

INITIATION OF COVERAGE REPORT

Shandong Hi-Speed New Energy Group Ltd

Charging the Cloud: SHNE's Next Leg of Growth in Green AI Infrastructure

SUMMARY

Shandong Hi-Speed New Energy Group Limited (1250.HK): A Leading Force in China's Renewable Energy Transformation. Shandong Hi-Speed New Energy Group Limited (SHNE) is a key player in China's rapidly evolving clean energy sector, strategically positioning itself for long-term growth. The company is driving expansion through an increasing project pipeline, improved internal rates of return (IRRs), and innovative financing solutions aimed at lowering capital costs. By capitalizing on opportunities in green computing power and leveraging the expertise and resources of its two major shareholders—Shandong Hi-Speed Holdings Group Limited (412.HK) and Beijing Enterprises Water Group Limited (371.HK)—SHNE is strengthening its market position with a differentiated and competitive edge in the industry.

Capturing Growth in AI Computing Power and Green Data Centers. Through its AI Computing Power Project, SHNE is actively positioning itself in the next generation of Internet Data Center (IDC) competition. On March 15, 2024, SHNE, VNET, and the Ulanqab Municipal Government formalized a strategic framework agreement focused on integrating big data infrastructure with renewable energy solutions. This collaboration creates a synergistic and naturally hedged ecosystem, where SHNE ensures stable and efficient green power generation, while VNET utilizes sustainable energy for data processing operations. By pioneering independent and scalable “green power + computing power” solutions, SHNE is well-positioned to benefit from the ongoing evolution of third-generation IDCs.

Expanding Through Strategic M&A in Wind and Solar Energy. According to the latest public disclosures, SHNE currently operates 4.6 GW of solar and wind power projects and has secured a 5.5 GW project pipeline for future development. The company continues to execute a targeted merger and acquisition (M&A) strategy to strengthen its renewable energy asset portfolio. Since December 2024, SHNE has successfully completed four additional acquisitions spanning photovoltaic, wind power, and power battery segments, further reinforcing its position in the renewable energy market. To support rapid expansion, SHNE secured a US\$690 million capital injection from a subsidiary of Ping An Insurance, strengthening its financial position. The first tranche of US\$551 million was received on December 13, 2023, providing a solid foundation for future growth initiatives.

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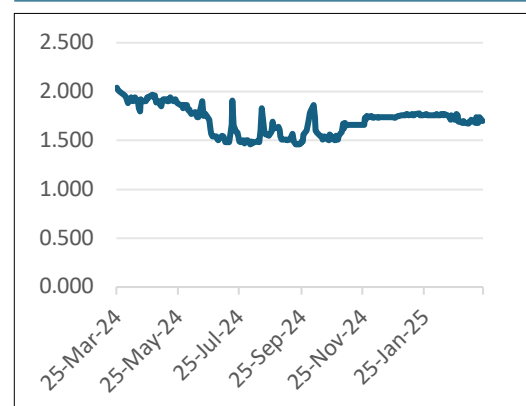
KEY DATA

Exchange: HKEX
Ticker: 1250
Current Price: HK\$1.70
52-Week Range: HK\$1.42-HK\$2.10
Average Volume (3M): 0.44M
Shares Outstanding (MM): 2,247
Market Capitalization (MM): HK\$3,819
Fiscal Year-End: December

FINANCIALS

In HK\$M	FY22A	FY23A	FY24E	FY25E
Revenue	5,296	4,963	4,702	4,934
Gross Profit	2,560	2,411	2,299	2,472
EBIT	2,056	2,262	1,916	2,019
IFRS Net Income	258	378	302	307

PRICE PERFORMANCE



SHNE's Strong Order Book Presents an Undervalued Investment Opportunity.

Despite its robust growth trajectory, SHNE remains attractively valued relative to peers. The company's stock currently trades at HK\$1.70 per share, implying a market capitalization of HK\$3,819 million. Based on projected CY2025 earnings per share (EPS) of HK\$0.14, SHNE is trading at a Price-to-Earnings (P/E) ratio of 12x, which is below the peer group average of 13x for the same period. This valuation gap underscores SHNE's strong growth potential, particularly in green computing power and its renewable energy pipeline. As the company continues to execute its strategic expansion and technological innovation initiatives, it represents a compelling investment opportunity in the clean energy sector. For a more detailed analysis of financial metrics and valuation, please refer to the Valuation Section.

COMPANY OVERVIEW

Shandong Hi-Speed New Energy Group Limited (SHNE) (1250.HK), formerly known as Beijing Enterprises Clean Energy Group Limited, is a key participant in China’s clean energy transition. Backed by strategic shareholders—Shandong Hi-Speed Holdings Group Limited (412.HK) and Beijing Enterprises Water Group Limited (371.HK)—the company focuses on utility-scale and distributed solar power, wind power, clean heat supply, and emerging areas such as energy storage, electricity distribution, and hydrogen production.

SHNE has established a strong national presence, with projects across more than 20 provinces and cities in China, and is also expanding into international markets. As of June 30, 2024, the company had 4.6 GW of solar and wind power projects in operation and a pipeline of 5.5 GW under development. SHNE’s strategy aligns closely with national energy policies, emphasizing technology-driven growth and sustainable energy infrastructure development.

The company’s solar portfolio includes both centralized and distributed systems. As of June 30, 2024, SHNE owned 53 utility-scale solar power plants across 13 provinces, 2 autonomous regions, and 1 municipality in China, as well as one operational plant in Whyalla, South Australia. The total grid-connected capacity of these centralized projects reached 2,562 MW, up from 2,362 MW a year earlier. SHNE also operates and/or manages distributed solar projects with a combined installed capacity of approximately 860 MW, compared to 800 MW as of June 30, 2023.

In wind power, SHNE has expanded its footprint significantly. As of June 30, 2024, the company operated 19 wind farms across 4 provinces and 2 autonomous regions in China, with total grid-connected capacity reaching 1,176 MW—up from 790 MW in the previous year.

Beyond traditional renewables, SHNE is entering the green computing space. On March 15, 2024, the company signed a framework agreement with VNET and the Ulanqab Municipal Government to jointly develop a “new energy + big data” integrated project. This marks SHNE’s first formal move into green computing infrastructure, aimed at powering data centers with clean energy and capturing long-term value from the AI-driven demand-DG surge for computing power.

Guided by its core values of responsibility, innovation, and shared growth, SHNE continues to evolve through strategic reforms, business model innovation, and a flexible operational structure. With a focus on expanding its renewable energy portfolio and leveraging its financing, technological, and execution strengths, SHNE is well-positioned to capture opportunities in China’s ongoing energy transformation.

Figure 1: Summary of SHNE’s Projects in Operation and Pipeline According to Public Disclosure.

Country	Provinces	In Operation (MW)			Pipeline (MW)			Total (MW)
		Solar-Utility	Solar-DG	Wind	Solar-Utility	Solar-DG	Wind	
China	Shandong	243		234		54.4	938	1,469
	Xinjiang			100	300		1,000	1,400
	Hebei	678		301		100		1,079
	Henan	264		372			200	836
	Shanxi	80		50	300		250	680
	Jilin	31			370		50	451
	Guangxi						446	446
	Inner Mongolia			119	100		200	419
	Jiangsu	182			119	5.0		306
	Hubei	70				205		275
	Anhui	194					39	233
	Guizhou	209						209
	Guangdong	135				11	30	176
	Shaanxi	161					15	176
	Jiangxi	125						125
	Yunnan	22				89		111
	Ningxia	100						100
	Liaoning						81	81
	Chongqing					60		60
	Gansu							50
Tianjin	32						32	
Tibet	30						30	
Beijing						0.3	0.3	
Others			860			517	1,377	
Australia	Whyalla	6.0						6.0
Total (MW)		2,562	860	1,176	1,543	823	3,164	
	Total (MW)		4,598			5,530		10,128

Source: GLH Research; Company filings.

Significant M&A on Solar Power and Wind Plants.

On December 1, 2023, Shandong Hi-Speed New Energy (SHNE) secured a US\$690 million strategic investment from Ping An Asset Management, a subsidiary of Ping An Insurance Group. The first tranche of US\$551 million was received on December 13, triggering a wave of M&A activity.

On the same day, SHNE announced the signing of a 380 MW wind power project in Heze, Shandong, with a total investment of US\$276 million. Around the same period, the company also signed a 200 MW distributed PV project with Shuangyashan Economic and Technological Development Zone, representing an investment of US\$110 million.

Subsequently, on December 20, SHNE announced the US\$101 million acquisition of Hengfeng County Fier Power Co., Ltd., gaining control of Jinko Power's 100 MW Dabancheng wind power plant in Urumqi, Xinjiang.

On December 28, SHNE revealed a US\$41 million investment for a 2.7% stake in Guangzhou Juwan Technology Research Co., Ltd. via equity transfer and capital injection. Juwan specializes in power batteries and next-gen energy storage systems. The two companies plan to collaborate on "wind-solar-storage-charging integration" and expressway supercharging stations.

In early 2024, SHNE's 100 MW fishery-PV-storage demonstration project in Liuji Town, Yizheng City, received approval, with a projected investment of US\$55 million.

Ulanqab Green Computing Power Project For AI

The global push for advanced computing infrastructure is accelerating. The U.S. recently unveiled its US\$2 trillion "Stargate" initiative, while France launched a €20 billion sovereign AI fund—both recognizing intelligent computing centers as strategic infrastructure. Meanwhile, the emergence of large-scale models like DeepSeek is expected to drive a new wave of demand for intelligent data centers (IDCs).

On March 15, 2024, Shandong Hi-Speed New Energy (SHNE), VNET, and the Ulanqab Municipal Government signed a strategic framework agreement focused on the integration of new energy and big data infrastructure. The partnership marks a key step in the joint development of "new energy + intelligent computing" and will contribute to Ulanqab's "Grassland Cloud Valley" initiative. The project aims to enhance data center energy efficiency, accelerate renewable energy adoption, and support regional economic and environmental goals.

This cooperation is aligned with the SASAC's 2024 directive requiring intelligent computing to account for over 50% of IDC capacity, which is expected to shift computing resources toward more strategic, energy-efficient hubs outside of traditional Tier-1 cities.

Notably, this project reflects a unique market-oriented state-owned asset model—not reliant on private-sector debt or operator-led administrative models. Instead, it leverages the synergy between SHNE (green power supply) and VNET (data consumption) to create a naturally hedged, vertically integrated system. This structure enables independent and controllable green IDC solutions, positioning SHNE to capture opportunities in the third-generation IDC transformation.

MANAGEMENT TEAM

Li Tianzhang, Executive Director and Chairman. Mr. Li 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. from July 2019 to October 2020.

Zhu Jianbiao, Executive Director. Mr. Zhu has been an independent non-executive director of Beijing Energy International Holding Co., Ltd, a company listed on the Main Board of the Stock Exchange (686.HK) since June 2021. Mr. Zhu has been an independent non-executive director of IPE Group Limited (929.HK) since November 2022. Mr. Zhu has been appointed as the executive director and co-chairperson of VNET Group, Inc., a company listed on Nasdaq (VNET.US) since January 2024.

Wang Wenbo, Executive Director. Mr. Wang 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.

Liao Jianrong, Executive Director. Ms. Liao worked for several companies and entities such as Yongzhou Municipal Committee Policy Research Office and Bank of Changsha Co., Ltd. Ms. Liao was an executive director of Future World Holdings Limited, a company listed on the Main Board of the Stock Exchange (572.HK), during February 2022 to April 2022. She was an executive director of SDHG during May 2019 to May 2020.

Liu Zhijie, Executive Director. 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 stateowned enterprises. He also oversaw various overseas companies and has extensive experience in financial management, investment and financing, as well as overseas business exposure.

Li Li, Executive Director. Mr. Li has been serving as an executive director of Beijing Enterprises Water Group Limited (BEWG), a company listed on the main Board of the Stock Exchange (371.HK) since February 2014 and the chief operating officer of BEWG since 30 March 2016. Mr. Li joined BEWG in October 2010. Since 1 August 2022, Mr. Li has been re-designated from a non-executive director to an executive director of Beijing Enterprises Urban Resources Group Limited (3718.HK). 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).

Wang Meng, Executive Director. Mr. Wang worked at BEIJING HENGWAN CONSTRUCTION COMPANY during the years from 1994 to 2000 and Beijing Zedu Law Firm during the years from 2001 to 2018. Mr. Wang Meng joined Zhejiang Qiqiao Ice and Snow Business Management Co., Ltd. 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.

INDUSTRY OVERVIEW

China has emerged as the global leader in renewable energy, with its solar and wind power industries experiencing rapid expansion. The country's aggressive push toward renewable energy is driven by ambitious government policies, technological advancements, and a commitment to carbon neutrality. By the end of 2024, China's total installed renewable energy capacity reached approximately 1,889 GW, with 887 GW from solar power and 521 GW from wind power. This milestone marks a significant leap toward China's goal of achieving carbon neutrality by 2060.

1. Solar Power: The Cornerstone of China's Renewable Growth

China has dominated the global solar industry, both in terms of installed capacity and manufacturing. The country's cumulative installed solar PV capacity grew by 45.5% in 2024 alone, reaching 887 GW, making up nearly half of the world's total solar capacity.

Key Drivers of Solar Growth:

- **Government Support:** China's 14th Five-Year Plan (2021–2025) set aggressive renewable energy targets, offering subsidies, tax incentives, and market reforms to encourage solar expansion.
- **Manufacturing Leadership:** China accounts for over 75% of global solar panel production, significantly lowering costs and making solar energy more accessible worldwide.
- **Technological Innovations:** The development of high-efficiency PV cells, bifacial panels, and energy storage solutions has further enhanced the competitiveness of China's solar sector.

2. Wind Power: A Complementary Force in China's Renewable Mix

China has also become the world leader in wind power, with a total installed capacity of 521 GW by the end of 2024, an 18% increase from the previous year. In particular, offshore wind capacity surged to 46 GW, making China the largest offshore wind market globally.

Key Drivers of Wind Growth:

- Massive Investments in Infrastructure: Government-backed projects have led to rapid expansion, especially in provinces such as Inner Mongolia, Xinjiang, and Jiangsu.
- Offshore Wind Expansion: China is leveraging its coastal geography to scale up offshore wind farms, benefiting from higher capacity factors compared to onshore wind.
- Grid Modernization: Investments in ultra-high voltage (UHV) transmission lines are helping integrate wind power into the national grid, addressing curtailment issues.

3. Economic Impact and Market Opportunities

China's renewable energy sector is not only a driver of sustainability but also a significant contributor to economic growth. The sector contributed approximately \$390 billion to the national economy in 2024, accounting for 21% of the clean energy industry's total value. Over 5 million jobs have been created in the solar and wind industries, spanning manufacturing, installation, maintenance, and research. China continues to attract foreign investment, with companies positioning themselves in the country's booming carbon credit and green hydrogen markets.

4. Challenges and Future Outlook

Despite its successes, China's renewable energy sector faces challenges:

- Grid Integration Issues: Rapid solar and wind expansion has led to occasional curtailment due to transmission limitations.
- Energy Storage Development: Large-scale storage solutions are needed to stabilize intermittent energy supply.
- Sustainability of Manufacturing: The environmental impact of solar panel and wind turbine production, including resource extraction and waste disposal, remains an area for improvement.

Looking ahead, China is expected to further accelerate renewable deployment, with a goal of reaching 25% of non-fossil energy consumption by 2030. Continuous investment in grid upgrades, energy storage, and offshore wind projects will be key in ensuring the sustainable growth of China's renewable energy industry.

FINANCIALS and VALUATION

In centralized photovoltaic (PV) power, SHNE continues to advance projects across North China, pursuing a regionally diversified strategy. The company works closely with local governments and strategic partners to ensure project stability and long-term viability.

In distributed PV, SHNE follows a dual approach of leveraging internal shareholder resources while actively targeting strategic customers externally. As of 1H24, the company was progressing on 22 key projects across Northeast, North, Central, and Southwest China, steadily expanding its footprint.

Operationally, SHNE has made meaningful gains in project operation and maintenance (O&M). In 1H24, its entrusted O&M services grew by approximately 460 MW, bringing total managed capacity to over 2.4 GW.

In the clean heat supply segment, the company's service coverage reached 34.5 million square meters, up 3.3% YoY, with 202,667 users, a 3.1% YoY increase. This business primarily serves North, Northeast, Northwest, and East China, aligning with SHNE's commitment to scalable and sustainable clean energy solutions.

Figure 2: Historical Financials & Our Forecasts.

Unit: Million HKD	2022	2023	1H24	2H24E	2024E	2025E
Revenues	5,296	4,963	2,606	2,096	4,702	4,934
Cost of sales	-2,736	-2,552	-1,279	-1,124	-2,403	-2,462
Gross profit	2,560	2,411	1,327	972	2,299	2,472
Other income and gains, net	219	585	182	128	310	299
Selling and distribution expenses	-3	-4	-2	-2	-4	-4
Administrative expenses	-513	-483	-256	-270	-527	-587
Other operating expenses, net	-208	-248	-16	-147	-162	-161
Operating Income	2,056	2,262	1,235	681	1,916	2,019
Finance costs	-1,803	-1,517	-719	-551	-1,271	-1,335
Share of profits of:						
Joint ventures	5	-90	3	2	5	-37
Associates	26	-25	-11	-7	-18	-18
Profit Before Tax	283	630	507	125	632	629
Income tax expense	-58	-243	-107	-83	-190	-175
Profit for the period	226	387	400	42	442	455
Profit Attributable to Non-controlling interests	-32	9	101	40	141	147
Profit Attributable to Equity holders of the Company	258	378	299	3	302	307

Source: GLH Research; Company filings.

Despite its robust growth trajectory, SHNE remains attractively valued relative to peers. The company's stock currently trades at HK\$1.70 per share, implying a market capitalization of HK\$3,819 million. Based on projected CY2025 earnings per share (EPS) of HK\$0.14, SHNE is trading at a Price-to-Earnings (P/E) ratio of 12x, which is below the peer group average of 13x for the same period. This valuation gap underscores SHNE's strong growth potential, particularly in green computing power and its renewable energy pipeline. As the company continues to execute its strategic expansion and technological innovation initiatives, it represents a compelling investment opportunity in the clean energy sector.

Figure 3: Peer Valuation Analysis.

Company	Ticker	Market Cap	Price	Diluted EPS			P/E			
				2023A	2024E	2025E	2023A	2024E	2025E	
China Yangtze Power Co., Ltd.	SHSE:600900	670,429	27.7	1.1	1.3	1.4	25.0x	20.8x	19.4x	
CHN Energy Changyuan Electric Power Co.,Ltd.	SZSE:000966	16,396	4.75	0.13	0.28	0.37	36.5x	17.0x	12.8x	
Chongqing Three Gorges Water Conservancy and Electric Power Co., Ltd.	SHSE:600116	12,893	6.88	0.27	0.32	0.43	25.5x	21.5x	16.0x	
Huaneng Lancang River Hydropower Inc.	SHSE:600025	158,040	8.86	0.40	0.37	0.51	22.2x	23.9x	17.4x	
China National Nuclear Power Co., Ltd.	SHSE:601985	177,503	9.29	0.55	0.56	0.60	16.9x	16.6x	15.5x	
China Longyuan Power Group Corporation Limited	SEHK:916	109,424	6.18	0.82	0.80	0.91	7.5x	7.7x	6.8x	
China Resources Power Holdings Company Limited	SEHK:836	97,743	18.90	2.3	3.0	3.0	8.3x	6.4x	6.3x	
							Median	17x	17x	15x
							Mean	20x	16x	13x
Shandong Hi-Speed New Energy Group Limited	SEHK:1250	3,819	1.7	0.17	0.13	0.14	10x	13x	12x	

- Notes:
1. Data as of 3/24/2025.
 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.

RISKS

Project Execution and Operational Risk. SHNE's growth and profitability are closely tied to the successful execution and performance of its renewable energy projects. To mitigate project risk, the company must maintain rigorous investment due diligence, approval, and post-investment review processes. Additionally, effective asset quality control, performance monitoring, and resource optimization, including the deployment of technical expertise and human capital, are critical to ensuring the long-term sustainability of its operations. The strength of SHNE's relationships with key stakeholders—particularly local governments, suppliers, and customers—also plays a vital role in project execution and operational efficiency.

Policy and Regulatory Risk. SHNE operates in a highly policy-sensitive sector. The clean energy industry in China remains heavily reliant on government support, including preferential tax incentives, subsidies, dispatch priority in power grids, and regulatory frameworks. Changes in national or regional energy policies, reduction in fiscal support, or shifts in regulatory priorities could adversely impact the company's business model, cash flows, and long-term development strategy. Ongoing regulatory engagement and proactive compliance will be essential to mitigate this risk.

Electricity Price Risk. While renewable energy typically benefits from stable cost structures, electricity price volatility—particularly in spot markets or through changes in benchmark tariffs—can materially affect project returns. As SHNE continues to expand into intelligent computing and data center power supply, electricity pricing mechanisms will increasingly influence profitability and competitiveness. Additionally, as China transitions toward market-based electricity pricing, fluctuations in peak and off-peak rates may introduce further earnings variability. To manage this, SHNE will need to optimize its power sales strategy, enhance contractual flexibility, and leverage its position as both a producer and consumer-aligned partner in green power supply agreements.

ABOUT THE ANALYSTS

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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.

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.

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