EVENT UPDATE

Shandong Hi-Speed New Energy Group Ltd

ESG Advancement & Climate Action Deepen Value Resilience

KEY POINTS

Milestone upgrade of the ESG governance to embed ESG requirements across the full business value chain. SHNE officially launched its inaugural Climate Action White Paper in July 2026, marking that the company's ESG governance has entered a new stage of specialized climate risk management from foundational framework building. Compiled in strict alignment with the TCFD framework, the white paper systematically outlines the company's climate action roadmap across four pillars: governance, strategy, risk management, and metrics & targets. In terms of rating performance, SHNE's Sustainable Fitch Entity Rating rose from 78 in 2025 to 80, maintaining its "Level 2 – Good" assessment; its S&P Global CSA score reached 44, marking its first inclusion in The Sustainability Yearbook; domestic mainstream ratings from Wind, ECPI and SynTao Green Finance both remain at Level A. The company has established a closed-loop governance structure, where climate strategies are subject to final review by the Board of Directors and the Sustainability Committee. Climate risks are integrated into the enterprise-wide risk management system, supported by dedicated incentive schemes to fully embed ESG requirements across the entire business value chain.

Carbon pricing mechanism drives the substantive integration of climate factors into investment decisions. Combining four climate scenarios from the IPCC and NGFS, the company completed a risk assessment covering new energy and heating assets in 29 provinces and cities across China, concluding that the financial impact of physical risks accounts for 0.12%–0.24% of 2025 revenue, with overall risk exposure under control. To mitigate physical risks such as typhoons and floods, the company allocates over RMB 18 million annually to specialized insurance to hedge against financial losses from equipment damage and operational interruption. On the transition risk front, the company closely tracks medium- and long-term headwinds including electricity price marketization and the expansion of the national carbon market, while capturing growth opportunities from green power premiums, green certificate trading and the relaunch of CCER. The core breakthrough of this disclosure lies in the rollout of the internal carbon pricing (ICP) mechanism. Backtesting results show that the mechanism can shorten project payback periods by 0.1–0.2 years, and will be gradually upgraded to a reference metric for investment appraisal.

July 20, 2026

Gelonghui Research
Chujie (Jack) Sun, CFA
Senior Research Analyst
sunchujie@guruhk.com

Yuecong (Marco) Zhang
Senior Research Analyst
zhangyuecong@guruhk.com

KEY DATA

Exchange: HKEX
Ticker: 1250
Current Price: HK$1.17
52-Week Range: HK$1.01-HK$2.80
Average Volume (3M): 0.38M
Shares Outstanding (MM): 2,247
Market Capitalization (MM): HK$2,629
Fiscal Year-End: December

FINANCIALS

In RMB Million	FY24A	FY25A	FY26E	FY27E
Revenue	4,423	4,409	4,464	4,526
Gross Profit	2,021	2,000	2,080	2,118
EBIT	1,835	1,594	1,785	1,848
IFRS Net Income	284	229	292	318

PRICE PERFORMANCE

Positive feedback between green operation and green finance, solidifying financial fundamentals. ESG practices are deeply aligned with operational performance. In 2025, the company's green power trading volume reached approximately 200 GWh with corresponding revenue of RMB 88.53 million; around 550,000 green certificates were sold, generating over RMB 3.3 million in income. On the financing side, in 2025 the company added RMB 2.487 billion in new green loans and issued three tranches of green medium-term notes totaling RMB 1.5 billion, pushing its comprehensive financing cost down to 3.59% and saving about RMB 200 million in annual financial expenses. On the business front, leveraging shareholder resources, the company has expanded "new energy +" application scenarios such as transportation-energy integration and water plant PV projects, with 12 expressway PV sites and 44 water plant PV projects connected to the grid. Its agrivoltaic and fishery-PV hybrid projects exceed 1.2 GW in total. Meanwhile, it disclosed Scope 3 greenhouse gas emissions covering 7 categories for the first time, totaling 83,100 tonnes of CO_2 equivalent, further improving its emission accounting framework. Social and governance dimensions have also advanced in parallel: in 2025, the company achieved zero work-related fatalities and zero severe injuries for both employees and contractors, with employee turnover dropping to 10.3%; public welfare investment exceeded RMB 15.6 million; industry-university-research cooperation and patent layout continue to deepen. The board of directors has a diversified and compliant structure, with full coverage of anti-corruption and information security training; the internal control and audit system operates independently.

A mature ESG system supports the implementation of long-term strategies. The increasingly sound ESG capabilities will continue to empower the company's 15th Five-Year Plan development strategy of "boosting wind power, stabilizing PV, deploying energy storage, and expanding hydropower". Currently, the company holds a 5.8 GW project pipeline, with 3.4 GW of wind power reserves as the core growth driver, and has initiated preliminary exploration of overseas markets along the Belt and Road Initiative. Looking ahead, key ESG priorities including climate resilience building, green asset value enhancement and biodiversity conservation will be deeply integrated with business development, continuously strengthening the company's green financing advantages and capital market reputation, and supporting its steady progress toward becoming a leading domestic comprehensive clean energy service provider.

FINANCIALS AND VALUATION UPDATES

Figure 1: Company's Financials 2024 – 2027E.

Unit： Million RMB	2024	2025	1H26E	2H26E	2026E	2027E
Revenues	4,423	4,409	2,443	2,021	4,464	4,526
Cost of sales	-2,402	-2,409	-1,214	-1,170	-2,384	-2,408
Gross profit	2,021	2,000	1,229	851	2,080	2,118
Other income and gains, net	243	132	46	85	131	136
Selling and distribution expenses	-4	-4	-3	-3	-6	-4
Administrative expenses	-350	-350	-206	-127	-334	-328
Other operating expenses, net	-75	-184	-8	-79	-87	-74
Operating Income	1,835	1,594	1,058	727	1,785	1,848
Finance costs	-1,147	-965	-567	-503	-1,070	-1,086
Share of profits of:						
Joint ventures	-1	-35	5	-6	-1	-5
Associates	-27	10	12	-4	9	8
Profit Before Tax	659	603	508	214	722	765
Income tax expense	-196	-201	-112	-128	-240	-254
Profit for the period	463	402	396	85	482	511
Profit Attributable to Non-controlling interests	179	173	107	83	190	193
Profit Attributable to Equity holders of the Company	284	229	289	3	292	318

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

				Diluted EPS			P/E		
Company	Ticker	Market Cap	Price	2025A	2026E	2027E	2025A	2026E	2027E
China Yangtze Power Co., Ltd.	SHSE:600900	684,865	27.99	1.41	1.49	1.54	19.9x	18.8x	18.2x
CHN Energy Changyuan Electric Power Co.,Ltd.	SZSE:000966	15,108	4.34	-0.02	0.17	0.17	-	25.5x	25.5x
Chongqing Three Gorges Water Conservancy and Electric Power Co., Ltd.	SHSE:600116	11,908	6.29	0.23	0.28	0.32	27.3x	22.5x	19.7x
Huaneng Lancang River Hydropower Inc.	SHSE:600025	183,330	9.84	0.45	0.48	0.49	21.9x	20.5x	20.1x
China National Nuclear Power Co., Ltd.	SHSE:601985	180,793	8.79	0.45	0.42	0.50	19.5x	20.9x	17.6x
China Longyuan Power Group Corporation Limited	SEHK:916	110,148	5.20	0.62	0.64	0.73	8.4x	8.1x	7.1x
China Resources Power Holdings Company Limited	SEHK:836	94,067	18.17	2.80	2.43	2.51	6.5x	7.5x	7.2x
						Median	20x	21x	18x
						Mean	17x	18x	16x
Shandong Hi-Speed New Energy Group Limited	SEHK:1250	2,629	1.17	0.11	0.14	0.15	11x	8x	8x

Notes:
1. Data as of 7/20/2026.
2. For A Share, market price and diluted EPS are in RMB; for H Share, market price and diluted EPS are in HKD.
3. Diluted EPS are in calendar year and estimates are provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings; Capital IQ.

ABOUT THE ANALYSTS

Chujie (Jack) Sun, CFA

Senior Research Analyst

Chujie (Jack) Sun is a Senior Research Analyst at Gelonghui Research. Since 2017, Jack has served as the Investment Analyst in China Alpha Fund Management (Hong Kong) Limited, TMT Analyst in First Shanghai Group, and TMT Analyst at Gelonghui Research. Focusing on TMT sector, Chinese companies listed in the US, Hong Kong, and etc., and he specializes in both buy-side and sell-side equity research. Jack holds a B.A. in Economics from Ohio State University (Columbus) and an M.S. in Finance from City University of Hong Kong.

Yuecong (Marco) Zhang

Senior Research Analyst

Yuecong (Marco) Zhang is a Senior Research Analyst at Gelonghui Research. Marco previously held the position of Senior Research Analyst at Watertower Research, Executive Director at Valuable Capital Group's Investment Banking Department, Vice President at Guosen Securities (HK), and Senior Associate at Roth Capital Partners, where he completed more than 35 transactions, including IPOs, follow-on offerings, and M&A, with a total transaction value of more than US$3.5 Billion+ for mid-cap companies from China and the US. During his time at Roth, he led six NASDAQ and NYSE IPOs for Chinese clients, with a total transaction value of more than US$260 Million. Marco holds a B.S. in Financial Management from North China Electric Power University and an M.S. in Applied Finance from Pepperdine University.

DISCLOSURES

Gelonghui Research ("GLH") is a professional publisher of investment research reports on public companies and, to a lesser extent, private firms ("the Companies"). GLH provides investor-focused content and digital distribution strategies designed to help companies communicate with investors.

GLH is not a FINRA registered broker/dealer or investment adviser and does not provide investment banking services. This report is not disseminated in connection with any distribution of securities and is not an offer to sell or the solicitation of an offer to buy any security. GLH operates as an exempt investment adviser under the so called "publishers' exemption" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940. GLH does not provide investment ratings/recommendations or price targets on the companies it reports on. Readers are advised that the research reports are published and provided solely for informational purposes and should not be construed as an offer to sell or the solicitation of an offer to buy securities or the rendering of investment advice. The information provided in this report should not be construed in any manner whatsoever as personalized advice. All users and readers of GLH's reports are cautioned to consult their own independent financial, tax and legal advisors prior to purchasing or selling securities.

Statements included in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be “forward looking statements”. Such statements are based on expectations, estimates and projections at the time the statements are made and involve many risks and uncertainties such as competitive factors, technological development, market demand and the company’s ability to obtain new contracts and accurately estimate net revenues due to variability in size, scope and duration of projects, and internal issues, which could cause actual results or events to differ materially from those presently anticipated.

The analyst who is principally responsible for the content of this report has represented that neither he/she nor members of his/her household have personal or business-related relationships to the subject company other than providing digital content and any ancillary services that GLH may offer. Unless otherwise indicated, GLH intends to provide continuing coverage of the covered companies. GLH will notify its readers through website postings or other appropriate means if GLH determines to terminate coverage of any of the companies covered.

GLH is being compensated for its research by the company which is the subject of this report. GLH may receive up to US$200,000 in total within a year for research and potentially other services from a given client and is required to have at least a 1-year commitment. None of the earned fees are contingent on, and GLH's client agreements are not cancellable for the content of its reports. GLH does not accept any compensation in the form of warrants or stock options or other equity instruments that could increase in value based on positive coverage in its reports. GLH or an affiliate may seek to receive compensation for non-research services to covered companies, such as charges for presenting at sponsored investor conferences, distributing press releases, advising on investor relations and broader corporate communications and public relations strategies as well as performing certain other related services ("Ancillary Services"). The companies that GLH covers in our research are not required to purchase or use Ancillary Services that GLH or an affiliate might offer to clients.

The manner of GLH's potential research compensation and Ancillary Services to covered companies raise actual and perceived conflicts of interest. GLH is committed to manage those conflicts to protect its reputation and the objectivity of employees/analysts by adhering to strictly-written compliance guidelines. The views and analyses included in our research reports are based on current public information that we consider to be reliable, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness, timeliness, or correctness. Neither we nor our analysts, directors, officers, employees, representatives, independent contractors, agents or affiliate shall be liable for any omissions, errors or inaccuracies, regardless of cause, foreseeability or the lack of timeliness of, or any delay or interruptions in the transmission of our reports to content users. This lack of liability extends to direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, losses, lost income, lost profit or opportunity costs. All investment information contained herein should be independently verified by the reader or user of this report. For additional information, all readers of this report are encouraged to visit GLH's website https://www.gelonghui.com.