山西安裝

Shanxi Installation Group Co., Ltd.
山西省安裝集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2520)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2025	2024	Change
	RMB'000	*RMB'000*	
	(Unaudited)	*(Unaudited)*	
Operating results			
Operating revenue	**5,614,375**	6,012,233	–6.6%
Gross profit	**598,678**	601,753	–0.5%
Net profit	**90,348**	115,743	–21.9%
Net profit attributable to the shareholders of the parent company	**63,283**	89,474	–29.3%
Profitability			
Gross profit margin	**10.7%**	10.0%	7.0%
Net sales margin	**1.6%**	1.9%	–15.8%
Earnings per share (RMB)			
Earnings per share — Basic	**0.05**	0.07	–28.6%
Earnings per share — Diluted	**0.05**	0.07	–28.6%

The financial information set out in this announcement is prepared in accordance with the China Accounting Standards for Business Enterprises.

No interim dividend was proposed for the six months ended June 30, 2025 (June 30, 2024: nil).

The board of directors (the "**Board**") of Shanxi Installation Group Co., Ltd. (the "**Company**", and its subsidiaries, the "**Group**") is pleased to announce the consolidated financial results of the Group for the six months ended June 30, 2025 (the "**Reporting Period**"), together with the comparative figures for the six months ended June 30, 2024 (the "**Corresponding Period**").

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

For the six months ended June 30, 2025

Unit: RMB'000

Assets	*Notes*	**June 30, 2025**	December 31, 2024
Current assets:			
Cash		**2,240,848**	2,626,837
Bill receivables		**78,757**	126,061
Trade receivables	*3*	**6,588,072**	5,960,673
Receivables financing		**74,686**	69,252
Prepayments		**511,260**	517,669
Other receivables		**745,494**	751,414
Inventories		**462,613**	298,113
Contract assets	*4*	**6,862,155**	6,425,844
Other current assets		**286,987**	413,565
Total current assets		**17,850,872**	17,189,428
Non-current assets:			
Long-term equity investments		**266,779**	210,245
Investments in other equity instruments		**149,406**	147,832
Investment properties		**188,747**	187,722
Fixed assets		**1,045,191**	1,077,794
Construction-in-progress		**221,574**	203,907
Right-of-use assets		**147,725**	153,119
Intangible assets		**188,847**	174,677
Goodwill		**15,000**	15,000
Long-term deferred expenses		**6,147**	193
Deferred income tax assets		**167,724**	179,492
Other non-current assets		**4,895,784**	4,584,752
Total non-current assets		**7,292,924**	6,934,733
Total assets		**25,143,796**	24,124,161

Unit: RMB'000

Liabilities and shareholders' equity	*Notes*	June 30, 2025	December 31, 2024
Current liabilities			
Short-term borrowings		**1,965,582**	2,400,646
Bill payables		**2,446,108**	1,888,383
Trade payables	*5*	**10,131,027**	9,492,423
Contract liabilities		**1,427,704**	1,357,031
Employee remuneration payables	*6*	**70,775**	82,075
Tax payables	*7*	**51,667**	57,554
Other payables	*8*	**522,992**	583,394
Non-current liabilities due within one year		**760,050**	767,873
Other current liabilities		**498,047**	872,591
Total current liabilities		**17,873,952**	17,501,970
Non-current liabilities			
Long-term borrowings		**3,576,206**	2,970,909
Lease liabilities		**144,291**	140,084
Long-term employee remuneration payables		**28,830**	30,280
Deferred income		**25,562**	27,000
Deferred income tax liabilities		**91,607**	110,562
Total non-current liabilities		**3,866,496**	3,278,835
Total liabilities		**21,740,448**	20,780,805
Shareholders' equity			
Share capital		**1,373,486**	1,373,486
Capital reserve		**650,993**	650,867
Other comprehensive income		**85,815**	84,512
Special reserve		**14,695**	2,835
Surplus reserve		**20,220**	12,370
Undistributed profit		**695,581**	640,148
Total equity attributable to shareholders of the parent company		**2,840,790**	2,764,218
Minority interests		**562,558**	579,138
Total shareholders' equity		**3,403,348**	3,343,356
Total liabilities and shareholders' equity		**25,143,796**	24,124,161

Legal representative of the Company: Ren Rui

Person in charge of accounting work in the Company: Zhou Saimei

Person in charge of the accounting organization of the Company: Xue Bowen

INTERIM CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period from January 1, 2025 to June 30, 2025

Unit: RMB'000

	Notes	**January to June 2025**	January to June 2024
Operating revenue	*9*	**5,614,375**	6,012,233
Less: Operating costs	*9*	**5,015,697**	5,410,480
Tax and surcharges	*10*	**14,559**	13,047
Selling expenses		**650**	643
Management expenses		**230,110**	224,750
Research and development expenses		**172,876**	135,481
Finance expenses	*11*	**38,729**	62,394
Including: Interest expenses		**172,516**	187,078
Interest income		**136,456**	124,417
Add: Other gains		**3,033**	3,691
Investment gains		**−2,228**	−705
Including: Gains on investment in associates and joint ventures		**−2,016**	−705
Gains on change of fair value		**1,025**	−524
Credit impairment losses		**−23,946**	−34,698
Asset impairment losses		**−16,424**	−22,540
Gains on disposal of assets		**435**	2,970
Operating profit		**103,649**	113,632
Add: Non-operating revenue		**190**	5
Less: Non-operating expenses		**305**	182

	Notes	**January to June 2025**	January to June 2024
Total profit		**103,534**	113,455
Less: Income tax expenses	*12*	**13,186**	−2,288
Net profit		**90,348**	115,743
Classified by operating continuity:			
Net profit from continuing operations		**90,348**	115,743
Classified by ownership:			
Net profit attributable to shareholders of the parent company		**63,283**	89,474
Minority interests		**27,065**	26,269
Other comprehensive income, net of tax		**1,303**	−4,232
Other comprehensive income attributable to shareholders of the parent company, net of tax		**1,303**	−4,232
Other comprehensive income that cannot be reclassified into profit or loss		**1,347**	−5,890
Change in remeasurement of defined benefit plan		**9**	−510
Changes in fair value of investment in other equity instruments		**1,338**	−5,380
Other comprehensive income that will be reclassified into profit or loss		**−44**	1,658
Translation differences on financial statements of foreign currencies		**−44**	1,658
Total comprehensive income		**91,651**	111,511
Of which:			
Total comprehensive income attributable to shareholders of the parent company		**64,586**	85,242
Total comprehensive income attributable to minority shareholders		**27,065**	26,269
Earnings per share (RMB/share)			
Basic earnings per share	*13*	**0.05**	0.07
Diluted earnings per share		**0.05**	0.07

Legal representative of the Company: Ren Rui

Person in charge of accounting work in the Company: Zhou Saimei

Person in charge of the accounting organization of the Company: Xue Bowen

NOTES TO FINANCIAL STATEMENTS

1. COMPANY INFORMATION

Shanxi Installation Group Co., Ltd., whose predecessor was Shanxi Industrial Equipment Installation Group Co., Ltd.* (山西省工業設備安裝集團有限公司), and was previously named as Shanxi Industrial Equipment Installation Co., Ltd.* (山西省工業設備安裝有限公司) and Shanxi Industrial Equipment Installation Company* (山西省工業設備安裝公司), was established in November 1989. In August 2021, the Company became a wholly-owned subsidiary of Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司) and was approved and registered by the Shanxi Provincial Administration for Market Regulation. The business license registration number is 140000100001146, and the registered capital and paid-up capital is RMB1,000,000,000.

On September 2, 2021, Shanxi CIG transferred 2% of its equity in the Company (20,000,000 shares) to Shanghai Rongda Investment Management Co., Ltd.* (上海榮大投資管理有限公司) at nil consideration.

In December 2021, the Company was converted into a joint stock company.

In November 2023, the Company issued 373,486,000 shares of stock (H shares) to overseas investors and listed on the Main Board of Hong Kong Stock Exchange, with the stock abbreviation "SHANXI INSTALL" and stock code "02520". After the completion of the aforementioned issuance, the total share capital increased to RMB1,373,486,000.00.

The registered address of the Company is No. 8, Xinhua Road, Tanghuai Industrial Park, Shanxi Transformation Comprehensive Reform Demonstration Zone, with the Unified Social Credit ID of 91140000110011149W.

The industry in which the Company operates: construction industry. The Company is principally engaged in the following businesses: specialized industrial construction contracting, specialized auxiliary construction contracting, other construction contracting, and non-construction businesses.

The direct holding company of the Company is Shanxi CIG, the ultimate holding company of the Company is Shanxi State-owned Capital Operation Co., Ltd.* (山西省國有資本運營有限公司), and the ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province* (山西省人民政府國有資產監督管理委員會).

The financial statements and notes to the financial statements were approved by the resolution of the 47th meeting of the first session of the Board of the Company on August 27, 2025.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are prepared in accordance with the China Accounting Standards for Business Enterprises and its application guidelines, interpretations, and other relevant provisions (collectively, the "**Accounting Standards for Business Enterprises**") issued by the Ministry of Finance. In addition, the Company discloses relevant financial information in accordance with the China Securities Regulatory Commission's Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reports (2023 Revision) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These financial statements are presented on a going concern basis.

The Company's accounting is based on the accrual basis. Except for certain financial instruments and investment properties, these financial statements are measured on a historical cost basis. If assets become impaired, corresponding impairment provisions shall be made in accordance with the relevant regulations.

3. TRADE RECEIVABLES

Trade receivables are mainly recorded based on the date of transaction. The ageing of trade receivables presented by their recording date is basically consistent with that presented by the date of invoice.

The ageing analysis of the trade receivables is as follows:

Unit: RMB'000

	June 30, 2025				
	Balance		**Bad debt provision**		
Type	**Amount**	**Proportion** *(%)*	**Amount**	**Expected credit loss rate** *(%)*	**Carrying amount**
Bad debt provision on an individual basis	**123,050**	**1.74**	**123,050**	**100.00**	**—**
Bad debt provision on a group basis	**6,935,619**	**98.26**	**347,547**	**5.01**	**6,588,072**
Including: Age group	**6,935,619**	**98.26**	**347,547**	**5.01**	**6,588,072**
Total	**7,058,669**	**100**	**470,597**	**6.67**	**6,588,072**

Unit: RMB'000

	December 31, 2024				
	Balance		Bad debt provision		
Type	Amount	Proportion *(%)*	Amount	Expected credit loss rate *(%)*	Carrying amount
Bad debt provision on an individual basis	123,218	1.92	123,218	100.00	—
Bad debt provision on a group basis	6,281,127	98.08	320,454	5.10	5,960,673
Including: Age group	6,281,127	98.08	320,454	5.10	5,960,673
Total	6,404,345	100.0	443,672	6.93	5,960,673

Bad debt provision on a group basis:

Provision by age group

Unit: RMB'000

Item	June 30, 2025 Balance	June 30, 2025 Bad debt provision	June 30, 2025 Expected credit loss rate *(%)*	December 31, 2024 Balance	December 31, 2024 Bad debt provision	December 31, 2024 Expected credit loss rate *(%)*
Within 1 year	**3,742,934**	**51,278**	**1.37**	3,120,750	41,115	1.32
1–2 years	**1,317,310**	**43,735**	**3.32**	1,907,613	66,969	3.51
2–3 years	**1,095,054**	**72,164**	**6.59**	794,522	58,019	7.30
3–4 years	**555,149**	**72,225**	**13.01**	202,505	27,396	13.53
4–5 years	**153,558**	**36,531**	**23.79**	165,535	36,753	22.20
Over 5 years	**71,614**	**71,614**	**100.00**	90,202	90,202	100.00
Total	**6,935,619**	**347,547**	**5.01**	6,281,127	320,454	5.10

4. CONTRACT ASSETS

Unit: RMB'000

Item	June 30, 2025 Balance	June 30, 2025 Impairment provision	June 30, 2025 Carrying amount	December 31, 2024 Balance	December 31, 2024 Impairment provision	December 31, 2024 Carrying amount
Contract assets arising from construction contracts	**7,491,591**	**102,635**	**7,388,956**	6,857,195	90,271	6,766,924
— Contract assets on service concession projects	**629,752**	**8,628**	**621,124**	510,561	6,726	503,835
— Contract assets on EPC projects	**6,861,839**	**94,007**	**6,767,832**	6,346,634	83,545	6,263,089
Quality assurance deposit receivables	**910,057**	**12,468**	**897,589**	894,007	11,778	882,229
Receivables under service concession arrangements	**3,517,825**	**48,194**	**3,469,631**	3,402,219	44,824	3,357,395
Sub-total	**11,919,473**	**163,297**	**11,756,176**	11,153,421	146,873	11,006,548
Less: Contract assets shown in other non-current assets	**4,962,001**	**67,980**	**4,894,021**	4,641,788	61,084	4,580,704
Total	**6,957,472**	**95,317**	**6,862,155**	6,511,633	85,789	6,425,844

5. TRADE PAYABLES

The aging analysis of the trade payables based on their recording dates is as follows:

Unit: RMB'000

Item	**June 30, 2025**	December 31, 2024
Within 1 year	**4,961,438**	6,451,451
1–2 years	**2,993,790**	1,716,576
2–3 years	**1,146,104**	675,729
Over 3 years	**1,029,695**	648,667
Total	**10,131,027**	9,492,423

6. EMPLOYEE REMUNERATION PAYABLES

Unit: RMB'000

Item	Balance as at the end of the previous year	Increase for the period	Decrease for the period	Closing balance
Short-term remuneration	78,536	282,167	293,596	67,107
Post-employment benefits — defined contribution plan	319	41,693	41,564	448
Termination benefits	3,220	1,790	1,790	3,220
Post-employment benefits due within one year — liabilities in defined benefit plan	3,020	1,790	1,790	3,020
Termination benefits due within one year — liabilities in defined benefit plan	200	—	—	200
Total	**82,075**	**325,650**	**336,950**	**70,775**

The defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate fund and will have no further payment obligations thereafter.

During the Reporting Period, the defined contribution plan of the Company is the basic pension insurance and unemployment insurance paid for the employees.

Regarding the basic social pension insurance and unemployment insurance organized and implemented by local labor and social security departments that employees of the Company participate in, if employees withdraw from the aforementioned defined contribution plan before the relevant contributions are vested, the Company cannot use the contributions already paid on behalf of the employees to offset the existing level of contributions required by the defined contribution plan.

7. TAX PAYABLES

Unit: RMB'000

Tax	**June 30, 2025**	December 31, 2024
Corporate income tax	**15,347**	26,497
Value added tax	**16,432**	11,532
Individual income tax	**13,325**	12,490
Urban maintenance and construction tax	**2,125**	2,293
Education surcharge	**1,193**	1,192
Others	**3,245**	3,550
Total	**51,667**	57,554

8. OTHER PAYABLES

Unit: RMB'000

Item	**June 30, 2025**	December 31, 2024
Dividend payables	**71,678**	71,678
Other payables	**451,314**	511,716
Total	**522,992**	583,394

(1) Dividend payables

Unit: RMB'000

Item	**June 30, 2025**	December 31, 2024
Shanxi Construction Investment Group Co., Ltd. (山西建設投資集團有限公司)	**70,244**	70,244
Shanghai Rongda Investment Management Co., Ltd. (上海榮大投資管理有限公司)	**1,434**	1,434
Total	**71,678**	71,678

(2) Other payables

Unit: RMB'000

Item	**June 30, 2025**	December 31, 2024
Deposits received	**35,377**	31,094
Amounts due to related parties	**177,880**	169,346
Amounts due to employees	**93,004**	106,697
Withholding and payment of social security and tax on behalf of individuals	**5,214**	4,018
Other payables	**139,839**	200,561
Total	**451,314**	511,716

9. OPERATING REVENUE AND OPERATING COSTS

(1) Operating revenue and operating costs

Unit: RMB'000

Item	**January to June 2025** Revenue	Costs	January to June 2024 Revenue	Costs
Principal businesses	**5,588,041**	**5,005,369**	6,000,273	5,408,819
Other businesses	**26,334**	**10,328**	11,960	1,661
Total	**5,614,375**	**5,015,697**	6,012,233	5,410,480

(2) Operating revenue and operating costs by type

Unit: RMB'000

Major type	**January to June 2025** Revenue	Costs	January to June 2024 Revenue	Costs
Principal businesses:	**5,588,041**	**5,005,369**	6,000,273	5,408,819
1. Specialized industrial construction	**4,069,822**	**3,735,341**	3,996,675	3,614,643
— Construction income of service concession projects	**—**	**—**	813	773
— Construction income of EPC projects	**4,069,822**	**3,735,341**	3,995,862	3,613,870
2. Specialized auxiliary construction	**534,251**	**487,804**	749,831	704,031
— Construction income of service concession projects	**570**	**525**	69,130	31,371
— Construction income of EPC projects	**533,681**	**487,279**	680,701	672,660
3. Other construction	**499,658**	**426,264**	753,022	702,243
— Construction income of service concession projects	**114**	**85**	33,498	24,902
— Construction income of EPC projects	**499,544**	**426,179**	719,524	677,341
4. Non-construction business	**484,310**	**355,960**	500,745	387,902
— Operating fee income of service concession projects	**62,802**	**51,392**	59,470	43,430
— Urban heating technical services income	**225,113**	**160,596**	225,475	158,621
— Sales of LNG	**73,235**	**70,779**	114,186	110,384
— Sales of concrete	**3,130**	**3,068**	13,021	12,807
— Trading	**43,849**	**37,791**	43,561	37,285
— Design fee	**20,847**	**10,922**	17,733	11,073
— Sales of electricity	**35,648**	**3,710**	13,352	2,491
— Labor services fee	**19,686**	**17,702**	13,947	11,811
Other businesses:	**26,334**	**10,328**	11,960	1,661
— Lease	**11,555**	**2,539**	7,797	1,463
— Others	**14,779**	**7,789**	4,163	198
Total	**5,614,375**	**5,015,697**	6,012,233	5,410,480

(3) Operating revenue and operating costs by geographical location

Unit: RMB'000

Major operating areas	January to June 2025 Operating revenue	January to June 2025 Operating costs	January to June 2024 Operating revenue	January to June 2024 Operating costs
China	**5,405,009**	**4,842,838**	5,807,094	5,217,479
Overseas	**209,366**	**172,859**	205,139	193,001
Total	**5,614,375**	**5,015,697**	6,012,233	5,410,480

(4) Breakdown of operating revenue

Unit: RMB'000

	January to June 2025	January to June 2024
Timing of revenue recognition		
Including: Recognized at a point in time	**499,089**	504,909
Recognized over time	**5,103,731**	5,499,527
Total	**5,602,820**	6,004,436

The above excludes rental income, which is recognized in accordance with the Accounting Standards for Business Enterprises No. 21.

10. TAX AND SURCHARGES

Unit: RMB'000

Item	**January to June 2025**	January to June 2024
Property tax	**2,182**	3,552
Stamp duty	**3,666**	2,481
Urban maintenance and construction tax	**4,423**	3,430
Education surcharge	**3,040**	2,776
Land use tax	**542**	434
Others	**706**	374
Total	**14,559**	13,047

11. FINANCE EXPENSES

Unit: RMB'000

Item	January to June 2025	January to June 2024
Interest expenses	**173,971**	197,531
Less: Capitalized interest	**1,455**	10,453
Interest income from bank deposits	**8,685**	9,553
Interest income from PPP projects	**127,771**	114,864
Exchange gains or losses	**269**	−853
Handling fee and others	**2,400**	586
Total	**38,729**	62,394

12. INCOME TAX EXPENSES

(1) Breakdown of income tax expenses

Unit: RMB'000

Item	January to June 2025	January to June 2024
Current income tax calculated in accordance with tax laws and related regulations	**18,123**	4,418
Deferred income tax expenses	**−4,937**	−6,706
Total	**13,186**	−2,288

(2) Reconciliation between income tax expenses and total profit is as follows:

Unit: RMB'000

Item	January to June 2025	January to June 2024
Total profit	**103,534**	113,455
Income tax expenses at statutory (or applicable) tax rate	**15,530**	17,018
Effect of different tax rates applied by certain subsidiaries	**6,333**	3,773
Adjustment of current income tax in previous periods	**202**	−19,456
Profit or loss from joint ventures and associates accounted for under the equity method	**−302**	106
Non-deductible costs, expenses and losses	**19,093**	9,709
Tax effects of unrecognized deductible losses and deductible temporary differences	**−1,739**	6,884
Tax effects of deduction of accumulated research and development expenses (expressed in "–")	**−25,931**	−20,322
Income tax expenses	**13,186**	−2,288

Tax Concessions and Approvals

(1) Tax concessions applicable to high and new-technology enterprises

① The Company has obtained the Certificate of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Administration of Taxation in November 2024, and is eligible to pay EIT at a preferential rate of 15% from November 1, 2024 to October 31, 2027.

② Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd. (山西山安藍天節能科技股份有限公司), a subsidiary of the Company, has obtained the Certificate of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Administration of Taxation in November 2024, and is eligible to pay EIT at a preferential rate of 15% for a term of three years from November 1, 2024 to October 31, 2027.

③ Gaoping Xinshi Yangtian Solar Power Co., Ltd. (高平市鑫時陽田光伏發電有限公司), a subsidiary of the Company, has obtained the Certificate of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Administration of Taxation in November 2024, and is eligible to pay EIT at a preferential rate of 15% for a term of three years from November 1, 2024 to October 31, 2027.

④ Shanxi Shan'an Biquan Haimian City Technology Co., Ltd. (山西山安碧泉海綿城市科技有限公司) and Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd. (山西山安茂德分布式能源科技有限公司), subsidiaries of the Company, have obtained the Certificate of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Administration of Taxation in 2022, and are eligible to pay EIT at a preferential rate of 15% for a term of three years from December 12, 2022 to December 11, 2025.

⑤ Shanxi Shan'an Lide Environmental Technology Co., Ltd. (山西山安立德環保科技有限公司), a subsidiary of the Company, has obtained the Certificate of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Administration of Taxation in December 2023, and is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 8, 2023 to December 7, 2026.

⑥ Shanghai Shan'an Construction Engineering Company Limited (上海山安建設工程有限公司), a subsidiary of the Company, has obtained the Certificate of High and New-Technology Enterprise jointly issued by Science and Technology Committee of Shanghai Municipality, Shanghai Municipal Bureau of Finance and Shanghai Municipal Taxation Bureau, State Administration of Taxation in December 2023, and is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 12, 2023 to December 11, 2026.

(2) Tax concessions for additional tax deduction for research and development expenses

The Company's operations in the PRC enjoy an additional research and development deduction tax treatment in accordance with the EIT Law.

According to the announcement issued by the Ministry of Finance, the State Taxation Administration, and the Ministry of Science and Technology, with effect from October 1, 2022, the pre-tax additional deduction ratio for research and development expenses is 100%, and the additional deduction ratio for amortization of intangible assets is 200%.

(3) Tax concessions applicable to small and micro enterprises

① According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Individually-owned Businesses (Cai Shui (2023) No. 12): for small low-profit enterprises, the taxable income shall be calculated at a reduced rate of 25%, and enterprise income tax shall be paid at a tax rate of 20%.

② The Company's subsidiaries, Chongqing Shan'an Construction Engineering Co., Ltd. (重慶山安建設工程有限公司), Hubei Shan'an Construction Engineering Co., Ltd. (湖北山安建設工程有限公司), Shan'an Runxing New Energy (Lvliang) Co., Ltd. (山安潤興新能源 (呂梁) 有限公司), Liaoning Yingkou Shan'an New Energy Co., Ltd. (遼寧營口山安新能源有限公司), Hong'an Shan'an Construction Engineering Co., Ltd. (雄安山安建設工程有限公司), Shanxi Shan'an Maode Electricity Supply Co., Ltd. (山西山安茂德售電有限公司), Yuanping Shan'an Biquan Waterwork Development Limited (原平市山安碧泉水務發展有限公司) and Wenshui Shan'an Biquan Waterwork Development Limited (文水縣山安碧泉水務發展有限公司), are subject to the provisions of the aforesaid document and will pay their taxable income at a preferential rate for the year 2025.

13. DIVIDEND

No interim dividend was proposed for the six months ended June 30, 2025 (June 30, 2024: nil).

14. EARNINGS PER SHARE

Earnings per share are calculated by dividing the consolidated net profit attributable to the ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares of the parent company:

Item	**January to June 2025**	January to June 2024
Consolidated net profit attributable to the ordinary shareholders of the parent company *(Unit: RMB'000)*	**63,283**	89,474
Weighted average number of outstanding ordinary shares of the parent company *(Unit: thousand shares)*	**1,373,486**	1,373,486
Basic earnings per share	**0.05**	0.07

15. SEGMENT INFORMATION

According to the internal organizational structure, management requirements, and internal reporting system of the Company, the operations of the Company are divided into two reporting segments: the construction contracting segment and the non-construction segment. These reporting segments are determined based on the financial information required for the daily internal management of the Company. The management of the Group regularly evaluates the operating results of these reporting segments to determine resources allocated to them and to assess their performance.

Reporting information of segments is disclosed based on the accounting policies and measurement standards adopted by each segment when reporting to management, these accounting policies and measurement bases are consistent with those used in the preparation of financial statements.

Segment profits or losses, assets and liabilities

Unit: RMB'000

Current period or at the end of current period	Construction contracting segment	Non-construction segment	Offset	Total
Operating revenue	**5,243,585**	**596,664**	**225,874**	**5,614,375**
Including: Revenue from external transactions	**5,178,695**	**435,680**	**—**	**5,614,375**
Revenue from inter-segment transactions	**64,890**	**160,984**	**225,874**	**—**
Including: Revenue from principal businesses	**5,135,538**	**654,956**	**202,453**	**5,588,041**
Operating costs	**4,747,493**	**477,952**	**209,748**	**5,015,697**
Selling expenses	**—**	**654**	**4**	**650**
Management expenses	**213,806**	**32,903**	**16,599**	**230,110**
Finance expenses	**91,003**	**−51,654**	**620**	**38,729**
Operating profits/(losses)	**82,458**	**109,953**	**88,762**	**103,649**
Total assets	**20,614,809**	**8,454,332**	**3,925,345**	**25,143,796**
Total liabilities	**18,338,065**	**5,908,412**	**2,506,029**	**21,740,448**
Supplementary information:				
Capital expenditures	**19,224**	**49,850**	**8,305**	**60,769**
Depreciation and amortization expenses	**12,955**	**50,165**	**—**	**63,120**
Asset impairment losses	**−11,657**	**−5,918**	**−1,151**	**−16,424**
Credit impairment losses	**−19,190**	**−4,756**	**—**	**−23,946**

Previous period or at the end of previous period	Construction contracting segment	Non-construction segment	Offset	Total
Operating revenue	5,590,701	595,887	174,355	6,012,233
Including: Revenue from external transactions	5,555,045	457,188	—	6,012,233
Revenue from inter-segment transactions	35,656	138,699	174,355	—
Including: Revenue from principal businesses	5,576,188	591,218	167,133	6,000,273
Operating costs	5,090,247	486,020	165,787	5,410,480
Selling expenses	—	647	4	643
Management expenses	205,799	27,979	9,028	224,750
Finance expenses	103,842	−41,448	—	62,394
Operating profits/(losses)	12,600	100,089	−943	113,632
Total assets	21,111,357	8,640,990	3,965,834	25,786,513
Total liabilities	18,964,806	6,207,312	2,646,724	22,525,394
Supplementary information:				
Capital expenditures	3,591	97,398	9,484	91,505
Depreciation and amortization expenses	13,538	37,586	—	51,124
Asset impairment losses	−21,022	−1,995	−477	−22,540
Credit impairment losses	−30,976	−3,722	—	−34,698

Reliance on major customers

The Company has a large number of customers and no single customer accounted for more than 10% of the Company's total revenue as at June 30, 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP FOR THE REPORTING PERIOD

Summary of Overall Results

In the first half of 2025, we focused on various objectives of the "Year of Quality Empowerment", adhered to the principles of seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old. Our overall strength has steadily improved, reforms and systematic changes have been deepened, market expansion strategies have been effective, and internal controls have been increasingly refined. We achieved outstanding results in promoting comprehensive high-quality development. Our operating revenue for the period between January and June 2025 reached RMB5,614,375,000, achieving a profit of RMB90,348,000.

Within the specialized industrial construction sector, the new energy division achieved new contract value of over RMB8 billion in the first half of 2025 focusing on innovating business models and expanding supply chains, precisely targeting transformation initiatives to facilitate a profound structural transition toward the green energy industry. Successful implementations included the new energy zero-carbon airport project of Shanxi Aviation Industry (山西航產新能源零碳機場項目) and the green power direct supply project in Changzhi High-Tech Zone (長治高新區綠電直供項目). Additionally, we secured contracts for the Qinshui Hongfuguokou 150MW wind power project (沁水鴻富溝口150MW風力發電項目), the SPIC Boye 100MW wind power project (國家電投博野100MW風電項目), and the 400MW/800MWh grid-side electrochemical energy storage project in Fushan Town, Ningyang County, Tai'an City (泰安市寧陽縣伏山鎮400MW/800MWh電網側電化學儲能項目), thereby continuously strengthening our core competitive advantages.

We remain committed to consolidating our "specialization" strategy and steadfastly adhering to a specialized development pathway. In the chemical sector, we were awarded the contract for the construction and installation engineering of the first phase of the 200,000-ton siloxane and downstream deep processing project for Xinjiang Qiya Silicon Materials Co., Ltd. (新疆其亞硅基材料有限公司一期20萬噸硅氧烷及下游深加工項目); and the procurement, construction and installation engineering for the ammonia synthesis and methanol facilities as part of the old factory relocation and transformation and new materials upgrading project (first phase) of Henan Jinkai Chemical Industry Investment Holding Group Co., Ltd. (河南晉開化工投資控股集團有限責任公司老廠區搬遷轉型升級新材料項目(一期)) In the mechanical and electrical installation sector, we were contracted for the renovation of a class 10,000 cleanroom (including mechanical and electrical equipment, fire protection facilities, and installation) of Shanxi Gaoke Riyueguang

Display Technology Co., Ltd. Furthermore, in the power sector, we were awarded the contract for the "Improvement of Coal Unloading Capacity for In-Plant Trains" renovation project (「廠內火車煤接卸能力提升」改造工程) of Guodian Power Datong Company, and the general contracting for the PC engineering of the 1×50,000-kilowatt backpressure unit combined heat and power project in Xiajin, Dezhou. In the municipal sector, contracts were secured for the water pollution control project of the Ciyao River (a first-level tributary) within the Fen River system in the middle reaches of the Yellow River in Jiaocheng County, the recycled water reuse project in the provincial-level economic development zone (first tender section), and the ecological restoration project in Malizhai Village, Xiaojingzhuang Township, Zuoyun County, commissioned by Jinneng Holding Coal Industry Group Madaotou Coal Industry Co., Ltd.

On the specialized auxiliary construction, we successfully won bids for the Hubei Provincial Shuiyun Longxiang national-level rural comprehensive development project (湖北省水韻瓏鄉國家級田園綜合體項目); the first tender section of the cultural water garden construction project of the Xiaoyi Old City cultural and tourism facility upgrading project (first phase) (孝義老城區文旅設施提升項目(一期)文化水遊園建設工程施工項目); the urban central heating power plant relocation project in Luofan County of Taiyuan City Heat Supply Group (太原市熱力集團婁煩縣城集中供熱熱源廠遷建工程); the construction waste treatment project in Yangquan City (陽泉市建築垃圾處理項目); and the human settlement environment comprehensive improvement project in Zhengzhuang Village, Zhengzhuang Town, Qinshui County (沁水縣鄭莊鎮鄭莊村人居環境綜合整治項目).

In the field of low-carbon operation investment, we proactively implement the national "dual carbon" strategy. We are adhering to industrial investment and an investment approach that leverages modest capital to stimulate substantial market investments. We are also accelerating investment deployment in transformative sectors with the objective of becoming a green energy supplier and operator of low-carbon projects. During the first half of 2025, in the field of clean heat supply, the Siziwang Banner cogeneration project (四子王旗熱電聯產項目) commenced its construction. In the solid waste disposal sector, we secured the contract for the Yangquan City construction waste resource utilisation integrated ecological project (陽泉市建築垃圾資源利用一體化生態項目); completed the registration of construction waste treatment projects in Changzhi, Linfen and Yangquan, thereby further strengthening our industry standing within the province; and initiated the establishment of a new solid waste disposal project company in Ningwu. In the distributed energy sector, rooftop photovoltaic projects at Changzhi Park, Linfen Park, Equipment Manufacturing Park and Decoration Park of Shanxi CIG were completed and put into operation successively, achieving a total installed capacity of 12.3MW; and the Taiyuan Wusu zero-carbon airport project (太原武宿零碳機場項目), currently under implementation, has been recognized as a national green and low-carbon project. Regarding water environment management, the Company was awarded the entrusted operation contracts for wastewater treatment plants in Guodao Town and Jingfeng Town, Qinyuan County, Changzhi City; and the second wastewater treatment plant and its associated pipeline construction project in Liuhulan Town commenced trial operations in June. In the new power sector, the Company established a green power direct connection project company in Changzhi High-Tech Zone, actively developing exemplary demonstration cases for new energy project applications.

In the realm of overseas operation, the Group concentrates on the chemical and new energy sectors, with ongoing expansion efforts in Asia and Africa and achieving new contract values of over RMB800 million. It has successively secured contracts for the general contracting (second tender section) of the nickel cobalt oxide hydrometallurgy project, with an annual production of 90,000 tons (nickel metal equivalent), of SLNC (PT. Sulawesi Nickel Cobalt) (SLNC (PT. Sulawesi Nickel Cobalt)建設年產9萬噸(鎳金屬量)氧化鎳鈷濕法項目總承包工程(二標段)) in Indonesia, the general contracting (third tender section) of the nickel cobalt hydroxide project, with an annual production of 120,000 tons of nickel metal equivalent, of KNI (PT. Kolaka Nickel Indonesia) (KNI (PT. Kolaka Nickel Indonesia)年產12萬噸鎳金屬量氫氧化鎳鈷項目總承包工程(三標段)) in Indonesia, the Simandou Mine infrastructure EPC1.1a construction and installation project of Rio Tinto (西芒杜礦山基礎設施EPC1.1a建安施工項目) in Guinea, and the peripheral supporting project for the liquefaction plant with a daily production of 700 tons (700TPD) (日產700噸(700TPD)液化工廠外圍配套項目) in Nigeria. These achievements mark breakthroughs in new countries and continuous rolling development in key countries.

Furthermore, by leveraging its professional qualifications and track record, the Group has established close collaborations with internationally renowned and industry-leading enterprises such as Japan's Marubeni, Singapore's Sembcorp, France's EDF and India's Larsen & Toubro. Through pre-qualification listing, joint project bidding and in-depth operational coordination, the Group is establishing close collaboration to expand into the new energy and petrochemical markets across Asia and the Middle East. This will drive high-quality and sustainable development of the Group's overseas operations, thereby facilitating its "going global" partnership.

In terms of advancement of innovation ability, we have consistently increased investment in research and development, with expenditures surpassing RMB100 million and initiation of 190 scientific research projects. We have further enhanced collaboration among industry, academia, and research institutions by undertaking 7 joint research projects with several domestic universities, successfully applying for a post-doctoral innovation practice base, and achieving multiple research outcomes that have passed the evaluation for the Shanxi Provincial Science and Technology Progress Award or received approval from provincial-level authorities. On BIM+ digital intelligence, our research accomplishments have been selected for the 2025

Science and Technology Plan Project of the Provincial Housing and Urban-Rural Development Bureau (住建廳2025年度科學技術計劃項目); and the Wusu Airport T3 Terminal project has attained a significant breakthrough in "BIM+ prefabrication" technical modeling. Regarding green innovation, our subsidiary Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.* (山西山安藍天節能科技股份有限公司), in partnership with universities, has independently developed a digital intelligent control platform for heating room temperature, which has enabled fully automated operation across 17 heat exchange stations, resulting in a substantial reduction in heat consumption by over 18 percentage points; the Xiaohe rooftop photovoltaic project, invested in and constructed by our subsidiary Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.* (山西山安茂德分布式能源科技有限公司), successfully secured the first batch of green certificates and completed market-based transactions; our subsidiary Shanxi Shan'an Lide Environmental Technology Co., Ltd.* (山西山安立德環保科技有限公司) earned the first "Zero-Carbon Factory" three-star certification in the province, marking it as the inaugural recipient of this distinction within solid waste comprehensive utilization sector of Shanxi Province; and our subsidiary Shanxi Shan'an Biquan Haimian City Technology Co., Ltd.* (山西山安碧泉海綿城市科技有限公司) has achieved a cumulative carbon reduction of 1,519 tonnes through its green operations, effectively contributing to the national "dual carbon" strategy.

Regarding talent development systems, we have continuously optimized the development ecosystem. Firstly, we have strengthened the career development pathway framework by expanding it to encompass 15 professional tracks and innovatively introduced talent recommendation pathways to stimulate intrinsic motivation for professional growth. Secondly, we established a research and support mechanism to provide regular guidance to grassroots units, established a human resources allocation center, enhanced the application of performance evaluations, and streamlined personnel entry and exit processes, thereby achieving dynamic optimization of human resource allocation. Thirdly, we have innovated talent development approaches by setting up project training bases, organizing focused training sessions for young managers at project sites, and promoting growth through practical experience to accelerate talent advancement. Fourthly, we have continuously improved training effectiveness by conducting the second internal trainer exchange competition, selecting outstanding participants to compete in the "Tianyuan Cup" internal trainer contest within the construction engineering sector. Fifthly, we have upgraded and developed the cloud classroom learning platform to facilitate networked, self-directed, and open training. Sixthly, we constructed a learning map for project management personnel to scientifically plan learning and development pathways based on job responsibilities, thereby further enhancing the effectiveness and strategic focus of training initiatives.

Industry in which the Company Operates

Specialized Industrial Engineering in China

Specialized industrial construction generally includes construction related to new energy, petrochemicals and fine chemicals. The robust growth of the specialized industrial construction market in the PRC is attributable to (i) the significant growth of the new energy industry and (ii) the strong demand for related energy associated with the significant development of the national economy.

1. *New Energy Industry Projects*

    In 2025, China made remarkable progress in new energy sectors of "wind, photovoltaic, storage, hydrogen, and vehicles", which flourished like a garden in full bloom. The PRC fulfilled its global commitments, and the overall achievements of the industry were significant. In the first half of 2025, the new national grid-connected wind power capacity reached 51.39 million kilowatts, comprising 48.90 million kilowatts from onshore wind farms and 2.49 million kilowatts from offshore installations. By the end of June 2025, the cumulative national grid-connected wind power capacity amounted to 573 million kilowatts, representing a year-on-year growth of 22.7%, with onshore wind farms contributing 528 million kilowatts and offshore installations contributing 44.20 million kilowatts. During the first half of the year, the cumulative national wind power generation reached 588 billion kilowatt-hours, representing a year-on-year increase of 15.6% and achieving an average utilization rate of 93.2%.

    In the first half of 2025, the new national grid-connected capacity for photovoltaic power generation reached 212 million kilowatts, including approximately 100 million kilowatts from centralized photovoltaic installations and 113 million kilowatts from distributed photovoltaic installations. By the end of June 2025, the national installed photovoltaic capacity was approximately 1.1 billion kilowatts, representing a year-on-year increase of 54.1%, with centralized photovoltaic capacity of 606 million kilowatts and distributed photovoltaic capacity of 493 million kilowatts. In the first half of the year, the cumulative national photovoltaic power generation reached 559.1 billion kilowatt-hours, representing a year-on-year increase of 42.9% and achieving an average utilization rate of 94%.

    As of the first half of 2025, the total installed capacity of wind and photovoltaic power generation in the PRC reached 1.673 billion kilowatts, of which the installed capacity of wind power was approximately 573 million kilowatts, and the installed capacity of photovoltaic power was approximately 1.1 billion kilowatts. This fulfilled the global commitment six years ahead of schedule. By 2025, an additional installed capacity of about 200 million kilowatts of wind and photovoltaic power is planned. In the future, residential electricity will be greener, and new energy vehicles will also be able to charge with green power.

In the first half of 2025, the newly installed capacity of renewable energy nationwide reached 268 million kilowatts, accounting for 91.5% of the total newly installed capacity. Currently, investment in non-fossil energy generation is steadily increasing. A number of centralized wind power projects in Gansu, Xinjiang, Liaoning, Heilongjiang and Hebei are being accelerated. In terms of centralized photovoltaic power, investments in ongoing projects in Yunnan, Xinjiang, Qinghai, Inner Mongolia, Shandong and Hebei are being rapidly released; for distributed photovoltaic power, developments in Jiangsu and Zhejiang are speeding up, while investments in Anhui and Guangdong are growing quickly. Investment in new energy business formats is being accelerated. A series of multi-energy complementary clean energy base projects in Gansu, Xinjiang and Qinghai are progressing in an orderly manner. Ongoing projects for green hydrogen production in Inner Mongolia and hydrogen refueling facilities in Henan continue to be effective investments.

The installed capacity of new energy storage nationwide is maintaining rapid growth. By the end of 2024, China had installed and commissioned 73.76 million kilowatts/168 million kilowatt-hours of new energy storage capacity, representing 40% of the total installed capacity globally. The advancement of new energy storage technologies is progressing robustly, encompassing the primary technical approaches employed in international engineering projects. Operational management and utilization levels have consistently improved, effectively facilitating the development of a new power system.

The "14th Five-Year Plan for Future Industrial Development in Shanxi Province" (《山西省「十四五」未來產業發展規劃》) lists the hydrogen energy industry as one of Shanxi's seven leading future industries, proposing the establishment of a "China Hydrogen Capital" with national and global influence over the next 30 years. The 2025 government work report of Shanxi Province states that it would accelerate the construction of wind and photovoltaic projects, promote the full industrial chain development of hydrogen, ammonia and methanol, and ensure that the installed capacity of new energy and clean energy accounts for over 50%. It will advance the construction of new energy storage, pumped storage and virtual power plants to build a new power system. The implementation of the green development strategy will bring new investment opportunities to the new energy sector.

On January 1, 2025, the first Energy Law of the PRC officially came into effect. This marks a milestone in the history of energy development in our country. The Energy Law is the first to incorporate hydrogen energy into national legislation, clarifying the energy properties of hydrogen. It also establishes the legal status of green certificates, encourages users to prioritize the use of renewable energy, and supports the development of new technologies, new business formats, and new models such as new energy storage and intelligent micro-grids. The implementation of the Energy Law will undoubtedly propels China's energy sector into a new stage of development and accelerate the realization of China's "3060" dual carbon strategic goals.

2. *Chemical Industry Projects*

The chemical industry can be mainly divided into four sectors, namely coal chemical, natural gas chemical, petroleum chemical, and fine chemical. Coal chemical is an important component of China's energy and chemical industry. With abundant coal resources, China has become one of the core regions for the development of the global coal chemical industry. In particular, regions such as Xinjiang, Inner Mongolia and Shanxi provide solid resource guarantees for the development of the coal chemical sector. In 2024, China's total coal chemical production capacity continued to expand, with new capacities for coal-to-olefins, methanol-to-aromatics (MTA), and coal-to-ethylene glycol exceeding 8 million tonnes per year. The capacity utilization rate of coal-to-olefins projects in Xinjiang reached over 85%. As a primary raw material for basic chemicals, the production capacity of coal-to-methanol saw particularly significant growth. In 2024, the total production of coal-to-methanol in China reached 70 million tonnes, accounting for over 50% of the global total production capacity, primarily used for olefin production. In recent years, the coal chemical industry has gradually extended into high-end product fields, achieving significant progress in areas such as coal-to-aromatics, coal-to-ethylene glycol and coal-to-high-end plastics. By 2025, the coal chemical industry will gradually complete the transition from basic raw material production to high value-added product manufacturing through the transformation and upgrading towards cleanliness, high-end products and environmental friendliness.

Natural gas chemicals are undergoing a comprehensive upgrade from resource development to high-end and green applications, particularly in the integration of light hydrocarbons and hydrogen utilization. By 2025, with the diversification of global natural gas supply and the acceleration of the green energy transition, the natural gas chemical industry is moving from traditional basic chemicals to high-end fine chemicals, while playing a key role in low-carbon and sustainable development.

The petroleum chemical industry is transitioning from a phase of production capacity expansion for traditional bulk products to a period of high-end fine development. By 2025, with the advancement of the "dual carbon" goals and changes in market demand, refining integration and the extension of the downstream industrial chain will become the core pathways for the transformation and upgrading of the petroleum chemical industry.

In the field of fine chemicals, the industrial layout for high-performance materials, electronic chemicals, synthetic biology, fluoro-chemistry, and refrigerants is accelerating. By 2025, driven by demand growth, technological breakthroughs and the expansion of international markets, these areas will become important engines for the growth of the fine chemical industry.

The PRC government is actively supporting the petrochemical industry based on the policy directions set out in the "Petrochemical Industry Planning and Layout Plan" (《石化產業規劃佈局方案》) and other proposals, and the total market size of petrochemical industry engineering in the PRC is expected to reach RMB2,688.4 billion by 2027.

In line with the policy direction set by the Chinese government and in accordance with the "14th Five-Year Plan for Industrial Development of Shanxi Province" and the "Implementation Plan for Accelerating the Development of New Material Industry in Shanxi Province", the carbon-neutral policy is expected to drive the development of Shanxi's petrochemical industry in the direction of low-carbon, green, high-end and differentiation. From the perspective of zero carbon emission policy, the development of carbon-based materials such as carbon fibre and graphene and other emerging carbon-based materials is an important starting point for the transformation and development of petrochemical industry in Shanxi Province. Looking ahead, the market size of petrochemical industry engineering in Shanxi Province is expected to reach RMB103.1 billion by 2027, driven by the gradual transition to high-end petrochemical production.

Specialized Auxiliary Construction in the PRC

Specialized auxiliary construction mainly includes urban roads, power supply, water supply as well as transportation infrastructure such as highways, railways and bridges. Specialized auxiliary construction generally plays an important role in the development of infrastructure construction, and the gross output value of specialized auxiliary construction in the PRC is expected to continue to grow as a result of (i) the rapid progress of the PRC's urbanization process over the past few years, and (ii) the Chinese government's growing investment in fixed assets of specialized auxiliary construction.

As a result of (i) the government's policy to promote the redevelopment of old districts, in particular the upgrading of utilities such as gas, electricity, drainage, heating and other auxiliary infrastructures; (ii) the intensive investment in infrastructure development in Shanxi Province; and (iii) large-scale projects such as the South-to-North Water Diversion Project, which will cost approximately RMB500 billion and cover six provinces, including Shanxi Province, the total output value of specialized auxiliary construction in Shanxi Province has increased significantly. Supported by the government's vigorous promotion of urbanization, the demand for related infrastructure and the output value of municipal utility projects will increase accordingly.

1. *Clean Heat Supply*

   There is significant demand in the heating market, as urbanization drives the expansion of urban heating areas year by year. Traditional decentralized heating boilers cause severe environmental pollution and significant energy waste. In contrast, centralized heating boilers possess large capacities and are equipped with comprehensive dust removal, desulfurization, and denitrification facilities. Replacing decentralized heating not only achieves approximately 30% energy savings but also markedly reduces urban pollution. This transition is essential for enhancing urban environmental quality and fostering a positive urban image, yielding considerable economic and environmental benefits. Based on the analysis of relevant policies issued by China, the future development priorities of the heating industry will focus on clean energy heating, centralized heating utilizing industrial waste heat, smart heating, and renovation and upgrading of urban heating networks.

2. Solid Waste Disposal

According to the estimation of China Association of Urban Environmental Sanitation, the annual generation of construction waste in large and medium-sized cities in China in recent years has exceeded 2 billion tonnes, and has remained high all the time. In terms of disposal volume, the current volume of construction waste disposal in China is around 1.75 billion tonnes, and it is expected to exceed 2 billion tonnes by 2026. It is estimated that the resource utilization rate of construction waste in certain developed countries reaches up to 90%, whereas in China, the resource utilization rate of construction waste ranges between 10% and 30%. The "Opinions on Further Strengthening the Management of Construction Waste in Cities" of the Ministry of Housing and Urban-Rural Development sets a target for the average resource utilization rate of construction waste in prefecture-level and higher cities across the country to exceed 50% by 2027.

With the increasing improvements in related laws and standards of the construction waste resource recycling industry, China's construction waste resource utilization has broken through the bottlenecks in terms of processing equipment, production technology, standards and norms, product quality, usage demonstration and other aspects. The platform for construction waste resource utilization is gradually improving, with significant enhancement in reuse capability, and construction waste resource utilization will enter a period of rapid development of scale. Furthermore, with the rapid advancement of China's new energy sector, the disposal of emerging types of solid waste, such as wind turbine blades, photovoltaic modules, and used power batteries, is anticipated to undergo significant development.

3. Distributed Photovoltaic

Vigorously developing renewable energy has become a major strategic direction and concerted action in response to the climate change amidst the global energy transformation. Accelerating the development of renewable energy, implementing renewable energy substitution actions, actively exploring energy transition programs, and building a comprehensive energy base with a high proportion of renewable energy are key initiatives to achieve the carbon peak and carbon neutrality targets and build a modern energy system during the "14th Five-Year Plan" period. They are also important ways and strategic initiatives to uphold Xi Jinping's idea of ecological civilization, to implement the new strategy of energy security in depth, and make concerted efforts to build socialism with Chinese characteristics in the new era.

In January 2025, the National Energy Administration promulgated the "Administrative Measures for the Development and Construction of Distributed Photovoltaic Power Generation", which aim to further standardize the development, construction and management of distributed photovoltaic power generation projects and to promote their high-quality growth. According to the "Three-Year Action Plan for Promoting the Development of Distributed Renewable Energy in Shanxi Province (2023–2025)", the total installed capacity of distributed renewable energy power generation in Shanxi Province is projected to reach approximately 10 million kilowatts by 2025.

4. *Water Environment Management*

In June 2025, the General Office of the Central Committee of the Chinese Communist Party and the General Office of the State Council issued the "Opinions on Comprehensively Promoting the Protection and Management of Rivers". This document sets forth the objective that by 2035, China will essentially establish a modernized flood control and disaster reduction system for river basins, significantly enhance the security of water supply in both urban and rural areas, and comprehensively improve the ecological environment quality of rivers. Concurrently, the Shanxi Provincial Department of Ecology and Environment released the "Work Plan for the Construction of Standardized Drinking Water Sources at the Township and Village Levels to Effectively Address People's Livelihood Concerns", which aims to develop 50 township-level and 650 village-level standardized drinking water sources by 2025. Looking ahead, projects related to urban and rural water supply, comprehensive basin management, industrial wastewater treatment, and recycled water reuse present substantial potential for development.

Overseas Construction Market Ushers in New Development Opportunities

In recent years, amid the accelerated transformation of the global landscape, great power rivalry and geopolitical conflicts which led to profound adjustments in the global political and economic landscape, sluggish global economic recovery, and heightened volatility in commodity prices and exchange rates, China's overseas contracting engineering sector has proactively confronted these challenges. By capitalizing on trends such as the green energy transition and digitalization and adhering to innovative development, the sector has achieved reasonable growth in scale and effective improvement in quality. According to data from the Ministry of Commerce, in the first half of 2025, China's overseas contracting engineering business recorded a turnover of RMB561.21 billion, representing a year-on-year increase of 9.3% (equivalent to US$78.12 billion, up 8.1%), and the value of new contracts reached RMB933.19 billion, representing an increase of 13.7% (equivalent to US$129.9 billion, up 12.4%). Leading enterprises in the industry, leveraging their robust capabilities in delivering large-scale projects, extensive resource integration, and strong creditworthiness, have emerged as pivotal contributors to the international infrastructure market.

Regarding outbound investment, global investment risks remain elevated, characterized by the interplay of political, economic, social, and technological risks. These widespread adverse conditions continue to pose severe challenges to global outbound investment. According to data from the Ministry of Commerce and the State Administration of Foreign Exchange, from January to June 2025, China's outbound direct investment across all sectors amounted to RMB574.86 billion, of which, Chinese domestic investors made non-financial direct investments in 6,887 overseas enterprises spanning 150 countries and regions, with a cumulative investment of RMB518.89 billion, representing an increase of 0.6%. Although the intricate global political and economic landscape poses severe challenges to cross-border investments worldwide, it simultaneously offers opportunities for Chinese enterprises. Consequently, Chinese companies are encouraged to recalibrate their outbound strategies, capitalize on opportunities, strengthen their international influence, optimize investment portfolios, emphasize investment quality, and rationally plan their global investment layouts to effectively mitigate investment risks.

Operating revenue

The Group primarily derives its operating revenue from: (1) specialized industrial construction; (2) specialized auxiliary construction; (3) other construction; and (4) non-construction business. The following table sets out the breakdown of revenue by segment during the indicated periods:

Unit: RMB'000

Major category	January to June 2025	Percentage of revenue %	January to June 2024	Percentage of revenue %	Change
Specialized industrial construction	**4,069,822**	**72.5**	3,996,675	66.5	73,147
Specialized auxiliary construction	**534,251**	**9.5**	749,831	12.5	−215,580
Other construction	**499,658**	**8.9**	753,022	12.5	−253,364
Non-construction business	**484,310**	**8.6**	500,745	8.3	−16,435
Other business	**26,334**	**0.5**	11,960	0.2	14,374
Total	**5,614,375**	**100.0**	6,012,233	100.0	−397,858

Our operating revenue during the Reporting Period amounted to RMB5,614,375,000, representing a decrease of 6.6% as compared with RMB6,012,233,000 for the six months ended June 30, 2024, mainly due to the decrease in operating revenue derived from specialized auxiliary construction and other construction.

Specialized Industrial Construction Business

Our specialized industrial construction business mainly includes projects related to the following fields: power engineering (thermal power generation, new energy wind power generation, new energy photovoltaic power generation, new energy geothermal power generation, hydrogen power generation, power transmission and transformation); petrochemical engineering (oil and gas storage and transportation, petrochemical engineering, chemical engineering, pharmaceutical and chemical engineering); electromechanical installation engineering; metallurgical engineering (glass, coking, cement, non-ferrous metal, ferrous metal smelting, carbon, electrolytic aluminum, electrolytic copper, etc.); water conservancy and hydropower engineering (water conservancy engineering, hydropower engineering, pumped storage); urban rail transit engineering; mining engineering (coal mines, iron ore, aluminum ore, copper ore, etc.). The Group provides services such as investment, design consulting, construction, operation and maintenance for these specialized industrial construction projects.

During the Reporting Period, our revenue derived from specialized industrial construction business amounted to RMB4,069,822,000 (January to June 2024: RMB3,996,675,000), representing a year-on-year increase of 1.8%. Such increase was mainly due to the additions of power engineering and electromechanical installation engineering projects during the first half of 2025, resulting in an increase in project revenue.

Specialized Auxiliary Construction Business

Our specialized auxiliary construction business mainly includes projects related to the following fields: standardized workshops, urban supporting works such as heating, water supply, drainage, gas, communication and lighting engineering, environmental protection engineering (waste heat utilization, waste water treatment, waste treatment, waste gas treatment), road bridge engineering, low-carbon green engineering, agricultural engineering, etc. The Company provides services such as investment, design consulting, construction, operation and maintenance for these specialized auxiliary construction projects.

During the Reporting Period, our revenue derived from specialized auxiliary construction business amounted to RMB534,251,000 (January to June 2024: RMB749,831,000), representing a year-on-year decrease of 28.8%. Such decrease was mainly due to the decrease in project revenue as the major projects of such segment entered the later stage of construction.

Other Construction Business

We also engage in the construction of residential, office and commercial buildings, science, education, culture and health buildings and other types of projects. The Group provides general contracting services for such projects.

During the Reporting Period, our revenue derived from other construction business amounted to RMB499,658,000 (January to June 2024: RMB753,022,000), representing a year-on-year decrease of 33.6%. Such decrease was mainly due to the science, education, culture and health building construction projects that were under construction in the previous year entering the final stage of construction in the current year, and a decrease in revenue from major residential construction projects.

Non-construction Business

We also generate revenue from non-construction business, which mainly includes operating income from PPP projects, sales revenue from LNG, income from provision of urban heating technical services, trading income and others.

During the Reporting Period, our revenue derived from non-construction business amounted to RMB484,310,000 (January to June 2024: RMB500,745,000), representing a year-on-year decrease of 3.3%. Such decrease was mainly due to the decrease in LNG sales income and concrete sales income from January to June of this year.

Cost of sales

Our cost of sales primarily includes raw material costs, labor force, machinery utilization costs and subcontracting costs, etc.

Our cost of sales for January to June 2025 amounted to RMB5,015,697,000, representing a decrease of 7.3% from RMB5,410,480,000 for the Corresponding Period. It was mainly due to the decrease in costs corresponding to the decrease in revenue.

Gross profit and gross profit margin

Our gross profit for January to June 2025 amounted to RMB598,678,000, representing a decrease of 0.5% as compared with RMB601,753,000 for the Corresponding Period. It was mainly due to the decrease in gross profit from specialized industrial construction and non-construction segments.

Our gross profit margin for January to June 2025 was 10.7% (January to June 2024: 10.0%) and the change in gross profit margin was mainly due to the increase in gross profit margin of specialized auxiliary construction and other construction.

Taxes and surcharges

Our taxes and surcharges for January to June 2025 amounted to RMB14,559,000, representing an increase of 11.6% as compared with RMB13,047,000 for the Corresponding Period, which was mainly due to the increase in stamp duty and urban maintenance and construction tax.

Selling expenses

Our selling expenses principally consist of sales and transportation fees of liquefied natural gas ("**LNG**"), employee compensation, travel expenses, depreciation expenses, advertising fees and others.

Our selling expenses for January to June 2025 amounted to RMB650,000, representing an increase of 1.1% as compared with RMB643,000 for the Corresponding Period.

Management expenses

Our management expenses principally consist of employee benefits expenses, training and consulting fees, depreciation and amortization and office expenses, agency fees, travel expenses and others.

Our management expenses for January to June 2025 amounted to RMB230,110,000, representing an increase of 2.4% as compared with RMB224,750,000 for the Corresponding Period, which was mainly due to the increase in employee remuneration during the Reporting Period.

Research and development expenses

Our research and development expenses for January to June 2025 amounted to RMB172,876,000, representing an increase of 27.6% from RMB135,481,000 for the Corresponding Period, which was mainly due to the increase in the number of research and development projects during the Reporting Period, resulting in increased investment.

Finance expenses

Our finance expenses mainly represent interest on bank borrowings and borrowings from other non-financial institutions, interest on lease liabilities, interest income from PPP projects and deposit interest income.

Our finance expenses for January to June 2025 amounted to RMB38,729,000, representing a decrease of 37.9% as compared with RMB62,394,000 for the Corresponding Period, which was mainly due to the decrease in interest expenses on bank borrowings during the current period.

Other gains

Our other gains mainly represent government grants and individual income tax fee refunds.

Our other gains for January to June 2025 amounted to RMB3,033,000, representing a decrease of 17.8% as compared with RMB3,691,000 for the Corresponding Period.

Investment gains

Our investment gains for January to June 2025 amounted to RMB-2,228,000, representing a decrease of RMB1,523,000 as compared with RMB-705,000 for the Corresponding Period. The decrease in investment gains was mainly due to the reduction in share of profit of associates.

Gains on change in fair value

For January to June 2025, we recorded gains on change in fair value of RMB1,025,000, representing an increase of RMB1,549,000 as compared with RMB-524,000 for the Corresponding Period, which was mainly attributable to the appreciation of investment properties valuation.

Credit impairment losses

Our credit impairment losses represent credit impairment losses on our trade receivables, bill receivables and other receivables.

During the period from January to June 2025, we applied an internal expected credit loss model (the "**ECL Model**") developed by the management of the Group in calculating expected credit losses and recognized provision for expected credit losses. The ECL Model reflects the recoverability and historical settlement results on trade receivables, bill receivables and other receivables at the end of each reporting period without the use of hindsight. Any reduction on or addition to the credit impairment losses on our trade receivables, bill receivables and other receivables at the end of each year is credited or charged to profit or loss.

For January to June 2025, we had credit impairment losses of RMB–23,946,000, representing a decrease of RMB10,752,000 from RMB–34,698,000 for the Corresponding Period.

Impairment losses on assets

Our impairment losses on assets represent the impairment losses of our contract assets, inventories and fixed assets.

For January to June 2025, our impairment losses on assets amounted to RMB–16,424,000, representing a decrease of RMB6,116,000 from RMB–22,540,000 for the Corresponding Period.

Total profit

For January to June 2025, our total profit amounted to RMB103,534,000, representing a decrease of 8.7% from RMB113,455,000 for the Corresponding Period, which was mainly due to the decrease in revenue from construction engineering.

Income tax expense

Our income tax expense for a given period includes corporate income tax.

For January to June 2025, our income tax expense was RMB13,186,000, representing an increase of RMB15,474,000 from RMB-2,288,000 for the Corresponding Period, which was mainly due to the increase in current income tax expense during the Reporting Period.

Net profit

For January to June 2025, we recorded a net profit of RMB90,348,000, representing a decrease of 21.9% from RMB115,743,000 for the Corresponding Period.

Total comprehensive income attributable to shareholders of the parent company

For January to June 2025, total comprehensive income attributable to our equity holders was RMB64,586,000, representing a decrease of RMB20,656,000 from total comprehensive income attributable to equity holders of the Company of RMB85,242,000 for the Corresponding Period.

Liquidity and capital resources

As at June 30, 2025, the Group's net current assets amounted to RMB–23,080,000 (as at December 31, 2024: RMB-312,542,000) consisting of current assets of approximately RMB17,850,872,000 (as at December 31, 2024: RMB17,189,428,000) and current liabilities of approximately RMB17,873,952,000 (as at December 31, 2024: RMB17,501,970,000), representing a current ratio of approximately 1.0.

As at June 30, 2025, the Group had cash and bank balances (including restricted pledged bank deposits) of approximately RMB2,240,848,000 (as at December 31, 2024: RMB2,626,837,000). As at June 30, 2025, the Group had cash and bank balances (excluding restricted pledged bank deposits) of approximately RMB1,964,808,000 (as at December 31, 2024: RMB2,200,843,000).

As at June 30, 2025, the Group's borrowings amounted to RMB6,282,674,000 (as at December 31, 2024: RMB6,118,923,000), which were mainly borrowings in RMB. The increase in borrowings of the Group was mainly used for daily operating liquidity.

The Directors are of the view that the Group will be able to have sufficient working capital to fund its future financing needs and working capital based on the below: (a) the Group is expected to be profitable and therefore will continue to generate operating cash flows from future business operations; (b) the Group has maintained long-term business relationship with its principal banks; and (c) the Company has obtained a commitment letter from Shanxi CIG, the controlling shareholder, committing to provide continuous funding support for the Group's operation needs.

Capital expenditures

The Group's capital expenditures relate primarily to construction and equity investment. As at June 30, 2025, the total amount of capital expenditures contracted by the Group but not yet incurred was RMB2,127,303,000 (as at December 31, 2024: RMB1,261,801,000).

Gearing ratio and quick ratio

Gearing ratio represents net debt divided by total capital. Net debt represents total borrowings (including, among other things, short-term borrowings, long-term borrowings due within one year and long-term borrowings) less cash balance presented in the statement of cash flow. Total capital represents the sum of shareholders' equity and net debt presented in the consolidated balance sheet. Total shareholders' equity includes equity attributable to shareholders of the parent company and minority interests. Our gearing ratio as at June 30, 2025 was 55.92% (as at December 31, 2024: 53.96%).

Quick ratio represents current assets (excluding inventory) divided by current liabilities at the end of each year/period. Our quick ratio as at June 30, 2025 was 1.0 (as at December 31, 2024: 1.0).

Contingent liabilities

As at June 30, 2025, the Group did not have any significant contingent liabilities.

Long-term equity investments

As at June 30, 2025, the Group's long-term equity investments amounted to RMB266,779,000, representing an increase of 26.9% as compared with RMB210,245,000 as at December 31, 2024. The increase in the Group's long-term equity investments was mainly due to the increase in investment in associates by the Company.

As at June 30, 2025, each individual investment held by the Group did not constitute 5% or more of the Group's total assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

As at June 30, 2025, there were no material acquisitions and disposals.

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Future Prospect

2025 is a year in which Shanxi Installation will continue a new journey after its listing on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). Against the backdrop of China's economic transformation, Hong Kong's unique advantage in connecting China and the world is becoming more apparent. The agility and vitality of the Hong Kong market are being strengthened in the increasingly complex international environment, and the potential of emerging businesses such as the carbon market and technological empowerment is huge. We have designated this year as the "Year of Quality Empowerment", and we will adhere to the principle of seeking progress while maintaining stability, and actively make progress in adopting different approaches, adjusting structures, improving quality and enhancing efficiency, so as to consolidate the foundation for continuous improvement in all aspects of operations, and unswervingly push forward the Group's high-quality development.

An All-out Effort for Transformation and Detailed Definition of Responsibilities for Implementation. We will continue to optimize the market layout, expand cooperation with high-quality resources, carefully analyze risks, profit, and cash flow, expanding our room of maneuver and improving the quality of business operation through the government-enterprise cooperation, investment, and equity cooperation. We will strengthen the development ideas of "specialization" and "going out" by expanding the market of specialized industrial construction and specialized auxiliary construction, focusing on new energy and chemical projects, taking advantage of the industry chain and actively achieving targets in new energy projects. Low-carbon environmental protection will be taken as the entry point of transformation. Further efforts will be made in the businesses of the transformation platforms, actively expanding the market of energy storage, offshore wind power, new energy upgrading and transformation, hydrogen amino, and other specialized fields, so as to effectively enhance the vitality of the Company's development. The whole-process management of overseas projects will be strengthened, and the quality of performance will be improved to ensure that projects are delivered on time and with high quality, thus creating a good reputation for China's "Belt and Road" initiative. We will resolutely expand the overseas market with emphasis on specialization, strengthen risk identification, plan in advance and actively participate in the bidding of overseas projects.

Sustainable and Effective Development, and Effective Governance. We will continue to advance the transformational development of the enterprise by exploring into new businesses including low-carbon environmental protection and integrated clean energy. We will seize key development opportunities including assembly type industrial parks, the Xiaohe Green-Smart City project, ecological demonstration cities, the "Diverting Clear Water into the Yellow River" project, and the "Three-Year Action Plan to Secure a Blue Sky" project, and ensure that in 2025, in the fields of clean heat supply, solid waste disposal, water environmental treatment and distributed energy, we will continue to replicate the successful experience to more heat supply projects, explore water treatment new model, conduct studies to improve the profitability level of distributed photovoltaic projects, consolidate the market in bulk solid waste disposal, and form a virtuous cycle in which we always have developing projects in progress and process in completion. We will continue to standardize our corporate governance processes in accordance with the requirements for listed companies in terms of investor relations management, coordination of information communication and close monitoring of public opinion. We will strive to maximize the Company's value in capital market by continuously promoting the progress of compliance management in subsidiaries, and making efforts in capitalization operations.

(II) Potential Risks

Risks that may have material effects on the operation of the Group are as follows:

The Company's business and future growth prospects are dependent on the overall economic situation in China and the extent of the development of specialized industrial construction, specialized auxiliary construction, other construction and infrastructure, and the Company's business operations and financial condition are subject to the following major risks:

Policy and Regulatory Risks

The Company's core business is affected by changes in government policies relating to the construction industry, including laws and regulations affecting infrastructure development, new energy, project financing and taxation, local government budgets and corporate participation in the infrastructure industry. During the Reporting Period, the Company complied with the regulatory requirements of the principal laws, regulations and departmental rules while closely monitoring the legislative developments in the industries in which it operates. During the Reporting Period and up to the date of this announcement, the Group has complied with the relevant laws and regulations that have impacts on the Group's business and operations. Any changes to applicable laws and regulations will be communicated periodically to the relevant employees and operational units. Changes in Chinese government policies pertaining to the construction industry may affect the Company's business and financial performance; and any alterations in procurement policies or industry standards may have a significant impact on the Company's business.

Market Risks

The Company is exposed to market risks primarily from the Company's major customers and key suppliers. Market uncertainties caused by reforms of major customers and suppliers may have a significant impact on the Company's business. In addition, other market risks, including foreign exchange risk and interest rate risk, may also have impacts on the Company's business and operations.

Environmental Compliance Risks

In the course of conducting the Company's business, we are required to comply with various PRC national and local environmental laws and regulations that set out the standards for the emission and treatment of pollutants generated during operations, including the "Law of the People's Republic of China on Prevention and Control of Noise Pollution". For example, we are required to take measures to control environmental pollution generated at construction sites and pay for the discharge of waste materials. In the event of serious environmental offences, we may be subject to fines and other administrative penalties and/or rejection from obtaining or renewing relevant licenses and permits. Law enforcement officials also have the right to order the closure of our construction facilities if they cause environmental damage or destruction that we are unable to remedy.

Compliance and Governance Risks as a Listed Company

As a Hong Kong listed company, the Company has to strictly fulfill relevant requirements on information disclosure and decision-making procedures under laws and regulations such as the Listing Rules. For various matters such as connected transactions, disclosable transactions, approval for and publication of regular reports, dividends distribution, and the election and appointment of directors and supervisors, appropriate decision-making procedures have to be performed, and announcements have to be published on a timely basis. At the same time, it is required to ensure the truthfulness, accuracy and completeness of announcements, with high requirements for the quality of decision-making and information disclosure works. Failure to comply with relevant requirements may be subject to inquiries, sanctions, reprimands or other disciplinary actions by regulatory bodies such as the Hong Kong Stock Exchange and the China Securities Regulatory Commission. In severe cases, companies may even face suspension of trading or delisting.

Employees

As at June 30, 2025, the Group had 3,605 full-time employees, and the majority of them are based in Taiyuan, Shanxi Province. Staff costs during the Reporting Period, including directors' emoluments, totalled approximately RMB336 million (as at December 31, 2024: approximately RMB623 million). The Company enters into written employment agreements with our direct employees to specify the employee's position, responsibilities, remuneration, benefits and grounds of termination pursuant to relevant labor laws and regulations. We also have employees under labor dispatch agreements. We believe that our long-term growth depends on the expertise, experience and development of our employees. We mainly recruit through recruitment fairs and on-campus recruitment. We have established a training system for our employees, based on their responsibilities, covering professional knowledge, technical, operational and managerial skills, corporate culture, internal control and other areas. Such programs are designed to foster career development of our employees and invest in the future of our human resources. At the same time, we have established a practice certificate incentive mechanism to encourage employees to obtain practice qualification certificates, forming a good learning atmosphere. The remuneration package for our employees generally includes salaries, bonuses and welfare benefits. In addition, we make contributions to social insurance fund, including pension, medical, unemployment, maternity and occupational injury insurance, and housing provident fund for our employees.

USE OF PROCEEDS

The total net proceeds from the issue of new H Shares by the Company in its listing on the Hong Kong Stock Exchange amounted to approximately HK$738.5 million, after deducting the underwriting commission and other estimated expenses payable by the Company in connection with the global offering of the Company.

Unit: million Currency: HK$

Item	Net proceeds intended to be distributed according to the prospectus	Unutilized net proceeds as of January 1, 2025	Actual use of proceeds during the Reporting Period	Net proceeds unutilized at the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
For financing our future centralized photovoltaic projects	147.6	142.0	—	142.0	To be utilized before end of 2026
For financing our investment in existing and future distributed photovoltaic projects	73.9	73.9	—	73.9	To be utilized before end of 2026
For our future investment in wind power projects in the PRC or abroad	73.9	73.9	33.4	40.5	To be utilized before end of 2027
For financing the future equity investment in and/or construction of other types of new energy projects	73.9	57.7	40.4	17.3	To be utilized before end of 2027
For financing our existing and future clean heating projects	29.5	27.7	15.8	11.9	To be utilized before end of 2027
For financing our future distributed energy projects	36.9	36.9	—	36.9	To be utilized before end of 2027
For financing our existing water treatment projects	36.9	36.9	14.9	22.0	To be utilized before end of 2027
For financing our future solid waste disposal projects	29.5	24.1	8.8	15.3	To be utilized before end of 2027

Item	Net proceeds intended to be distributed according to the prospectus	Unutilized net proceeds as of January 1, 2025	Actual use of proceeds during the Reporting Period	Net proceeds unutilized at the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
For paying up the registered capital of the project company and the payment of construction fee of the existing service concession project	22.2	22.2	—	22.2	To be utilized before end of 2025
For making payment of the construction fee for equipment required for the existing service concession project	36.9	0.5	—	0.5	To be utilized before end of 2025
For our existing and future service concession projects including the service concession project of Urban Flood Control and Drainage and Comprehensive Treatment of Ecological Environment in Zhangzi County, Changzhi City	44.3	44.3	—	44.3	To be utilized before end of 2025
For financing new energy projects of upstream and downstream manufacturing industries, major expenditures including the payment used in purchase of tower production line equipment and related ancillary facilities, purchase of raw materials	73.9	73.9	13.0	60.9	To be utilized before end of 2026
For working capital and other general corporate purposes	59.1	7.7	4.1	3.6	To be utilized before end of 2027
Total	738.5	621.7	130.4	491.3	

As at the end of the Reporting Period, approximately RMB491.3 million of the net proceeds remains unutilized. On August 27, 2025, the Board convened the forty-seventh meeting of the first session of the Board, pursuant to which it approved a change in use of the unutilized net proceeds (the "**Proposed Change in the Use of Proceeds**"). The Proposed Change in the Use of Proceeds is subject to the approval of the Shareholders by way of ordinary resolution. For details, please refer to the announcement of the Company dated August 27, 2025.

COMPLIANCE WITH THE CG CODE

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of shareholders of the Company (the "**Shareholders**") and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (as in effect from time to time) as the basis of the Company's corporate governance practices. The Board is of the view that during the Reporting Period, the Company has complied with all the code provisions and substantially satisfied most of the recommended best practices requirements as set out in Part 2 of the CG Code. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintain a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's senior management. After enquiry to all Directors of the Company, all Directors have confirmed that they were in compliance with the standards as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period (including the sale of treasury shares).

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established with terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three members, namely Professor Wu Qiusheng (Chairman), Mr. Feng Cheng and Mr. Wang Jingming.

The Audit Committee has reviewed together with the management the unaudited interim results of the Group for the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there were no significant events of the Group which would materially affect the Company's operating and financial performance subsequent to the Reporting Period and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.sxaz.com). The 2025 interim report of the Company containing all the information required by the Listing Rules will be made available to the Shareholders and will be published on the websites of the Company and the Hong Kong Stock Exchange in due course.

By order of the Board
Shanxi Installation Group Co., Ltd.
山西省安裝集團股份有限公司
Mr. Ren Rui
Chairman and Executive Director

Shanxi, the PRC, August 27, 2025

As at the date of this announcement, the board of directors of the Company comprises: (i) Mr. Ren Rui and Mr. Zhang Yan as executive directors, (ii) Mr. Xu Guanshi, Mr. Zhang Hongjie, Mr. Mu Jianwei and Mr. Feng Cheng as non-executive directors; and (iii) Mr. Wang Jingming, Professor Wu Qiusheng, Ms. Shin Chuck Yin and Mr. Guo He as independent non-executive directors.