

1H25 EARNINGS UPDATE

Shandong Hi-Speed New Energy Group Ltd

Green Energy + Computing Power = Integrated AI Computing Ecosystem

KEY POINTS

Profit level remained resilient. In 1H25, SHNE's total revenue/net income reached RMB 2,400 million/RMB 287 million, in-line with our estimate of RMB 2,479 million/ RMB 285 million in our update report. Gross profit stood at RMB 1,203 million, representing a gross profit margin of 50.2%. Administrative expenses decreased to RMB 201 million, reflecting the company's ongoing efforts in cost optimization and operational efficiency. Net income attributable to shareholders was RMB 287 million, increasing by 4% year-over-year. The improvement on profit mainly driven by three factors: (1) Improving profit from joint ventures and associates; (2) decreasing finance costs by replacing high-cost financing with low-cost financing and early re-payment of high-cost overseas borrowings by the company; (3) decreasing administrative expenses due to the cost control and efficiency enhancement of the company.

In 1H25, wind power performance was eye-catching. For marginal changes, as of the end of June 2025, the total installed capacity of power generation projects under construction and approved for construction has reached 4.9 GW, including 13 medium-to-large projects each with capacity exceeding 100 MW, and 30 projects with an aggregate capacity of approximately 890 MW has received formal internal investment decisions. In 1H25, the company's grid-connected wind power project capacity in Shandong is 234 megawatts, and the company's wind power reserve project in Shandong is 991 megawatts. At the same time, the company is also striving for the sea breeze project in Shandong Province.

Integrated AI computing ecosystem gradually takes effects, and business collaboration promoted a closed loop. As of the end of 2024, China's computing power scale is 414 EFlops, combined with the capital expenditure of major cloud factories and chip shipment forecasts, it is expected that the compound annual growth rate of China's computing power scale is expected to reach 44% from 2024 to 2026, driving 8.0/9.1GW of new data centers in 2025/2026, corresponding to 530/63.3 billion kWh of incremental electricity consumption. China's electricity consumption is expected to grow by 6.1% in 2025, of which data centers will contribute 0.5 percentage points. The company has significant economy of scale and deep project reserves in green power generation fields such as photovoltaic and wind power. SHNE's formed business partner with VNET's IDC business, which used "base-type" and "city-based" business in parallel. The designed power density of a single rack at the Ulanqab base reaches 8KW, 60% higher than traditional data centers. As the Ulanqab project connects to the grid in the near future, the company will provide green power support for the AI infrastructure business, bringing significant synergy to company.

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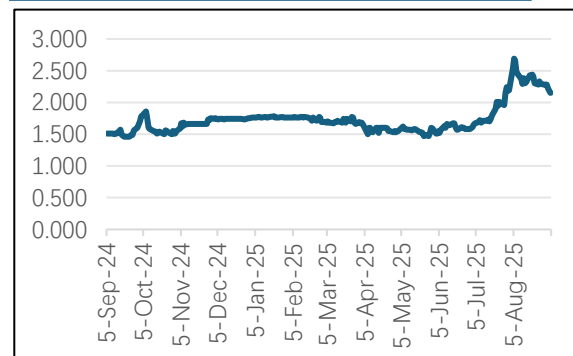
KEY DATA

Exchange: HKEX
Ticker: 1250
Current Price: HK\$2.15
52-Week Range: HK\$1.42-HK\$2.80
Average Volume (3M): 0.38M
Shares Outstanding (MM): 2,247
Market Capitalization (MM): HK\$4,830
Fiscal Year-End: December

FINANCIALS

In RMB Million	FY23A	FY24A	FY25E	FY26E
Revenue	4,487	4,393	4,416	4,925
Gross Profit	2,180	2,006	2,048	2,310
EBIT	2,045	1,821	1,783	1,975
IFRS Net Income	342	281	292	310

PRICE PERFORMANCE



Transportation-energy integration with SDHSG and comparison to Equinix (EQIX.O).

In terms of traffic-energy integration, according to the memorandum of understanding signed in between, SDHG and the company will promote strategic cooperation to achieve mutual benefit and complementary advantages, and help the company develop at high speed and with high quality. Comparison to overseas Equinix, and integrated AI computing ecosystem build the moats for SHNE. As a global AIDC leader, Equinix has a deep layout of new energy and enjoys the valuation premium of green assets. Equinix's in-depth layout in the three aspects of ESG ratings for new energy (PPA) green bond financing has synergistically reduced WACC, reduced operating costs (electricity costs), increased ROIC, and attracted a large amount of long-term capital with the help of ESG trends, ultimately bringing a valuation premium to "green assets" and directly driving the continuous growth of corporate market capitalization. AI has led to an explosive global demand, and electricity is the lifeline of AIDC. Clean energy is crucial for customer acquisition, cost reduction, and regulatory compliance for AIDC. For SHNE, the integration strategy of AI computing ecosystem is becoming the standard configuration of AIDC and industrial operators.

Valuation Suggests Upside Potential. Despite its solid fundamentals and expansion momentum, SHNE remains undervalued relative to peers. The company's shares are currently trading at HK\$2.15, equating to a market capitalization of HK\$4,830 million. Based on projected CY2025 EPS of HK\$0.14, this implies a forward P/E ratio of 16x—below the peer average of 20x. This valuation discount presents an attractive entry point for investors, especially considering SHNE's strategic focus on green computing power and its extensive renewable energy pipeline.

FINANCIALS AND VALUATION UPDATES

Figure 1: Company's Financials 2023 – 2026E.

Unit: Million RMB	2023	1H24	2H24	2024	1H25	2H25E	2025E	2026E
Revenues	4,487	2,405	1,988	4,393	2,400	2,016	4,416	4,925
Cost of sales	-2,307	-1,181	-1,206	-2,387	-1,196	-1,171	-2,368	-2,615
Gross profit	2,180	1,224	782	2,006	1,203	845	2,048	2,310
Other income and gains, net	529	168	73	241	46	87	133	231
Selling and distribution expenses	-3	-2	-2	-4	-2	-2	-4	-4
Administrative expenses	-436	-236	-111	-347	-201	-119	-320	-394
Other operating expenses, net	-224	-15	-61	-75	-1	-73	-74	-167
Operating Income	2,045	1,139	681	1,821	1,046	738	1,783	1,975
Finance costs	-1,372	-664	-475	-1,139	-559	-506	-1,065	-1,340
Share of profits of:								
Joint ventures	-81	3	-4	-1	5	-6	-1	-6
Associates	-22	-10	-17	-27	12	-4	8	-16
Profit Before Tax	570	468	185	653	504	222	726	614
Income tax expense	-220	-99	-96	-195	-111	-133	-244	-147
Profit for the period	350	369	89	458	393	89	482	467
Profit Attributable to Non-controlling interests	8	93	84	177	106	84	190	158
Profit Attributable to Equity holders of the Company	342	276	5	281	287	5	292	310

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

				Diluted EPS			P/E			
Company	Ticker	Market Cap	Price	2024A	2025E	2026E	2024A	2025E	2026E	
China Yangtze Power Co., Ltd.	SHSE:600900	690,738	28.23	1.3	1.4	1.5	21.2x	20.0x	19.1x	
CHN Energy Changyuan Electric Power Co.,Ltd.	SZSE:000966	15,525	4.46	0.25	0.12	0.17	17.8x	37.2x	26.2x	
Chongqing Three Gorges Water Conservancy and Electric Power Co., Ltd.	SHSE:600116	12,811	6.70	0.16	-	0.41	41.9x	-	16.3x	
Huaneng Lancang River Hydropower Inc.	SHSE:600025	167,400	9.30	0.44	0.50	0.53	21.1x	18.6x	17.5x	
China National Nuclear Power Co., Ltd.	SHSE:601985	180,587	8.78	0.46	0.51	0.54	19.1x	17.2x	16.3x	
China Longyuan Power Group Corporation Limited	SEHK:916	58,519	7.00	0.73	0.81	0.93	9.6x	8.6x	7.5x	
China Resources Power Holdings Company Limited	SEHK:836	94,895	18.33	2.97	2.68	3.05	6.2x	6.8x	6.0x	
							Median	21x	18x	16x
							Mean	20x	18x	16x
Shandong Hi-Speed New Energy Group Limited	SEHK:1250	4,830	2.15	0.13	0.14	0.15	16x	15x	15x	

Notes:

1. Data as of 9/5/2025.

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.

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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.

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