

2H24 EARNINGS UPDATE

Shandong Hi-Speed New Energy Group Ltd

Advancing Steadily with Strong Pipeline and Financial Discipline

KEY POINTS

Revenue and Net Income Achieve Steady Growth with Improved Profitability. In FY2024, SHNE delivered stable financial performance with total revenue reaching RMB 4,423 Million, surpassing our estimate of RMB 4,391 Million in the Initiation of Coverage (IOC) report. Gross profit stood at RMB 2,021 Million, representing a gross profit margin of 46%. The year-over-year decline in gross margin was primarily attributed to lower profitability in the electricity sales segment, driven by increased grid curtailment. Administrative expenses remained flat at RMB 350 Million, reflecting the company's ongoing efforts in cost optimization and operational efficiency. Net income rose by 32% year-over-year to RMB 463 Million. Net profit attributable to shareholders was RMB 284 Million, slightly exceeding our forecast of RMB 282 Million in the IOC report. The variance between net income and net profit attributable to shareholders was primarily due to increased minority interests in FY2024 compared to FY2023.

Significant Improvement in Financing Costs and Capital Structure. As highlighted in our IOC report dated March 24, 2025, SHNE continues to expand its project pipeline while enhancing internal rates of return (IRRs) and leveraging innovative financing strategies to reduce capital costs. In FY2024, finance costs declined from RMB 1,372 Million in FY2023 to RMB 1,147 Million, primarily due to refinancing of high-cost debt with lower-cost alternatives and early repayment of offshore borrowings. To further optimize its capital structure, the company raised RMB 2.0 Billion through equity financing, leading to a reduction in its debt ratio and reinforcing its financial resilience. The company's strengthening credit profile has been recognized with a long-term issuer credit rating of AAA. Moreover, SHNE's ESG credentials have also improved—Sustainability Fitch assigned an ESG rating of "2" with an entity score of 75, while S&P Global assigned an ESG score of 42 (up 7 points from 2023) and a governance score of 41, reflecting continued excellence in sustainability and corporate governance.

Robust Pipeline with Over 5.5 GW of Projects Secured. SHNE maintains a strong and growing project pipeline. As detailed in our IOC report, the company's under-construction and approved projects exceed a combined installed capacity of 5.5 GW. Notably, 20 of these projects have individual capacities of 100 MW or more. The company has secured an additional 375 MW of centralized and 175 MW of distributed wind power capacity in Shandong Province under the second batch of the province's "14th Five-Year Plan" onshore wind project bidding. It also obtained 1 GW of centralized wind power capacity in the Xinjiang Uygur Autonomous Region and 400 MW in Guangxi Province, further reinforcing its leadership in renewable energy development.

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\$1.67, equating to a market capitalization of HK\$3,752 Million. Based on projected CY2025 EPS of HK\$0.14, this implies a forward P/E ratio of 12x—below the peer average of 14x. 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. As the company continues to execute its growth initiatives and enhance technological capabilities, it is well-positioned to deliver long-term shareholder value. For a more comprehensive discussion of valuation metrics, please refer to the Valuation section.

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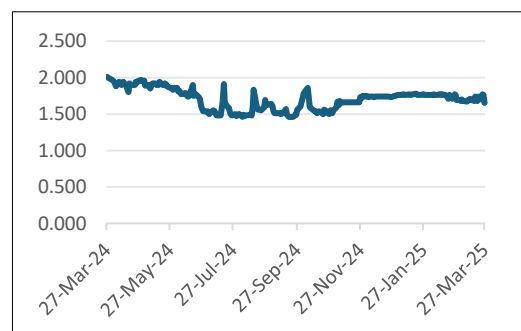
KEY DATA

Exchange: HKEX
Ticker: 1250
Current Price: HK\$1.67
52-Week Range: HK\$1.42-HK\$2.01
Average Volume (3M): 0.4M
Shares Outstanding (MM): 2,247
Market Capitalization (MM): HK\$3,752
Fiscal Year-End: December

FINANCIALS

In RMB Million	FY23A	FY24A	FY25E	FY26E
Revenue	4,487	4,423	4,496	5,014
Gross Profit	2,180	2,021	2,109	2,352
EBIT	2,045	1,835	1,888	2,011
IFRS Net Income	342	284	289	315

PRICE PERFORMANCE



FINANCIALS AND VALUATION UPDATES

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

Unit: Million RMB	2023	1H24	2H24	2024	1H25E	2H25E	2025E	2026E
Revenues	4,487	2,435	1,988	4,423	2,479	2,016	4,496	5,014
Cost of sales	-2,307	-1,195	-1,206	-2,402	-1,215	-1,171	-2,386	-2,663
Gross profit	2,180	1,240	782	2,021	1,265	845	2,109	2,352
Other income and gains, net	529	170	73	243	149	87	235	236
Selling and distribution expenses	-3	-2	-2	-4	-2	-2	-4	-5
Administrative expenses	-436	-239	-111	-350	-245	-119	-364	-401
Other operating expenses, net	-224	-15	-61	-75	-16	-73	-88	-170
Operating Income	2,045	1,154	681	1,835	1,150	738	1,888	2,011
Finance costs	-1,372	-672	-475	-1,147	-649	-506	-1,155	-1,364
Share of profits of:								
Joint ventures	-81	3	-4	-1	3	-6	-3	-6
Associates	-22	-10	-17	-27	-11	-4	-15	-16
Profit Before Tax	570	474	185	659	493	222	715	625
Income tax expense	-220	-100	-96	-196	-107	-133	-241	-149
Profit for the period	350	374	89	463	385	89	474	476
Profit Attributable to Non-controlling interests	8	94	84	179	101	84	185	160
Profit Attributable to Equity holders of the Company	342	279	5	284	285	5	289	315

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

Company	Ticker	Market Cap	Price	Diluted EPS			P/E			
				2024A	2025E	2026E	2024A	2025E	2026E	
China Yangtze Power Co., Ltd.	SHSE:600900	680,461	27.9	1.3	1.4	1.5	21.0x	19.5x	18.6x	
CHN Energy Changyuan Electric Power Co.,Ltd.	SZSE:000966	16,187	4.78	0.28	0.37	0.48	17.1x	12.9x	10.0x	
Chongqing Three Gorges Water Conservancy and Electric Power Co., Ltd.	SHSE:600116	12,893	6.90	0.32	0.43	0.50	21.6x	16.0x	13.8x	
Huaneng Lancang River Hydropower Inc.	SHSE:600025	164,880	9.21	0.37	0.51	0.55	24.9x	18.1x	16.7x	
China National Nuclear Power Co., Ltd.	SHSE:601985	173,915	9.37	0.56	0.60	0.64	16.7x	15.6x	14.6x	
China Longyuan Power Group Corporation Limited	SEHK:916	109,637	6.34	0.80	0.86	1.00	7.9x	7.4x	6.3x	
China Resources Power Holdings Company Limited	SEHK:836	95,569	18.74	2.97	3.36	3.62	6.3x	5.6x	5.2x	
							Median	22x	16x	14x
							Mean	16x	14x	12x
Shandong Hi-Speed New Energy Group Limited	SEHK:1250	3,797	1.67	0.14	0.14	0.15	12x	12x	11x	

Notes:

1. Data as of 4/1/2025.
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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