowance was RMB74,187,000 (2024: RMB17,292,000).
- (d) The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. As at 31 December 2025, the loss allowance was RMB42,220,000 (2024: RMB41,174,000).
- (e) The movements in the Group's loss allowance for expected credit losses on other receivables during the year are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	499,144	496,219
Impairment losses, net (note 6)	112,963	2,925
At end of year	612,107	499,144

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28. OTHER TAX RECOVERABLES

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

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

	2025 RMB'000	2024 RMB'000
Restricted cash and pledged bank deposits	116,736	115,538
Cash and bank balances	4,616,294	3,645,621
Total cash and bank balances	4,733,030	3,761,159
Less: Restricted cash and pledged bank deposits (Note)	(116,736)	(115,538)
Cash and cash equivalents	4,616,294	3,645,621

Note:

The Group's restricted cash and bank balances as at 31 December 2025 included cash restricted due to litigations of RMB524,000 (2024: RMB11,289,000). The Group's pledged bank deposits as at 31 December 2025 included (i) pledged bank deposits of RMB500,000 (2024: RMB500,000) to secure the borrowings of the Group; (ii) the bank deposits of RMB1,279,000 (2024: nil) which were pledged to secure certain banking facilities in the form of bills payable amounting to RMB33,177,000 (2024: nil) granted to the Group; (iii) a performance bond of nil (2024: RMB10,000); and (iv) other pledged bank deposits of RMB114,433,000 (2024: RMB103,739,000).

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

	2025 RMB'000	2024 RMB'000
HK\$	46,243	13,787
RMB	4,658,221	3,739,379
Other currencies	28,566	7,993
	4,733,030	3,761,159

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

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

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30. TRADE AND BILLS PAYABLES

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

	2025 RMB'000	2024 RMB'000
Within 3 months	128,168	9,862
4 to 6 months	111,069	34,464
7 to 12 months	31,129	149,555
1 to 2 years	188,879	177,042
Over 2 years	548,673	519,421
	1,007,918	890,344

Notes:

- (a) The trade payables are non-interest-bearing. Trade and bills payables are normally settled on terms of 30 days to 180 days.
- (b) As at 31 December 2025, the amounts due to the shareholders and their subsidiaries were RMB39,855,000 (2024: RMB57,046,000).

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31. OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Deposits received		4,201	4,588
Other payables	(a)	293,389	664,305
Accruals		22,693	23,372
Contract liabilities	(b)	238,337	317,243
		558,620	1,009,508

Notes:

(a) Other payables are non-interest-bearing and are normally settled within three months. The Group's other payables as at 31 December 2025 included, inter alia, the following:

- (i) an aggregate amount of RMB12,944,000 (2024: RMB64,359,000) of outstanding considerations payable and debt assumed by the Group in respect of the acquisitions of subsidiaries, which are due to certain independent third parties during the year. The debts assumed balances mainly represented construction costs payable by the acquired companies and, according to the debt settlement agreements entered into between the Group and counterparties, the debts originally owed by the acquired subsidiaries were assumed by the Group upon acquisitions. The amounts are repayable according to the time schedules as stipulated in the debt settlement agreements and the last repayments of each assumed liability are usually repayable within 1 year of the acquisition;
- (ii) an aggregate amount of RMB94,202,000 (2024: RMB108,197,000) due to certain contractors arising from the construction and purchase of equipment of photovoltaic and wind power plants, and clean heat supply facilities; and
- (iii) an aggregate amount of RMB52,270,000 (2024: RMB39,349,000) represents other tax payables, which are mainly VAT related tax payables.

(b) Details of contract liabilities are as follows:

	2025 RMB'000	2024 RMB'000
Contract liabilities	238,337	317,243

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

(c) As at 31 December 2025, the amounts due to the shareholders and their subsidiaries, joint ventures and associates, were RMB6,000 (2024: RMB200,000) and RMB34,088,000 (2024: RMB37,669,000), respectively.

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32. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	2025			2024		
	Effective Interest rate (%)	Maturity	RMB'000	Effective Interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	3.75-6.78	2026	229,686	2.95-7.06	2025	390,064
Bank loans – unsecured	2.25-4.93	2026	5,331,012	1.95-6.06	2025	3,301,999
Bank loans – secured	1.85-5.00	2026	1,316,726	2.24-5.62	2025	1,630,741
Other loans – secured	3.15-6.10	2026	660,340	3.12-7.06	2025	787,503
			7,537,764			6,110,307
Non-current						
Lease liabilities	3.75 - 6.10	2027-2043	1,152,102	2.95-7.06	2026-2042	1,540,534
Bank loans – unsecured	2.25-3.55	2027-2041	1,730,061	1.95-6.06	2026-2037	4,151,189
Bank loans – secured	1.85-5.00	2027-2043	11,031,328	2.45-5.62	2026-2043	10,817,685
Other loans – secured	3.15-6.10	2027-2038	2,675,362	3.12-7.06	2026-2037	3,248,844
			16,588,853			19,758,252
Total bank loans and other borrowings			24,126,617			25,868,559

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	6,647,738	4,932,740
In the second year	2,821,769	3,962,334
In the third to fifth years, inclusive	3,806,443	4,763,093
Beyond five years	6,133,177	6,243,447
	19,409,127	19,901,614
Other borrowings repayable:		
Within one year or on demand	890,026	1,177,567
In the second year	579,007	1,015,794
In the third to fifth years, inclusive	1,414,802	1,653,847
Beyond five years	1,833,655	2,119,737
	4,717,490	5,966,945
Total bank loans and other borrowings	24,126,617	25,868,559

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

Notes:

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

	2025 RMB'000	2024 RMB'000
HK\$	611,154	638,996
RMB	23,515,463	25,229,563
	24,126,617	25,868,559

- (b) Certain of the Group's bank loans and other borrowings are secured by:
- (i) guarantees given by the Company and/or its subsidiaries;
 - (ii) pledges over trade receivables and contract assets of certain subsidiaries with an aggregate amount of RMB6,827,503,000 (2024: RMB5,179,855,000) as at 31 December 2025 (note 26(b))(note 25(d));
 - (iii) pledges over the Group's property, plant and equipment with an aggregate carrying amount of RMB8,234,061,000 (2024: RMB8,538,634,000) as at 31 December 2025 (note 14);
 - (iv) pledges over the Group's concession rights of the Group's service concession arrangements with an aggregate carrying amount of Nil (2024: RMB844,445,000) as at 31 December 2025 (note 17); and
 - (v) pledges over the Group's equity interests in certain subsidiaries and an associate.
- (c) The Group's lease liabilities, secured and unsecured bank loans and secured other loans as at 31 December 2025 bear interest at effective interest rates ranging from 3.75% to 6.78% (2024: from 2.95% to 7.06%) per annum, ranging from 1.85% to 5.00% (2024: from 1.95% to 6.06%) per annum and ranging from 3.15% to 6.10% (2024: from 3.12% to 7.06%) per annum, respectively.
- (d) The Group's bank loans of RMB3,547,553,000 are subject to certain covenants that include terms related to the interest cover ratio, debt-to-equity ratio, total equity, etc. The covenants are tested half-yearly, at 30 June and 31 December. The Group considers there is no indication that it will have difficulties in complying with these covenants.
- (e) Included in the Group's bank loans and other borrowings are amounts due to the ultimate holding company and its subsidiaries and to other related parties of RMB35,890,000 (2024: RMB215,000,000) and RMB868,334,000 (2024: Nil), respectively.

33. CORPORATE BONDS

	2025 RMB'000	2024 RMB'000
Corporate bonds	2,517,507	694,506
Portion classified as current liabilities	(1,017,507)	(694,506)
Non-current portion	1,500,000	–

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33. CORPORATE BONDS (CONTINUED)

Note:

- (i) Corporate bonds with an aggregate principal amount of RMB465 million were issued by a subsidiary of the Company to certain institutional investors on 20 December 2022, with interest rates ranging from 4.20% to 4.90% per annum. The corporate bonds are secured by trade receivables. As at 31 December 2025, all outstanding amounts have been fully settled.
- (ii) In August 2024, a subsidiary of the Company issued RMB500 million of ultra-short-term financing notes. The coupon rate was 2.24%, and the term was from August 2024 to May 2025. As at 31 December 2025, all outstanding amounts have been fully settled.
- (iii) The Group issued three tranches of Green Medium Term Notes in 2025, each with an issuance amount of RMB500 million, with coupon rates of 2.30% (term: May 2025 to May 2028), 2.15% (term: September 2025 to September 2030), and 2.25% (term: October 2025 to October 2030), respectively.
- (iv) The Group issued two tranches of ultra-short-term financing notes in 2025, each with an issuance amount of RMB500 million, with coupon rates of 1.78% (term: July 2025 to March 2026) and 1.85% (term: December 2025 to September 2026), respectively.

34. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Temporary differences related to service concession arrangements RMB'000	Right-of-use assets and lease liabilities RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2025	(381,294)	(30,282)	(89,664)	(6,406)	(507,646)
Deferred tax credited to profit or loss during the year	23,628	1,446	11,233	1,469	37,776
Gross deferred tax liabilities at 31 December 2025	(357,666)	(28,836)	(78,431)	(4,937)	(469,870)

Deferred tax assets

	Right-of-use assets and lease liabilities RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2025	152,804	359,306	512,110
Deferred tax (charged)/credited to profit or loss during the year	(973)	9,253	8,280
Gross deferred tax assets at 31 December 2025	151,831	368,559	520,390

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34. DEFERRED TAX (CONTINUED)

The components of deferred tax assets and liabilities and their movements in 2024 are as follows:

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Temporary differences related to service concession arrangements RMB'000	Right-of-use assets and lease liabilities RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2024	(404,922)	(32,131)	(109,486)	(6,853)	(553,392)
Deferred tax credited to profit or loss during the year	23,628	1,849	19,822	447	45,746
Gross deferred tax liabilities at 31 December 2024	(381,294)	(30,282)	(89,664)	(6,406)	(507,646)

Deferred tax assets

	Right-of-use assets and lease liabilities RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2024	215,774	321,125	536,899
Deferred tax (charged)/credited to profit or loss during the year	(62,970)	38,181	(24,789)
Gross deferred tax assets at 31 December 2024	152,804	359,306	512,110

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34. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	448,444	437,270
Net deferred tax liabilities recognised in the consolidated statement of financial position	(397,924)	(432,806)
Net deferred tax liabilities in respect of continuing operations	50,520	4,464

Deferred tax has not been fully recognised for withholding taxes that would be payable on certain portions of the unremitted earnings that are subject to withholding taxes of certain of the Group's subsidiaries established in Chinese mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute these unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in subsidiaries in Chinese mainland for which deferred tax liabilities have not been recognised totalled approximately RMB5,053,360,000 (2024: RMB4,865,455,000) as at 31 December 2025.

The Group also has tax losses arising in Chinese mainland of RMB787,226,000 (2024: RMB997,068,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time. In the opinion of the directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the foreseeable future.

35. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised:		
Ordinary shares: 9,332,742,302 shares of HK\$0.05	466,637	466,637
Convertible preference shares: 667,257,698 shares of HK\$0.05	33,363	33,363
	500,000	500,000
	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
Ordinary shares: 2,246,588,726 shares of HK\$0.05	94,880	94,880

36. SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to a resolution passed on 11 June 2013 for the primary purpose of attracting and retaining the best available personnel, providing additional incentives to employees (full-time or part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners, service providers or substantial shareholders (the “**Eligible Participants**”) of the Group and promoting the success of the business of the Group, which will remain in force for a period of ten years commencing on the adoption date and shall expire on 9 June 2023. As at 31 December 2025, none of the options available for grant under the Share Option Scheme due to the expiry of the Share Option Scheme on 9 June 2023.

On 18 September 2017, a total of 1,490,000,000 share options were granted to certain directors of the Group in respect of their services to the Group (the “**2017 Options**”). The 2017 Options had an exercise price of HK\$0.199 per share and an exercise period from 18 September 2020 to 17 September 2027. The closing price of the Company’s share of the 2017 Options at the date of grant was HK\$0.199 per share.

On 15 September 2020 (the “**Modification Date**”), 630,000,000 share options were cancelled, and a total of 1,060,000,000 share options were granted to the eligible participants (the “**2020 Options**”), part of them are served as replacement share options to the cancelled share options of the 2017 Grant. After the modification, the 2020 Options had an exercise price of HK\$0.08 per share and an exercise period from 15 September 2023 to 14 September 2030. The closing price of the Company’s share of the 2020 Options at the date of grant was HK\$0.039 per share.

Pursuant to the terms of the Share Option Scheme, adjustments are required to be made to the exercise price and the number of shares that can be subscribed for under the outstanding share options as a result of the completion of the Share Consolidation of the Company that every fifty (50) issued and unissued ordinary shares of the Company be consolidated into one consolidated ordinary share with effect from 26 June 2023. The exercise prices per share was adjusted to HK\$4.00 for the grant of share options on 15 September 2020.

The following share options were outstanding under the Share Option Scheme during the year:

	2025		2024	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	4.000	19,010	4.000	19,600
Adjusted for share consolidation	-	-	-	-
Granted during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Lapsed/forfeited during the year	-	-	4.000	(590)
At 31 December	4.000	19,010	4.000	19,010

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36. SHARE OPTION SCHEME (CONTINUED)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2025

Number of options	Exercise price HK\$ per share	Exercise periods
3,802,000	4.000	15 September 2023 to 14 September 2030
3,802,000	4.000	15 September 2024 to 14 September 2030
3,802,000	4.000	15 September 2025 to 14 September 2030
3,802,000	4.000	15 September 2026 to 14 September 2030
3,802,000	4.000	15 September 2027 to 14 September 2030
19,010,000		

2024

Number of options	Exercise price HK\$ per share	Exercise periods
3,802,000	4.000	15 September 2023 to 14 September 2030
3,802,000	4.000	15 September 2024 to 14 September 2030
3,802,000	4.000	15 September 2025 to 14 September 2030
3,802,000	4.000	15 September 2026 to 14 September 2030
3,802,000	4.000	15 September 2027 to 14 September 2030
19,010,000		

The fair values of the share options granted during the year ended 31 December 2020 (excluding the 430,000,000 share options of the 2020 Options which are treated as the replacement of the cancelled 630,000,000 share options of the 2017 Options) were approximately RMB5,514,000. Meanwhile, the incremental fair value arising from the aforementioned modification of 430,000,000 share options of the 2020 Options was approximately RMB1,238,000.

The Group reversed a share option expense of RMB18,000 during the year (2024: reversed a share option expense of RMB14,000).

36. SHARE OPTION SCHEME (CONTINUED)

The fair value of equity-settled share options granted during the year ended 31 December 2025 was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020 Options	2017 Options
Date of grant/Modification Date	15 September 2020	15 September 2020
Dividend yield (%)	0.0000%	0.0000%
Expected volatility (%)	55.27%	55.27%
Risk-free interest rate (%)	0.54%	0.47%
Expected life of options (year)	10	7
Forfeiture rate (%)	13%	13%

The expected life of the options is the time to maturity of the options granted under the Share Option Scheme. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 19,010,000 share options (2024: 19,010,000) outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 19,010,000 (2024: 19,010,000) additional ordinary shares of the Company and additional share capital of HK\$950,500 (2024: HK\$950,500) (before issue expenses) and additional share premium of approximately HK\$75,089,500 (2024: HK\$75,089,500) (before issue expenses).

Subsequent to the end of the reporting period, no share options forfeited due to resignation.

At the date of approval of these financial statements, the Company had 19,010,000 share options outstanding under the Share Option Scheme which represent 0.85% of the ordinary shares in issue of the Company as at the date of approval of these financial statements.

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37. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 97 to the financial statements.

Share option reserve

It comprises the fair value of share options vested which are yet to be exercised, as further explained in the accounting policy of share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related share options are exercised, or transferred to retained profits should the related share options lapse or be forfeited.

Special reserves

The Group's special reserves mainly represent the difference between the carrying amount of the share of net assets acquired and the consideration in respect of the acquisition and disposal of the non-controlling interests in subsidiaries during the year ended 31 December 2025 and in prior years.

Statutory surplus reserve

Pursuant to the relevant laws and regulations applicable to Chinese mainland, the Group's subsidiaries established in Chinese mainland are required to transfer part of their profit after tax to the reserve funds, which are non-distributable and restricted as to use.

38. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests: Tianjin Clean Energy Investment Company Limited and its subsidiaries ("Tianjin Clean Energy Group")	44.46%	44.46%
	2025 RMB'000	2024 RMB'000
Profit for the year allocated to non-controlling interests: Tianjin Clean Energy Group	163,566	181,245
Dividends declared to non-controlling interests of Tianjin Clean Energy Group	–	298,719
Accumulated balances of non-controlling interests at the reporting date: Tianjin Clean Energy Group	5,058,644	4,895,078

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38. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following table illustrates the summarised financial information of the above group. The amounts disclosed are before any inter-company eliminations:

	2025 RMB'000	2024 RMB'000
Revenue and other income	1,475,880	1,583,649
Total expenses	1,006,601	1,070,096
Profit for the year	368,208	408,702
Total comprehensive income for the year	367,895	407,658
Current assets	12,814,381	12,360,827
Non-current assets	9,631,753	10,191,335
Current liabilities	5,651,856	5,069,141
Non-current liabilities	5,017,239	6,074,189
Net cash flows from operating activities	1,853,636	89,029
Net cash flows used in investing activities	(111,860)	(218,842)
Net cash flows used in financing activities	(1,728,623)	(77,078)
Net increase/(decrease) in cash and cash equivalents	13,153	(206,891)

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39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB44,064,000 and RMB44,064,000 respectively, in respect of lease arrangements for properties and land leases (2024: RMB21,927,000 and RMB21,927,000).

(b) Changes in liabilities arising from financing activities

	Corporate bonds RMB'000	Interest- bearing bank and other borrowings RMB'000
At 1 January 2024	333,019	28,646,068
Changes from financing cash flows	351,682	(3,943,653)
Interest expense (excluding capitalized interest)	9,805	1,150,983
Interest capitalized	–	(6,766)
Foreign exchange movement and others	–	21,928
At 31 December 2024 and 1 January 2025	694,506	25,868,559
Changes from financing cash flows	1,794,241	(2,707,444)
Interest expense (excluding capitalized interest)	28,760	943,259
Interest capitalized	–	(3,289)
Foreign exchange movement and others	–	25,531
At 31 December 2025	2,517,507	24,126,617

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	20,859	19,122
Within financing activities	1,258,779	1,968,929
	1,279,638	1,988,051

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40. CONTINGENT LIABILITIES

At 31 December 2025, the Group did not have any significant contingent liabilities (2024: Nil).

41. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Construction, material and equipment costs for development of clean energy projects	267,652	495,010
Capital contributions to joint ventures	499,648	332,336
	767,300	827,346

42. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year ended 31 December 2025:

Name of related group/company	Nature of transactions	Notes	2025 RMB'000	2024 RMB'000
BEWG ^{#1} and its subsidiaries	Sales of electricity	(i)	18,633	14,790
SDHS Group ^{#2} and its subsidiaries	Sales of electricity	(i)	1,578	770
Joint ventures	Interest income	(iii)	10,015	9,752
Associates	Revenue of construction services		608	–
Associates	Entrusted operations		5,504	5,317
China Railway Long Construction ^{#3}	Cost of construction and related services	(iv)	6,640	52,853
SDHS Road & Bridge Group ^{#4}	Cost of construction and related services	(v)	3,588	6,287
Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd. ^{#5}	Transfer of account receivables and receive recourse factoring finance service under the factoring agreement	(ii)	2,260	223,690

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42. RELATED PARTY DISCLOSURES (CONTINUED)

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year ended 31 December 2025: (Continued)

Name of related group/company	Nature of transactions	Notes	2025 RMB'000	2024 RMB'000
Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd. ^{#5}	Transfer of account receivables and receipt of non-recourse factoring financing services under the factoring agreement	(ii)	35,890	–
Beijing Branch of Ping An Bank Co., Ltd (“Beijing Branch of Ping An Bank”) ^{#6}	Interest expense	(vi)	8,449	–
Shandong Zhengchen Technology Co., Ltd. ^{#7}	Cost of construction and related services	(vii)	17,533	–
Shandong Hi-Speed City Construction Co., Ltd. ^{#8}	Cost of construction and related services	(viii)	18,062	–
Shandong Road and Bridge Construction Group Co., Ltd. ^{#9}	Cost of construction and related services	(ix)	55,296	–
Shandong Hi-Speed Linteng Highway Co., Ltd. (“SDHS Linteng”) ^{#10}	Rental expenses	(x)	388	–

^{#1} Beijing Enterprises Water Group Limited (“BEWG”), a company listed on the main board of The Stock Exchange of Hong Kong Limited, a substantial shareholder of the Company.

^{#2} Shandong Hi-Speed Group Co., Ltd. (“SDHS Group”), a company established in the PRC with limited liability, an indirect controlling shareholder of the Company.

^{#3} China Railway Long Construction Group Limited (中鐵隆工程集團有限公司) (“China Railway Long Construction”), a company established in the PRC with limited liability and a subsidiary of SDHS Group.

^{#4} Shandong Hi-Speed Road & Bridge Group Co., Ltd. (山東高速路橋集團股份有限公司) (“SDHS Road & Bridge Group”), a company established in the PRC with limited liability and a subsidiary of SDHS Group.

^{#5} Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd. (山高雲創(山東)商業保理有限公司), a company established in the PRC with limited liability and a subsidiary of SDHS Group.

^{#6} Ping An Insurance (Group) Company of China, Ltd., through its subsidiaries, holds more than 10% shares of Tianjin Clean Energy Investment Company Limited (an indirect non-wholly owned subsidiary of the Company), and Beijing Branch of Ping An Bank is a subsidiary of Ping An Insurance (Group) Company of China, Ltd..

^{#7} Shandong Zhengchen Technology Co., Ltd. (山東正晨科技股份有限公司), a company established in the PRC with limited liability and a 30%-controlled company of SDHS Group.

42. RELATED PARTY DISCLOSURES (CONTINUED)

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year ended 31 December 2025: (Continued)

- #8 Shandong Hi-Speed City Construction Co., Ltd. (山東高速城市建設有限公司), a company established in the PRC with limited liability and a subsidiary of SDHS Group.
- #9 Shandong Road and Bridge Construction Group Co., Ltd. (山東省公路橋樑建設集團有限公司), a company established in the PRC with limited liability and a subsidiary of SDHS Group.
- #10 SDHS Linteng, a company established in the PRC with limited liability and a subsidiary of SDHS Group.

Notes:

- (i) The sales to a related group were made according to the published prices and conditions offered to customers of the Group. The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) The fees for transferring the account receivables and receiving recourse factoring finance service under the factoring agreement were charged on a mutually agreed basis. The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. As of 31 December 2025, all outstanding amounts have been fully settled. The fees for transferring the accounts receivable and receiving non-recourse factoring finance services under the factoring agreement were charged on a mutually agreed basis. Pursuant to Rules 14A.90 and 14A.74 of the Listing Rules, the transactions have been granted a full exemption.
- (iii) The interest income was generated from the interest-bearing loan to joint ventures, with interest rates ranging of 10% per annum.
- (iv) On 20 October 2022, an indirect non-wholly owned subsidiary of the Group, entered into a construction contract with Zhonggong Wuda Design Group Limited ("**Zhonggong Wuda**") and China Railway Long Construction, subsidiaries of SDHS Group, pursuant to which Zhonggong Wuda and China Railway Long Construction agreed to act as the contractors.
- (v) On 4 January 2023, Yangzhou Baoying Beiqing Photovoltaic New Energy Co., Ltd., an indirect wholly-owned subsidiary of the Group, entered into a procurement and construction contract with China Power Construction Group Shandong Electric Power Construction First Engineering Co., Ltd. ("**China Power Construction Group**") and Shandong Luqiao Group Co., Ltd. ("**Shandong Luqiao**"), pursuant to which China Power Construction Group and Shandong Luqiao agreed to act as the contractors for the construction work with an aggregate contracting fee of RMB94,074,000 (inclusive of all taxes).
- (vi) On 5 September 2025, Shandong Hi-Speed Photovoltaic Power Development Company Limited ("**SDHS Photovoltaic**"), a subsidiary of the Company, entered into the loan contract with Beijing Branch of Ping An Bank (the "**Loan Contract**"). Pursuant to the Loan Contract, Beijing Branch of Ping An Bank agreed to provide a loan of RMB868,334,000 to SDHS Photovoltaic, with an interest rate of 3.1% per annum.
- (vii) On 2 April 2025, Yangzhou Shandong Hi-Speed New Energy Co., Ltd. ("**Yangzhou SHNE**"), a subsidiary of the Company, and Shandong Zhengchen Technology Co., Ltd. ("**Zhengchen Technology**") entered into the EPC contract. Pursuant to the EPC contract, Yangzhou SHNE agreed to engage Zhengchen Technology to provide relevant EPC services in relation to the project with an aggregate contracting fee of RMB17,533,000 (inclusive of all taxes).
- (viii) On 12 September 2025, Jinan Shandong Hi-Speed New Energy Technology Co., Ltd. ("**Jinan SHNE Technology**"), a subsidiary of the Company, entered into the EPC contract with the joint contractors, namely Shandong Hi-Speed City Construction Co., Ltd., Shandong Provincial Communications Planning and Design Institute Group Co., Ltd. and China Hydropower Consulting Group Guiyang Survey and Design Institute Geotechnical Engineering Co., Ltd. Pursuant to the EPC contract, Jinan SHNE Technology agreed to engage the joint contractors to provide EPC services in relation to the project with an aggregate contracting fee of RMB18,229,000 (inclusive of all taxes).

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42. RELATED PARTY DISCLOSURES (CONTINUED)

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year ended 31 December 2025: (Continued)

Notes: (Continued)

- (ix) On 18 July 2025, Feixian Zhuoneng New Energy Co., Ltd. ("**Feixian Zhuoneng New Energy**"), a subsidiary of the Company, entered into the EPC contract with the joint contractors, namely Shandong Road and Bridge Construction Group Co., Ltd., Shandong Provincial Communications Planning and Design Institute Group Co., Ltd. and Shandong Electric Power Engineering Consulting Institute Corp., Ltd. Pursuant to the EPC contract, Feixian Zhuoneng New Energy agreed to engage the joint contractors to provide EPC services in relation to the project with an aggregate contracting fee of RMB58,551,000 (inclusive of all taxes).
- (x) On 29 December 2025, Shandong Hi-Speed New Energy (Shandong) Co., Ltd ("**SHNE (Shandong)**"), a subsidiary of the Company, entered into the lease contract with SDHS Linteng (the "**Lease Contract**"). Pricing principles are based on market rents.
- (xi) As at 31 December 2025, the Group provided the total guarantees of approximately RMB5 million to an associate.
- (b) In the opinion of the Directors, the Directors represent the key management personnel of the Group. Details of Directors' remuneration are included in note 8 to the financial statements.

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43. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Equity investments designated at fair value through other comprehensive income RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	427,789	–	427,789
Equity investments designated at fair value through other comprehensive income	–	–	300,412	300,412
Trade and bills receivables	8,140,876	–	–	8,140,876
Financial assets included in prepayments, deposits and other receivables	1,990,252	–	–	1,990,252
Restricted cash and pledged deposits	116,736	–	–	116,736
Cash and cash equivalents	4,616,294	–	–	4,616,294
	14,864,158	427,789	300,412	15,592,359

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	1,007,918
Financial liabilities included in other payables and accruals	251,258
Interest-bearing bank loans and other borrowings	24,126,617
Corporate bonds	2,517,507
	27,903,300

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43. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

2024

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Equity investments designated at fair value through other comprehensive income RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	553,173	–	553,173
Equity investments designated at fair value through other comprehensive income	–	–	299,994	299,994
Trade and bills receivables	8,674,336	–	–	8,674,336
Financial assets included in prepayments, deposits and other receivables	2,346,918	–	–	2,346,918
Restricted cash and pledged deposits	115,538	–	–	115,538
Cash and cash equivalents	3,645,621	–	–	3,645,621
	14,782,413	553,173	299,994	15,635,580

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	890,344
Financial liabilities included in other payables and accruals	619,349
Interest-bearing bank loans and other borrowings	25,868,559
Corporate bonds	694,506
Other current liabilities and other non-current liabilities	9,298
	28,082,056

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, largely due to the short term maturities of the instruments or because they bear floating interest rates if they have long term maturities, are as follows:

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	427,789	553,173	427,789	553,173
Equity investments designated at fair value through other comprehensive income	300,412	299,994	300,412	299,994
Financial assets included in prepayments, other receivables and other assets – non-current	161,871	377,534	75,181	288,333
Total	890,072	1,230,701	803,382	1,141,500

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial liabilities				
Other non-current liabilities	–	9,298	–	9,298
Interest-bearing bank borrowings with fixed interest rates – non-current	725,912	1,933,673	720,070	1,951,037
Corporate bonds with fixed interest rates – non-current	1,500,000	–	1,421,568	–
Total	2,225,912	1,942,971	2,141,638	1,960,335

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, restricted cash and pledged deposits, trade and bills receivables, trade and bills payables, the current portion of financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, corporate bonds with short term maturities and interest-bearing bank loans and other borrowings with short term maturities or bearing floating interest rates approximate to their carrying amounts largely due to the short term maturities of these instruments or because they bear floating interest rates if they have long term maturities.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of deposits and other receivables, interest-bearing bank loans and other borrowings and corporate bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

The fair values of unlisted equity investments at fair value through other comprehensive income have been estimated using an income approach based on assumptions that are not supported by observable market prices or rates. The valuation is based on the present value of projected free cash flows during the forecast period and the terminal period, discounted to the valuation date using the weighted average cost of capital. The future cash flows projections are derived from management-approved financial budgets, with key assumptions on revenue, costs, and expenses determined by referencing historical data and industry trends. The discount rate is calculated using the Capital Asset Pricing Model (CAPM), based on the capital structure and risk characteristics of comparable companies. The terminal growth rate is set in line with long-term inflation expectations. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor.

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets at fair value through profit or loss	–	–	427,789	427,789
Equity investments designated at fair value through other comprehensive income	–	–	300,412	300,412
	–	–	728,201	728,201

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets at fair value through profit or loss	–	–	553,173	553,173
Equity investments designated at fair value through other comprehensive income	–	–	299,994	299,994
	–	–	853,167	853,167

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	Total RMB'000
As at 1 January 2025	853,167
Total gains recognised in the statement of profit or loss included in other income	8,929
Disposal	(134,313)
Other	418
As at 31 December 2025	728,201

Liabilities measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 31 December 2025				
Other non-current liabilities	-	-	-	-
As at 31 December 2024				
Other non-current liabilities	-	-	9,298	9,298

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Assets for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000	
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000		
	Financial assets included in prepayments, other receivables and other assets – non-current	–	–		75,181
		–	–		75,181

As at 31 December 2024

	Fair value measurement using			Total RMB'000	
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000		
	Financial assets included in prepayments, other receivables and other assets – non-current	–	–		288,333
		–	–		288,333

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000			
	Interest-bearing bank borrowings with fixed interest rates – non-current	–	720,070		–	720,070
	Corporate bonds with fixed interest rates – non-current	–	1,421,568		–	1,421,568
	–	2,141,638	–	2,141,638		

As at 31 December 2024

	Fair value measurement using			Total RMB'000		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000			
	Interest-bearing bank borrowings with fixed interest rates – non-current	–	1,951,037		–	1,951,037
		–	1,951,037		–	1,951,037

Notes to Financial Statements

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, other payables, interest-bearing bank loans and other borrowings and corporate bonds. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings):

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2025		
HK\$	100	(6,112)
RMB	100	(150,862)
HK\$	(100)	6,112
RMB	(100)	150,862
<hr/>		
	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2024		
HK\$	100	(6,390)
RMB	100	(122,966)
HK\$	(100)	6,390
RMB	(100)	122,966

Notes to Financial Statements

31 December 2025

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of its significant business operations in Chinese mainland, the consolidated statement of financial position can be affected significantly by movements in the RMB/HK\$ exchange rate.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of RMB. The appreciation or depreciation of RMB against HK\$ may have an impact on the operating results of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's profit/(loss) before tax and the Group's equity.

	Increase/ (decrease) in foreign exchange rate %	Increase/ (decrease) in profit before tax RMB'000
2025		
If HK\$ weakens against RMB	1.00	5,912
If HK\$ strengthens against RMB	(1.00)	(5,912)
	Increase/ (decrease) in foreign exchange rate %	Increase/ (decrease) in profit before tax RMB'000
2024		
If HK\$ weakens against RMB	1.00	6,185
If HK\$ strengthens against RMB	(1.00)	(6,185)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, contract assets, trade and bills receivables, and deposit and other receivable balances are monitored on an ongoing basis to ensure that follow-up action is taken to recover overdue debts and the Group's exposure to bad debts is not significant. The Group's maximum exposures to credit risk are the carrying amounts of contract assets, trade and bills receivables, and deposits and other receivables as disclosed in notes 25, 26 and 27 to the financial statements, respectively. In addition, the Group reviews the recoverable amount of each individual trade and non-trade debtor at the end of the reporting period to ensure that adequate provision for impairment losses has been made for irrecoverable amounts.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2025. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	8,209,134	8,209,134
Bills receivable	–	–	–	50,260	50,260
Contract assets*	–	–	–	711,162	711,162
Financial assets included in prepayments, deposits and other receivables	1,611,260	300,279	690,820	–	2,602,359
Restricted cash and pledged deposits	116,736	–	–	–	116,736
Cash and cash equivalents	4,616,294	–	–	–	4,616,294
	6,344,290	300,279	690,820	8,970,556	16,305,945

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31 December 2025

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month	Lifetime ECLs			Simplified approach	Total
	ECLs	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	–	8,773,462	8,773,462
Bills receivable	–	–	–	–	8,699	8,699
Contract assets*	–	–	–	–	694,181	694,181
Financial assets included in prepayments, deposits and other receivables	1,842,179	432,552	571,331	–	–	2,846,062
Restricted cash and pledged deposits	115,538	–	–	–	–	115,538
Cash and cash equivalents	3,645,621	–	–	–	–	3,645,621
Guarantees given to third parties and related parties	9,298	–	–	–	–	9,298
	5,612,636	432,552	571,331	9,476,342	–	16,092,861

* For contract assets and trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 25 and 26 to the financial statements, respectively.

At the end of the reporting period, the Group had certain concentrations of credit risk as 17.05% and 43.11% of the Group's trade and bills receivables were due from the Group's largest customer and five largest customers, respectively.

Notes to Financial Statements

31 December 2025

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through cash receipts from receivables, the issue of new shares and a perpetual capital instrument, and the raising of interest-bearing bank loans and other borrowings, corporate bonds and financial liabilities of options granted to non-controlling interests to cover expected cash demands, as well as the strict control over its daily operating expenses. Accordingly, the Group expects to have adequate sources of funding to finance the Group's operations and manage its liquidity position.

The maturity profile of the Group's financial liabilities (other than the financial guarantees given) as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Within 1 year RMB'000	1-2 years RMB'000	2-3 years RMB'000	3-4 years RMB'000	4-5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
2025								
Trade and bills payables	-	1,007,918	-	-	-	-	-	1,007,918
Other payables	-	251,258	-	-	-	-	-	251,258
Interest-bearing bank loans and other borrowings	-	8,417,905	3,720,788	2,277,274	2,621,713	1,943,790	9,629,988	28,611,458
Corporate bonds	-	1,042,111	33,500	526,156	22,000	1,016,670	-	2,640,437
	-	10,719,192	3,754,288	2,803,430	2,643,713	2,960,460	9,629,988	32,511,071
2024								
Trade and bills payables	-	890,344	-	-	-	-	-	890,344
Other payables	-	619,349	-	-	-	-	-	619,349
Interest-bearing bank loans and other borrowings	-	7,392,225	6,163,955	3,936,808	2,307,876	2,101,399	10,227,800	32,130,063
Corporate bonds	-	701,437	-	-	-	-	-	701,437
	-	9,603,355	6,163,955	3,936,808	2,307,876	2,101,399	10,227,800	34,341,193

The exposure of the Group's financial guarantee contracts given in relation are an associate disclosed in note 2.4 to the financial statements, which would be repayable on demand when the guarantee is called.

Notes to Financial Statements

31 December 2025

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may issue new shares to increase capital or sell assets to reduce debt.

The Group monitors capital using the net gearing ratio, which is calculated by dividing net debt by the sum of net debt and total equity. Net debt is calculated as total interest-bearing bank loans and other borrowings and corporate bonds (as shown in notes 32 and 33), less cash and cash equivalents and other lease liabilities. The net gearing ratios at 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank loans and other borrowings	24,126,617	25,868,559
Corporate bonds	2,517,507	694,506
Less: Cash and cash equivalents	(4,616,294)	(3,645,621)
Other lease liabilities	(857,607)	(875,525)
Net debt	21,170,223	22,041,919
Total equity	19,747,653	19,357,967
Net debt and total equity	40,917,876	41,399,886
Net gearing ratio	52%	53%

46. EVENT AFTER THE REPORTING PERIOD

As of the date of approval of this financial statements, the Group has no events occurring after the balance sheet date need to be disclosed.

Notes to Financial Statements

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47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	112	145
Interests in subsidiaries, joint ventures and associates	10,925,208	9,883,765
Total non-current assets	10,925,320	9,883,910
CURRENT ASSETS		
Financial assets at fair value through profit or loss	249,992	254,200
Prepayments, deposits and other receivables	4,978,727	5,417,324
Cash and cash equivalents	391,490	351,425
Total current assets	5,620,209	6,022,949
CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	4,688,845	2,128,667
Other payables and accruals	2,171,572	1,857,546
Total current liabilities	6,860,417	3,986,213
NET CURRENT (LIABILITIES)/ASSETS	(1,240,208)	2,036,736
TOTAL ASSETS LESS CURRENT LIABILITIES	9,685,112	11,920,646
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	1,584,175	3,836,191
Total non-current liabilities	1,584,175	3,836,191
Net assets	8,100,937	8,084,455
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	94,880	94,880
Reserves	8,006,057	7,989,575
Total equity	8,100,937	8,084,455

Notes to Financial Statements

31 December 2025

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Share option reserve RMB'000	Special reserves RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
At 1 January 2024	8,962,160	35,456	(480,776)	(1,305,489)	942,448	8,153,799
Profit and total comprehensive income for the year	-	-	-	20,056	-	20,056
Exchange differences related to foreign operations	-	-	-	-	59,167	59,167
Equity-settled share option arrangements (note 36)	-	(14)	-	-	-	(14)
Others	-	-	(243,433)	-	-	(243,433)
At 31 December 2024 and 1 January 2025	8,962,160	35,442	(724,209)	(1,285,433)	1,001,615	7,989,575
Profit and total comprehensive income for the year	-	-	-	16,500	-	16,500
Equity-settled share option arrangements (note 36)	-	(18)	-	-	-	(18)
At 31 December 2025	8,962,160	35,424	(724,209)	(1,268,933)	1,001,615	8,006,057

The share option reserve comprises the fair value of share options vested which are yet to be exercised, as further explained in the accounting policy of share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related share options are exercised or transferred to retained profits should the related share options lapse or be forfeited.

48. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 26 March 2026.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below.

RESULTS

	2025 RMB'000	Years ended 31 December			
		2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)
REVENUE	4,408,662	4,423,147	4,486,942	4,544,137	5,000,040
PROFIT/(LOSS) BEFORE TAX	602,934	658,754	569,788	243,214	(219,872)
Income tax expense	(201,320)	(195,984)	(219,520)	(49,468)	(19,889)
PROFIT/(LOSS) FOR THE YEAR	401,614	462,770	350,268	193,746	(239,761)
Profit/(loss) attributable to equity holders of the Company	228,773	284,242	341,891	221,566	(266,721)

ASSETS AND LIABILITIES

	2025 RMB'000	As at 31 December			
		2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)
Total assets	48,544,774	48,404,532	49,754,899	45,966,970	44,766,403
Total liabilities	(28,797,121)	(29,046,565)	(32,209,724)	(32,633,432)	(34,909,863)
	19,747,653	19,357,967	17,545,175	13,333,538	9,856,540

The summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years has been extracted from the published audited financial statements of the Company.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Tianzhang (*Chairman*)
Mr. Zhu Jianbiao
Mr. Wang Wenbo
Mr. Liu Zhijie
Ms. Liao Jianrong
Mr. Li Li
Mr. Wang Meng

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Victor Huang (*Chairman*)
Mr. Yang Xiangliang
Mr. Chiu Kung Chik

NOMINATION COMMITTEE

Mr. Li Tianzhang (*Chairman*)
Ms. Liao Jianrong
Professor Qin Si Zhao
Mr. Victor Huang
Mr. Yang Xiangliang

REMUNERATION COMMITTEE

Mr. Chiu Kung Chik (*Chairman*)
Ms. Liao Jianrong
Mr. Victor Huang

SUSTAINABILITY COMMITTEE

Mr. Zhu Jianbiao (*Chairman*)
Mr. Liu Zhijie
Mr. Victor Huang
Ms. Ng Wing Yan Claudia

COMPANY SECRETARY

Mr. Cheung Chin Wa

AUTHORISED REPRESENTATIVES

Mr. Liu Zhijie
Mr. Cheung Chin Wa

STOCK CODE

1250

WEBSITE

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INVESTOR RELATIONS CONTACT

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Cayman Islands

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99 Queen's Road Central, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Ernst & Young
Registered Public Interest Entity Auditor

LEGAL ADVISERS AS TO HONG KONG LAW

Li & Partners
22/F, World-Wide House
19 Des Voeux Road, Central
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
Credit Agricole Corporate and Investment Bank
Hong Kong Branch
China Guangfa Bank Co., Ltd., Hong Kong Branch
DBS Bank Ltd., Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited

In Chinese Mainland:

Bank of China Limited
Bank of Ningbo Co., Ltd.
China Construction Bank Corporation
China CITIC Bank Corporation Limited
China Development Bank
Industrial Bank Co., Ltd.
China Merchants Bank Co., Ltd.
EverGrowing Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
Ping An Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.

Definitions

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

“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
“EPC”	engineering, procurement and construction
“Group”	the Company and its subsidiaries
“GW”	gigawatt
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“kWh”	kilowatt hour
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MW”	megawatt
“MWh”	megawatt-hour
“NDRC”	the National Development and Reform Commission of the PRC
“PRC” or “China”	the People’s Republic of China
“Reporting Period” or “Year”	the year ended 31 December 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SDHG”	Shandong Hi-Speed Holdings Group Limited (山高控股集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 412)
“SDHG Group”	SDHG and its subsidiaries

Definitions

“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
“SDHSC”	山東高速股份有限公司 (Shandong Hi-Speed Company Limited*), a company listed on the Shanghai Stock Exchange (stock code: 600350.SH) and owned as to approximately 70.67% by SDHS Group
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the share consolidation on the basis that (i) every fifty (50) issued and unissued existing ordinary shares of the Company of HK\$0.001 each in the share capital of the Company be consolidated into one (1) consolidated ordinary share of the Company of HK\$0.05 each; and (ii) every fifty (50) unissued existing preference shares of the Company of HK\$0.001 each in the share capital of the Company be consolidated into one (1) consolidated preference share of the Company of HK\$0.05 each
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* For identification purposes only



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