山西安裝

山西建投
SHANXI CIG

山西省安裝集團股份有限公司

Shanxi Installation Group Co., Ltd.

(於中華人民共和國註冊成立的股份有限公司)
(A joint stock company incorporated in the People's Republic of China with limited liability)
股份代號 Stock Code: 02520

2026
中 期 報 告
INTERIM REPORT

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. REN Rui (Chairman)
Mr. Wang Jianjun
Mr. ZHANG Yan

Non-executive Directors

Mr. ZHANG Hongjie
Mr. MU Jianwei
Mr. FENG Cheng
Mr. LI Bin

Independent Non-executive Directors

Mr. WANG Jingming
Professor WU Qiusheng
Ms. SHIN Chuck Yin
Mr. GUO He

Audit Committee

Professor WU Qiusheng (Chairman)
Mr. FENG Cheng
Mr. WANG Jingming

Remuneration and Appraisal Committee

Mr. WANG Jingming (Chairman)
Mr. ZHANG Yan
Mr. GUO He

Nomination Committee

Mr. REN Rui (Chairman)
Mr. WANG Jingming
Ms. SHIN Chuck Yin
Mr. GUO He

Joint Company Secretaries

Mr. ZHANG Xiaodong
Ms. CHAN Sze Ting (FCG, HKFCG)

Auditor

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Stock Code

02520

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Business of the Group

We are a construction service provider based in Taiyuan, a city in Shanxi Province, China. We primarily engage in the following four business segments: (i) specialized industrial construction, (ii) specialized auxiliary construction, (iii) other construction, and (iv) non-construction business. We offer a wide range of services, from (i) design and consulting, (ii) investment and construction, (iii) building construction, to (iv) operation and maintenance. An analysis of our revenue and operating profit by principal business during the Reporting Period is set out in this section.

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

Summary of Overall Results

In the first half of 2026, in the face of the external environment of a deep downturn in the construction industry and intensified market competition, the Company closely adhered to the "163335" development strategy, solidly implemented the deployment of reforms for "business segmentation and organizational clustering", and coordinated the two major domestic and international markets and the six major business segments for collaborative breakthroughs. The overall business operations remained stable and controllable, the development resilience continued to strengthen, and the diversified industry supporting pattern accelerated to take shape.

At the operational level, operating revenue amounted to RMB4.564 billion, total profit reached RMB0.09 billion, and operating quality improved steadily. Material projects have become the core support for orders, and the structural transition of the business has continued to tilt towards high value-added tracks such as new energy, chemical new materials and low-carbon operation.

Remarkable results were achieved in market expansion, markets outside the province and abroad formed important growth poles, and the value of contracts outside the province accounted for more than half in the first half of the year. The international operations segment achieved a significant year-on-year increase in the value of new contracts signed, signed the Huashuo P06 pyrometallurgy project in the IPIP park in Indonesia, and successfully won the bids for the 500MW photovoltaic project in Oman, officially entering the high-end new energy market in the Middle East and achieving a milestone breakthrough in the "Belt and Road" layout abroad. Meanwhile, the Company deepened strategic cooperation with EDF, and continuously advanced the progress of subsequent solar and energy storage projects in the Middle East. Domestic tracks of expertise flourished on multiple fronts, and the electricity and new energy sector implemented multiple benchmark projects for independent energy storage and green hydrogen coupling. The chemical segment secured an RMB100-million level semiconductor silicon-based new materials project in Inner Mongolia. The low-carbon environmental protection business implemented its first heating project under the TOT concession model. In the field of solid waste resource utilisation, the Company continuously promoted the progress of projects in other cities within the province, and further built and improved a province-wide network layout for construction waste treatment. The electromechanical division won the bids for Section 3 of Phase I of Hangzhou Metro Line 15 project, and the advantages of the full industrial chain continued to be released.

The project performance and lean management improved quality and efficiency, and the Group's project schedule performance rate continued to increase, while the customer complaint rate decreased by 28.57% year-on-year. A number of key projects substantially shortened construction periods and saved costs through prefabrication and BIM technology. The average profit margin of projects under implementation gradually increased, with high-profit benchmark projects continuing to emerge. The implementation of whole-process commercial management and control achieved effective results, project settlement work was accelerated, and the overall project process right confirmation rate and project fund recovery rate continued to improve. The Company continued to advance centralized procurement, and the centralized procurement channels continued to reduce procurement costs. Funding and financing management was continuously optimized, with the issuance of two tranches of corporate bonds totaling RMB0.85 billion, and its overall financing cost has continued to decline. The Company simultaneously stepped up the collection of trade receivables and existing contract assets.

Reforms and innovation, capital operation and party building support were strengthened in tandem. The Company continued to promote organizational streamlining, eliminated 6 inefficient and redundant departments, and improved the authority and responsibility system of the six major business segments. The application for the full circulation of H Shares has been accepted by the CSRC, promoting the opening up of a channel for releasing the value of the listing platform. The Company also strengthened technology-driven benefit creation and reinforced front-end value guidance, with multiple design optimizations and scientific research projects achieving benefit conversion, and the digital management and control platform passing the provincial-level digital pilot acceptance. Party building and production and operations were deeply integrated, study and education on the correct view of performance were solidly carried out, full coverage of grass-roots party organizations was extended to projects abroad, mass organization construction won multiple honors including the "National May 4th Red Flag Youth League Committee", and the work style of the cadre team continued to transform.

Industry in which the Company Operates

In the first half of 2026, the overall scale of China's construction industry remained stable, demonstrating significant resilience. In terms of industry dynamics, the construction sector displayed an adjustment trend of "volume reduction with quality improvement", while sectors such as power and chemical engineering showed an upward momentum. Policy incentives continued to favor green building, smart construction, urban renewal, and new infrastructure, creating a favorable market environment for the Company. The increasing concentration of leading enterprises further strengthened the competitive advantages of compliant and high-quality companies. The industry's deep-seated transformation toward digitalization and green development became an established trend. Coupled with the expansion of overseas markets under the "Belt and Road" initiative and the upgrade towards an integrated "investment-construction-operation" model, these factors constitute core development opportunities for the Company. Overall, the optimization of market structure and technological innovation provide a clear growth path for the Company. The industry's transition from scale expansion to quality enhancement further enables the Company to focus on high-growth sectors and achieve breakthroughs.

Specialized Industrial Construction in China

Specialized industrial construction generally includes construction related to new energy, petrochemicals and fine chemicals and similar sectors. The steady growth of China's specialized industrial construction market is attributed to the substantial expansion of the new energy industry and the strong energy demand associated with national economic development.

New Energy Industry Projects

In 2026, the PRC new energy sectors entered a new development stage of "volume expansion and quality improvement, and reliable substitution". Under the guidelines of the dual-carbon goals, the PRC has intensively introduced material policy documents, providing a clear roadmap for the high-quality development of the new energy sectors. On July 23, the National Development and Reform Commission and the National Energy Administration issued the *15th Five-Year Plan for Renewable Energy Development*, proposing the total volume target, power generation target, non-power utilization target and reliable substitution target for renewable energy development during the "15th Five-Year Plan" period, and deploying key tasks in seven aspects. As the first year of the 15th Five-Year Plan, the new energy sectors place greater emphasis on development quality and system reliability, shifting from the sole pursuit of growth in installed capacity to comprehensive development that takes into account electricity supply, capacity support and system regulation capabilities.

In 2026, the nationwide installed capacity of new energy continued to rise rapidly. By the end of June 2026, the nation's cumulative installed power generation capacity reached 4.04 billion kilowatts (kW), a year-on-year increase of 10.8%. Specifically, installed capacity of solar power reached 1.27 billion kilowatts, representing a year-on-year increase of 15.8%; wind power installed capacity was 0.68 billion kW, a year-on-year increase of 18.5%. As of the end of May 2026, the national installed capacity of new energy reached 1.92 billion kW, accounting for 48.1% of the total national installed power generation capacity. The proportion of installed capacity of coal-fired power has decreased from 61% in 2010 to 32% in May 2026.

The new installed capacity of power generation was 158.70 million kW in the first half of the year in China. Among these, newly installed PV capacity was 72.07 GW, and newly installed wind power capacity was 38.62 GW. The China Electricity Council estimates that solar power capacity will surpass coal power capacity for the first time in 2026; by the end of the year, the combined installed capacity of wind and solar power will account for half of the country's total power generation capacity. It is expected that the newly installed power generation capacity for the full year will exceed 0.4 billion kilowatts, of which the newly installed new energy will exceed 0.3 billion kilowatts.

In 2026, the new-type energy storage industry continued to maintain rapid growth. As of the end of the first quarter of 2026, the installed capacity of new-type energy storage in China had exceeded 0.14 billion kW. In the first half of the year, the total installed capacity of newly grid-connected projects was 25.18GW/64.50GWh, representing a year-on-year increase of 14.17% (power)/17.16% (capacity). The "15th Five-Year Plan" for the Construction of a New Energy System proposes that the installed capacity of new-type energy storage is targeted to reach 0.3 billion kW by 2030. The Special Action Plan for Large-scale Construction of New-type Energy Storage Facilities (2025–2027) proposes to achieve an installed capacity of over 0.18 billion kW of new-type energy storage nationwide by 2027. Driven by these policies, new-type energy storage is transforming from "supporting costs" for new energy grid connection to "core support" of the power system. It is estimated that the average annual newly installed capacity of new-type energy storage during the "15th Five-Year Plan" period could reach 300–400 GWh.

In 2026, efforts to promote energy conservation and carbon reduction in the energy sector have accelerated significantly. The power industry reduces the carbon emission level per unit of electricity of thermal power by shutting down old and inefficient coal-fired power units, constructing a new generation of coal-fired power units, and promoting the integration of thermal power and new energy; the coal industry promotes the application of intelligent equipment and advanced mining technologies, and utilizes sites such as coal mining subsidence areas and industrial squares to develop and utilize PV and wind power. On the consumption side, strong impetus has been given to new-energy heavy-duty trucks and urban public charging networks. The penetration of green electricity in production and daily life continued to increase, and the green power replenishment network for new energy vehicles accelerated its formation.

As the only province-wide comprehensive reform pilot for the energy revolution in the PRC, Shanxi Province continued to make breakthrough progress in the development of new energy in 2026. On January 6, 2026, the provincial energy work conference was held, setting targets for the "15th Five-Year Plan" and the year 2026, and proposing to promote the transformation of Shanxi from a major coal province to a strong energy province in accordance with the development concept of "integration, convergence and unification". As of the end of the first quarter of 2026, Shanxi Province had completed the construction of 79.04 million kW of new energy installed capacity (28.56 million kW of wind power and 50.28 million kW of PV power), with newly added grid-connected installed capacity of wind power and PV power exceeding 43 million kW. In terms of the large-scale and base-oriented development of new energy, efforts will be made to put the new energy base in the coal mining subsidence area in northern Shanxi, and to develop a number of provincial-level large-scale wind and solar power bases with a capacity of over 0.5 million kW. The planned installed capacity for wind power and PV power is 30 million kW, with 20 million kW expected to be grid-connected. A diversified system was improved in the energy storage sector, promoting the coordinated development of pumped storage and new-type energy storage. The reform of the electricity market has continued to deepen, with the first comprehensive provincial-level electricity spot trading system in China having been established, and cross-provincial green power transmission volumes ranking among the top nationwide. In 2026, focus will be placed on developing new business models for integrated energy services, strengthening inter-provincial mutual support with the Beijing-Tianjin-Hebei region, and building a peak-shaving base for the North China Power Grid. Efforts will focus on scenarios such as green power parks and smart microgrids to restructure the ecosystem for green power consumption.

Chemical Industry Works

Chemical industry works are primarily divided into four sectors: coal chemicals, natural gas chemicals, petrochemicals, and fine chemicals. There were 3,872 chemical projects under construction and planned nationwide with investment amounts exceeding RMB50 million, with the western region recording the fastest growth in new projects. Energy investment in Shanxi Province increased by 13.1% against the trend, and investment in the gas production and supply industry increased by 86.0%. The Province fully phased out 4.3-meter coke ovens, and accelerated the development of multi-billion-yuan industrial clusters, including coke oven gas-to-hydrogen and deep processing of coal tar. There are 629 provincial-level key projects in Shanxi Province in 2026, with planned investment of more than RMB283.0 billion, of which RMB109.04 billion is allocated to energy transformation, RMB51.71 billion to industrial upgrading, and RMB76.54 billion to infrastructure. Major projects such as the extension of the coal chemical industry chain, the increase in reserves and production of coalbed methane, and water conservancy infrastructure construction have provided a continuous source of business for construction and installation enterprises.

Coal chemicals constitute a significant component of China's energy and chemical industry. Leveraging its abundant coal resources, China has become one of the core regions for global coal chemical industry development. Regions such as Xinjiang, Inner Mongolia, and Shanxi, in particular, provide solid resource guarantees for the development of the coal chemical sector. In the first half of 2026, the demand for engineering construction in the coal chemical sector was primarily driven by capacity expansion projects and the upgrading and renovation of existing facilities. The estimated total investment in key energy projects and emerging business forms under the 15th Five-Year Plan will exceed RMB20 trillion, among which future investment in the fundamentals of energy supply security, such as coal-to-oil and gas, will remain stable with moderate growth, and the total investment scale over the five years will increase by more than 10% as compared with the 14th Five-Year Plan period. The General Office of the Shanxi Provincial People's Government, in the "Action Plan of Shanxi Province for Continuously Carrying Out the Major Project Construction Year to Promote the Stable Growth of Investment", stated that efforts should be made to promote the extension of the coal chemical industry chain, advance the commencement of construction of the China Coal Pingshuo olefin project as soon as possible, and implement the upgrading and transformation of Lanhua coal chemical. The full-year manufacturing investment exceeds RMB130 billion, and investment in the energy sector is targeted to exceed RMB200 billion. The above projects will directly drive the demand for coal chemical engineering construction and installation.

Natural gas chemicals continue to undergo a comprehensive upgrade from resource development towards high-end and green applications, particularly in light hydrocarbon integration and hydrogen utilization. In the first half of 2026, the demand for engineering construction in the natural gas chemical sector was primarily driven by light hydrocarbon integration projects and supporting projects for unconventional natural gas development. In the first half of the year, the production of unconventional natural gas by industrial enterprises above designated size in Shanxi Province increased by 12.4%, of which the production of coalbed methane increased by 8.1%. Investment in unconventional natural gas increased by 26.9%. The document issued by the General Office of the Shanxi Provincial People's Government clearly stated that efforts should be made to accelerate the increase in reserves and production of coalbed methane, promote the construction of projects such as the Daji coalbed methane field, and strive for the annual production to exceed 20 billion cubic meters. The demand for the construction of supporting projects for coalbed methane development continues to be released.

The petrochemical industry is transitioning from a phase of capacity expansion for traditional bulk commodities towards a period of high-end and fine-processed development. In the first half of 2026, driven by the advancement of the "dual carbon" goals and changes in market demand, refining-chemical integration and downstream industrial chain extension have become core pathways for the transformation and upgrading of the petrochemical sector. From the perspective of construction engineering, the market of petrochemical engineering construction presents structural characteristics of "strictly controlling new production capacity, encouraging the upgrading of existing facilities, and downstream fine extension". With continuous support for the petrochemical industry based on policies such as the "Petrochemical Industry Planning and Layout Plan" (《石化產業規劃佈局方案》), the total market size of petrochemical industry engineering is expected to reach RMB2,688.4 billion by 2027. In line with policy guidelines and the "Shanxi Province's 14th Five-Year Plan for Industrial Development" and the "Implementation Plan for Accelerating the Development of the New Material Industry in Shanxi Province", the carbon-neutral policy is expected to drive Shanxi's petrochemical industry towards low-carbon, green, high-end and differentiated development. The development of carbon fibre and graphene and other emerging carbon-based materials is a key pillar for the transformation and development of the petrochemical industry in Shanxi Province. The market size of petrochemical industry engineering in Shanxi Province is expected to reach RMB103.1 billion in 2027.

In the field of fine chemicals, industrial growth is accelerating in areas such as high-performance materials, electronic chemicals, synthetic biology, fluoro-chemistry, and refrigerants. In the first half of 2026, the demand for capacity construction in the abovementioned fields drove related chemical engineering construction. In the first half of the year, as of the end of May 2026, the number of chemical projects under construction and planned for construction nationwide with an investment amount exceeding RMB50 million reached 3,872. The western region recorded the fastest growth rate of new projects, with a year-on-year increase of 27.6%, and the three provinces and autonomous regions of Ningxia, Inner Mongolia and Sichuan ranked the top three nationwide in terms of the number of new projects. There is a clear trend of the focus of chemical engineering construction shifting to the resource-rich regions in western China, which highly overlaps with the core regions for coal chemical industry development, such as Xinjiang, Inner Mongolia and Shanxi.

Specialized Auxiliary Construction in the PRC

Specialized auxiliary construction mainly includes urban roads, power supply, water supply, as well as transportation infrastructure such as expressways, railways, and bridges. Specialized auxiliary construction plays an important role in infrastructure construction. With the rapid progress of urbanization in China, and the continuous increase in the government's investment in fixed assets for specialized auxiliary construction, the total output value of specialized auxiliary construction has maintained continuous growth.

1. *Clean Heat Supply*

   Currently, there is sustained robust demand in the domestic heating market. Against the backdrop of the steady advancement of a new type of urbanization, the coverage area of urban heating in various regions has expanded year by year. Replacing scattered household heating with centralized heating can save approximately 30% of energy overall. Developing centralized heating is an inevitable path to continuously optimize the urban ecological environment, create a high-quality urban style and features, and enhance the overall urban carrying capacity. The heat source boilers for centralized heating have a large single-unit installed capacity and are equipped with comprehensive ancillary environmental protection and dust removal facilities. The system is equipped with high-efficiency purification devices, featuring high pollutant removal efficiency, and is able to effectively reduce emissions of atmospheric pollutants such as smoke and dust at source, thereby delivering outstanding economic benefits as well as ecological and environmental benefits.

   In combination with the policy guidance related to energy transformation and clean heating of the PRC, the future development focus will be centered on clean and low-carbon development, energy conservation and high efficiency, intelligent regulation, and multi-energy complementarity: First, to fully revitalize the resources of existing heating areas and industrial parks, vigorously expand industrial waste heat recovery and utilization projects, and deploy clean heat sources such as geothermal energy and air source heat pumps according to local conditions. Second, leveraging the existing layout of heating pipeline networks, to continue implementing energy-saving upgrading and renovation of old heating pipeline networks and heat exchange stations, optimize the hydraulic balance of the pipeline networks, and effectively reduce heat transmission losses. Third, on the basis of the existing heating service system, to fully implement the AI smart heating platform, promote household-based heat metering management, and achieve precise and efficient heating based on users' actual heating demand. Fourth, to promote the construction of supporting heat storage and energy storage facilities and integrate self-owned heat sources, pipeline networks and user load resources to create an integrated generation-network-load-storage comprehensive energy supply system. Fifth, to closely follow the supportive policy for clean heating, leverage mature experience in project investment and heat supply operation to innovate the market-oriented business model, and comprehensively promote the green and low-carbon transformation and upgrading of the enterprise's heat supply business.

2. *Solid Waste Disposal*

According to estimates by the China Association of Urban Environmental Sanitation, the annual generation of construction waste in China's large and medium-sized cities has consistently exceeded 2 billion tons in recent years. Regarding processing capacity, the current volume of construction waste processed is approximately 1.75 billion tons, and it is expected to exceed 2 billion tons by 2026. Estimates indicate that the construction waste resource utilization rate in some developed countries reaches as high as 90%, while China's construction waste recycling rate is less than 10%. With the continuous improvement of relevant laws and standard systems for the construction waste recycling industry, the State has introduced the first "15th Five-Year Plan for the Prevention and Control of Solid Waste Pollution" and the supporting "15th Five-Year Plan for the Development of Circular Economy", which set a target that the total output value of the resource recycling industry will reach RMB8 trillion by 2030. China's construction waste resource utilization has achieved breakthroughs in areas such as processing equipment, production technology, standards and specifications, product quality, and demonstration applications. The platform for construction waste resource utilization is gradually improving, and utilization capabilities are significantly enhanced. The treatment of special waste is entering an era of targeted processing. Increasing the recycling rate will be the primary pathway for construction waste treatment. The resource utilization of construction waste is entering a phase of large-scale, rapid development, thereby creating significant market potential for the application of solid waste treatment equipment in the environmental protection field.

3. *Distributed Photovoltaic*

Shanxi Province is relatively rich in solar energy resources, with annual sunshine hours of approximately 2,200–3,000 hours, and has wide application scenarios such as industrial parks, industrial and mining enterprises, public buildings, rural roofs and transportation facilities. According to the statistical calibre of the National Energy Administration, from 2023 to 2025, the cumulative grid-connected capacity of distributed photovoltaic power in the province was 6.664 million kW, 9.759 million kW and 15.141 million kW, respectively, representing a net increase of 10.754 million kW over the three years, and the installed capacity increased to approximately 3.45 times that at the end of 2022. By the end of 2025, the installed capacity of household photovoltaic power reached 7.767 million kW, and distributed photovoltaic power accounted for approximately 30.6% of the province's total installed capacity of photovoltaic power. In terms of policy, Shanxi Province issued the *Three-Year Action Plan of Shanxi Province for Promoting the Development of Distributed renewable energy (2023–2025)* in 2023, focusing on promoting the development of rooftop photovoltaics in rural areas, transportation, buildings and entire counties. In June 2025, the Energy Administration of Shanxi Province and the Shanxi Regulatory Office of the National Energy Administration jointly issued the Detailed Implementation Rules for the Management of Development and Construction of Distributed Photovoltaic Power Generation in Shanxi Province (Trial) (Jin Neng Yuan Gui [2025] No. 2), specifying the whole-process management requirements including project classification, on-grid mode, and record-filing, grid connection, construction and safe operation. In June 2026, the Energy Bureau of Shanxi Province issued the Notice on Optimizing the Management of Distributed Renewable Energy Power Generation Projects (Jin Neng Yuan Xin Neng Yuan Fa [2026] No. 89), stipulating that for general industrial and commercial distributed photovoltaic projects adopting the "self-generation and self-consumption, surplus electricity connected to the grid" model, the annual self-generated and self-consumed electricity shall in principle still not be less than 50% of the electricity generated, but projects constructed by utilizing Party and government authorities, schools and hospitals shall not be subject to such proportion limit upon the provision of valid proof of building ownership and purpose. This policy is conducive to unlocking rooftop resources of public institutions, addressing the issue of project capacity constraints caused by insufficient electricity load of certain departments, schools and hospitals, and bringing benefits to the development of distributed photovoltaic projects of public institutions.

Looking ahead to the "15th Five-Year Plan", Shanxi Province will adhere to the simultaneous development of centralized power generation and distributed power generation, and strive to achieve 0.1 billion kW of newly installed capacity of renewable energy such as wind power and photovoltaics by 2030. Distributed photovoltaic power will further expand to scenarios such as industrial parks, mining areas, public buildings, transportation facilities and rural roofs, and promote solar-storage-charging integration, "centralized convergence, step-up and grid connection" and contiguous whole-village development models, driving the transition of projects from simply expanding installed capacity to generation-network-load-storage synergy, local consumption, and safe and efficient operation.

4. *Water Environment Management*

Closely adhering to the deployment and arrangements of Shanxi Province's "Diverting Clear Water into the Yellow River" project, the Company's water environment management business is highly aligned with the policy orientation: leveraging experience in watershed restoration such as the Xinjiang Fenhe River comprehensive management PPP project, we continuously followed up on the ecological governance of rivers and lakes; leveraging the accumulation from the operation of wastewater treatment in established towns and rural areas in Wenshui, Pinglu and other places, we consolidated our advantages in the remediation of black and odorous water bodies; leveraging the existing operation and maintenance base of 33 sewage treatment plants and stations and with an annual disposal volume of 18.70 million tons, we seized the market opportunities arising from the quality improvement and efficiency enhancement of sewage facilities; leveraging the benchmark established by the zero sewage discharge BOO project for Lanhua coal chemical operations in advanced industrial wastewater treatment, we expanded the scope for recycled water utilization in the park and comprehensively served the new pattern of coordinated governance of the "water resources, water environment and water ecology" in the Fenhe River Basin.

5. *Urban Renewal*

In the first half of 2026, urban renewal continued to serve as an important tool for expanding domestic demand. The State Council recently issued the "15th Five-Year Plan for Urban Renewal", which estimates that the overall market size of national urban renewal will reach approximately RMB20 trillion. During the 15th Five-Year Plan period, the renovation of 115 thousand old urban residential communities will be launched nationwide, and approximately 0.77 million kilometers of urban underground pipeline networks will be constructed and renovated concurrently. For 2026, the central government has allocated RMB97 billion in special funds for urban renewal, which is expected to benefit approximately 8 million households. Municipal engineering investment plan of Shanxi Province: A document from the General Office of the Shanxi Provincial People's Government specifies to carry out high-quality urban renewal in 2026, promote the renovation of "three zones and one village", accelerate the upgrading and reconstruction of old underground pipeline networks for urban gas, water supply, drainage and heating, and complete the renovation of 300 kilometers of gas pipelines, 300 kilometers of water supply pipelines, 400 kilometers of drainage pipelines and 300 kilometers of heating pipelines. The plan also calls for promoting the installation of elevators in existing residential buildings and advancing the construction and expansion of 5 township domestic sewage treatment plants. Municipal investment for the whole year shall strive to reach RMB60 billion. The aforesaid investment in municipal engineering will be directly translated into the output value of construction and installation enterprises.

Shanxi Province is accelerating the construction of a modern water network, speeding up the construction progress of provincial water network backbone projects such as the East Main Line of the Central Yellow River Diversion Project, Phase II of the Xiaolangdi Yellow River Diversion Project, and the Hutuo River Connection Project, while advancing the construction of 46 county-level supporting water network projects as well as the Yellow River Guxian Water Conservancy Hub Project in an orderly manner. An investment of RMB22 billion was completed in the water conservancy sector for the whole year. The total investment of the South-to-North Water Diversion Project is expected to exceed RMB500 billion, of which the Western Route Project (still in the preliminary feasibility study stage) is planned to divert water to Qinghai, Gansu, Ningxia, Inner Mongolia, Shaanxi, Shanxi and other places in the upper reaches of the Yellow River, and Shanxi Province is one of the planned water-receiving provinces. The Wanjiazhai Yellow River-to-Shanxi Water Diversion Project covers the northern and central regions of Shanxi, with a total annual water diversion capacity of 0.88 billion cubic meters.

Overseas Construction Market Ushers in New Development Opportunities

The high-quality joint construction of the "Belt and Road" Initiative continued to deepen, with rigid demand in water conservancy, highway, power station, park and livelihood housing construction projects in the countries along the route being steadily released. The key markets in Southeast Asia, Central Asia and Africa, where the Company has been focusing its efforts, remained generally stable with strong resilience. In the first quarter of 2026, Chinese enterprises signed newly-signed contracts valued at RMB348.51 billion in countries along the "Belt and Road", representing a year-on-year counter-trend growth of 2.4%, which further reinforced our confidence in expanding into the "blue ocean" of overseas markets. Leveraging their advantages in technology, capital, and the entire industrial chain, Chinese engineering enterprises are deeply cultivating key fields such as transportation, new energy, and smart cities, shaping a new paradigm for "Belt and Road".

Financial Review

Operating revenue

The Group derives its 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 2026	Percentage of revenue %	January to June 2025	Percentage of revenue %	Change
Specialized industrial construction	3,217,778	70.5	4,069,822	72.5	-852,044
Specialized auxiliary construction	471,395	10.3	534,251	9.5	-62,856
Other construction	220,698	4.8	499,658	8.9	-278,960
Non-construction business	578,159	12.7	484,310	8.6	93,849
Other business	75,823	1.7	26,334	0.5	49,489
Total	4,563,853	100.0	5,614,375	100.0	-1,050,522

Our operating revenue during the Reporting Period amounted to RMB4,563,853 thousand, representing a decrease of 18.71% as compared with RMB5,614,375 thousand for the Corresponding Period of Last Year, mainly due to the decrease in operating revenue derived from specialized industrial, 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 PV 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 RMB3,217,778 thousand (Corresponding Period of Last Year: RMB4,069,822 thousand), representing a decrease of 20.94% for the Corresponding Period of Last Year. Such decrease was mainly due to the decrease in project revenue derived from power engineering, petrochemical engineering and electromechanical installation engineering projects of such segment in 2026.

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 RMB471,395 thousand (Corresponding Period of Last Year: RMB534,251 thousand), representing a decrease of 11.77% for the Corresponding Period of Last Year. Such decrease was mainly due to the decrease in revenue derived from standardized factory engineering, environmental protection engineering, and road and bridge construction engineering projects under such segment.

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 RMB220,698 thousand (Corresponding Period of Last Year: RMB499,658 thousand), representing a year-on-year decrease of 55.83%. Such decrease was mainly due to a decline in revenue from major projects in residential construction engineering, science, education, culture and health construction engineering, and building decoration and decoration engineering.

Non-construction Business

We also generate revenue from non-construction business, which mainly includes operating income from PPP projects, sales revenue from liquefied natural gas ("**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 RMB578,159 thousand (Corresponding Period of Last Year: RMB484,310 thousand), representing a year-on-year increase of 19.38%. Such increase was mainly due to the increase in income from urban heating services, LNG sales income and labor service fees income projects.

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

During the Reporting Period, our cost of sales amounted to RMB4,042,272 thousand, representing a decrease of 19.41% from RMB5,015,697 thousand for the Corresponding Period of Last Year. It was mainly due to the decrease in costs corresponding to the decrease in revenue of the Company.

Gross profit and gross profit margin
During the Reporting Period, our gross profit amounted to RMB521,581 thousand, representing a decrease of 12.88% as compared with RMB598,678 thousand for the Corresponding Period of Last Year. It was mainly due to the decrease in gross profit from specialized industrial construction, other construction and non-construction segments.

During the Reporting Period, our gross profit margin was 11.4% (Corresponding Period of Last Year: 10.7%) and the change in gross profit margin was mainly due to the increase in gross profit margin of specialized auxiliary construction and non-construction segments.

Taxes and surcharges
During the Reporting Period, our taxes and surcharges amounted to RMB12,401 thousand, representing a decrease of 14.85% as compared with RMB14,564 thousand for the Corresponding Period of Last Year, which was mainly due to the decrease in stamp duty, urban maintenance and construction tax and others.

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.

During the Reporting Period, our selling expenses amounted to RMB514 thousand, representing a decrease of 20.92% from RMB650 thousand for the Corresponding Period of Last Year, which was mainly due to the decrease in staff costs resulting from a decrease in headcount in sales personnel, which was in line with the fixed staffing policy during the Reporting 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.

During the Reporting Period, our management expenses amounted to RMB216,494 thousand, representing a decrease of 7.85% as compared with RMB234,947 thousand for the Corresponding Period of Last Year, which was mainly due to the decrease in employee remuneration, short-term lease expenses, depreciation expense and others during the Reporting Period.

Research and development expenses
During the Reporting Period, our research and development expenses amounted to RMB93,624 thousand, representing a decrease of 45.84% as compared with RMB172,876 thousand for the Corresponding Period of Last Year, which was mainly due to the decrease in the Company's R&D projects and R&D budgets during the Reporting Period.

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.

During the Reporting Period, our finance expenses amounted to RMB54,585 thousand, representing an increase of 40.55% as compared with RMB38,838 thousand for the Corresponding Period of Last Year, which was mainly due to the increase in interest expenses during the Reporting Period.

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

During the Reporting Period, our other gains amounted to RMB2,632 thousand, representing a decrease of 13.25% as compared with RMB3,034 thousand for the Corresponding Period of Last Year.

Investment gains
During the Reporting Period, our investment gains amounted to RMB-2,716 thousand, representing an increase of RMB1,729 thousand as compared with RMB-4,445 thousand for the Corresponding Period of Last Year. The increase in investment gains was primarily due to higher dividend payments from other equity investments.

Gains on change in fair value
During the Reporting Period, we recorded gains on change in fair value of RMB370 thousand, representing a decrease of RMB655 thousand as compared with RMB1,025 thousand for the Corresponding Period of Last Year, which was mainly due to changes in fair value of investment properties.

Credit impairment losses
Our credit impairment losses represent credit impairment losses on our trade receivables, bills receivable and other receivables.

During the Reporting Period, 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, bills receivable 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, bills receivable and other receivables at the end of each year is credited or charged to profit or loss.

During the Reporting Period, we had credit impairment losses of RMB10,980 thousand, representing a decrease of RMB12,923 thousand from RMB23,903 thousand for the Corresponding Period of Last Year.

Impairment losses on assets
Our impairment losses on assets represent the impairment losses of our contract assets, goodwill and long-term equity investments.

During the Reporting Period, our impairment losses on assets amounted to RMB42,765 thousand, representing an increase of RMB26,341 thousand from RMB16,424 thousand for the Corresponding Period of Last Year.

Total profit
During the Reporting Period, our total profit amounted to RMB89,762 thousand, representing a decrease of 6.9% from RMB96,410 thousand for the Corresponding Period of Last Year, which was mainly due to the decrease in revenue from construction engineering, as well as the provision for credit impairment losses and asset impairment losses.

Income tax expense
Our income tax expense for a given period includes corporate income tax and deferred income tax.

During the Reporting Period, our income tax expense was RMB2,013 thousand, representing a decrease of RMB11,340 thousand from RMB13,353 thousand for the Corresponding Period of Last Year, which was mainly due to the change in deferred income tax expenses during the Reporting Period.

Net profit
During the Reporting Period, we recorded a net profit of RMB87,749 thousand, representing an increase of 5.7% from RMB83,057 thousand for the Corresponding Period of Last Year, which was mainly due to the consolidation of Shanxi Construction Investment International Investment Co., Ltd. under common control in the Reporting Period, as well as the decrease in management expenses and research and development expenses.

Total comprehensive income attributable to shareholders of the parent company
During the Reporting Period, total comprehensive income attributable to our equity holders was RMB48,620 thousand, representing a decrease of RMB8,674 thousand from total comprehensive income attributable to equity holders of the Company of RMB57,294 thousand for the Corresponding Period of Last Year.

Liquidity and capital resources
As at June 30, 2026, the Group's net current assets amounted to RMB1,774,752 thousand (as at December 31, 2025: RMB799,974 thousand) consisting of current assets of RMB19,840,714 thousand (as at December 31, 2025: RMB18,934,558 thousand) and current liabilities of RMB18,065,962 thousand (as at December 31, 2025: RMB18,134,584 thousand), representing a current ratio of 1.1 (as at December 31, 2025: 1.0).

As at June 30, 2026, the Group had cash and bank balances (including restricted bank deposits) of approximately RMB1,606,326 thousand (as at December 31, 2025: RMB1,823,401 thousand). As at June 30, 2026, the Group had cash and bank balances (excluding restricted bank deposits) of approximately RMB1,355,352 thousand (as at December 31, 2025: RMB1,548,347 thousand).

As at June 30, 2026, the Group's borrowings amounted to RMB7,640,622 thousand (as at December 31, 2025: RMB7,843,747 thousand), 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, 2026, the total amount of capital expenditures contracted by the Group but not yet incurred was RMB2,695,516 thousand (as at December 31, 2025: RMB2,262,302 thousand).

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, 2026 was 63.62% (as at December 31, 2025: 64.33%).

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, 2026 was 1.1 (as at December 31, 2025: 1.0).

Contingent liabilities
As at June 30, 2026, the Group did not have any significant contingent liabilities.

Long-term equity investments
As at June 30, 2026, the Group's long-term equity investments amounted to RMB351,212 thousand, representing an increase of 6.82% as compared with RMB328,801 thousand as at December 31, 2025. The increase in the Group's long-term equity investments was mainly due to the increase in investment in associates by the Company and higher investment income recognized under the equity method from the associate.

As at June 30, 2026, 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
During the Reporting Period, there were no material acquisitions and disposals.

Interim Dividend

The Board does not recommend declaring an interim dividend for the Reporting Period (Corresponding Period of Last Year: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT OF THE COMPANY

(1) Future Prospect

2026 marks the inaugural and foundational year of the 15th Five-Year Plan, and represents a critical period for the Group in its pursuit of becoming "the most competitive modern engineering service provider in China". The Group will position itself in a new stage of development, gain a profound understanding of the international environment, domestic policies, industry transformations, the mission of state-owned enterprises, and regional opportunities, and strive to break new ground amid changes while seizing opportunities amidst challenges. The Group will make comprehensive efforts in terms of business direction, core competencies, and market value management:

First, the Group will clarify the business direction and establish a multi-dimensional market structure
In the provincial market, the Group will deepen grid-based development, strengthen the market development system of "responsibility assigned to regions, projects allocated to grids, and tasks designated to individuals", and promote the upgrade of provincial operations from "construction contracting" to "integrated services", thereby solidifying our foundational market. In the markets outside the province, the Group will resolutely pursue the "go-global" strategy, reinforce the pivotal role of regional institutions, focus on advantageous sectors such as chemical engineering, new energy, and low-carbon environmental protection, and drive the transition of projects from "scattered contracting" to "large-scale acquisition". In the overseas market, guided by the international investment company, the Group will adhere to the principle of "investment-driven, platform-coordinated, and breakthrough-focused", study the establishment of overseas regional subsidiaries, strengthen overseas teams, and promote the shift of projects from "isolated presence" to "regional deep cultivation", while leveraging the bridging value of the Hong Kong company.

Second, the Group will focus on key areas to build stable growth drivers

In the chemical sector, we will focus on high-end and fine chemical engineering, strengthening the general contracting capability of "design-led + construction integration", and promoting modularization and skid-mounting of equipment to enhance professional integration. In the new energy sector, we will adhere to the principle of "stabilizing existing operations, expanding incremental opportunities, and optimizing structure", consolidating the fundamentals of wind power and solar power, accelerating the expansion of the "new energy +" market space, and actively positioning ourselves in new business formats such as green power parks, source-grid-load-storage systems, and new power systems. In the low-carbon environmental protection sector, leveraging our four platform companies, we will focus on cultivating niche markets such as clean heating, solid waste disposal, distributed energy, and industrial wastewater treatment, strengthening the development model of "investment-led, integrated investment-construction- operation", and building business segments with stable cash flow.

Third, the Group will forge core capabilities and systematically build strong competitive strengths

In terms of cost competitiveness, the Group will build a full-chain and systematic system for reducing costs and improving efficiency. The Group will strengthen source control at the business planning stage under the principle of "planning to win before acting", promote the restructuring of the centralized procurement system, seek efficiency gains through refined management, and continuously reduce non-production costs.

In terms of technological competitiveness, the Group will accelerate the cultivation of new quality productive forces. The Group will focus our efforts on tackling key technical problems relating to its principal business, strengthen the leading role of design and the orientation towards "creating value through technology", establish a mechanism for the transformation of scientific and technological achievements, and promote the development of replicable and marketable product systems from achievements such as skid-mounted equipment and the conversion of bulk solid waste. The Group will accelerate the development of digital platforms, aiming at "institutionalized management, standardized institutions, streamlined standards, informatized processes and intelligent information", empower management through data, and improve operational efficiency.

In terms of market competitiveness, the Group will build an open, collaborative and responsive business system. The Group will promote the transformation from "undertaking projects" to "operating customers", make solid progress in customer return visits and feedback mechanisms, deepen collaborative cooperation with financial institutions, design institutes, equipment manufacturers and scientific research institutions, and build a symbiotic and win-win ecosystem. The Group will strengthen contract performance management, accelerate the building of its work teams and the industrial workforce, strictly implement the special initiatives on incentives and constraints, fully implement the "Six 100%" targets, and lay a solid foundation for the smooth implementation of projects.

In terms of capital operation capability, the Group will leverage the advantages of the listing platform to empower the development of the six major business segments. The Group will strengthen market capitalization management and investor relations management, and improve the quality of information disclosure and market transparency. In light of the development needs of the six major business segments, the Group will study differentiated capital support pathways, actively explore diversified capital operation methods such as equity cooperation, industrial funds and asset securitization, revitalize existing assets, optimize the capital structure and enhance the capacity for sustainable growth.

Fourth, the Group will continue to carry out routine market capitalization management
The Group will strengthen top-level design and promote the deep integration of market capitalization management into the Company's development strategy, so as to ensure the steady enhancement of the Company's investment value. The Group will continuously improve the quality of information disclosure and corporate governance, always maintain a long-term and stable dividend policy, and reward shareholders' trust with tangible investment returns and dividends.

(2) 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 report, 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" and other environmental protection laws and regulations. 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.

OTHER INFORMATION

Purchase, Sale and/or Redemption of Listed Securities of the Company

During the Reporting Period, save for the public offering of corporate bonds by the Company to professional investors in the amounts of RMB500 million and RMB350 million on February 9, 2026 and June 24, 2026, respectively, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of June 30, 2026, the Company did not hold any treasury shares.

Directors' and Chief Executive's Interest and/or Short Position in Shares, Underlying Shares and Debentures

As of June 30, 2026, none of the Directors, chief executive or their associates had any interests and/or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under the relevant provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein.

The Company does not have any share option schemes currently in force.

Substantial Shareholders' Interests and/or Short Position

As of June 30, 2026, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests and/or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number and class of Shares[7]	Approximate percentage of shares in relevant class of Shares	Approximate percentage of the Company's issued share capital
Shanxi CIG[1]	Beneficial owner	980,000,000 Domestic Shares (L)	100.00%	72.81%
	Interest in controlled corporation	20,000,000 Domestic Shares (L)		
Shanxi State-owned Capital Operation Co., Ltd.* (山西省國有資本運營有限公司) (**"SSCO"**)[1]	Interest in controlled corporation	1,000,000,000 Domestic Shares (L)	100.00%	72.81%
Shanxi SASAC[1]	Interest in controlled corporation	1,000,000,000 Domestic Shares (L)	100.00%	72.81%
Ming Yang Smart Energy Group Limited* (明陽智慧能源集團股份公司)	Beneficial owner	98,792,000 H Shares (L)	26.45%	7.19%
Hong Kong Regent Jian An Investment Co., Limited (香港勵駿建安投資有限公司)	Beneficial owner	61,238,000 H Shares (L)	16.40%	4.46%

* For identification purpose only

Name of Shareholder	Nature of Interest	Number and class of Shares[7]	Approximate percentage of shares in relevant class of Shares	Approximate percentage of the Company's issued share capital
Hainan Tiankun Private Equity Fund Management Co., Ltd.* (海南天埊私募股權投資基金管理有限公司)[2]	Interest in controlled corporation	65,668,000 H Shares (L)	17.58%	4.78%
Hainan Tiankun Shenyi Private Equity Investment Fund Partnership (Limited Partnership)* (海南天坤神奕私募股權投資基金合夥企業(有限合夥))[2][3]	Beneficial owner	42,872,000 H Shares (L)	11.48%	3.12%
Hainan Tiankun Xianning Private Equity Investment Fund Partnership (Limited Partnership)* (海南天坤仙凝私募股權投資基金合夥企業(有限合夥))[2][4]	Beneficial owner	22,796,000 H Shares (L)	6.10%	1.66%
Jinluo (Shenzhen) Private Equity Investment Fund Management Co., Ltd.* (金洛(深圳)私募股權投資基金管理有限公司)[3]	Interest in controlled corporation	42,872,000 H Shares (L)	11.48%	3.12%
Jiangsu Wanwei Electric Co., Ltd.* (江蘇萬威電氣有限公司)[4]	Interest in controlled corporation	22,796,000 H Shares (L)	6.10%	1.66%
Hainan Jingtai Precision Private Equity Fund Phase II Partnership (Limited Partnership)* (海南景泰精準股權私募基金二期合夥企業(有限合夥))[6]	Beneficial owner	34,778,000 H Shares (L)	9.31%	2.53%
Sichuan Huazhiyecan Electric Power Design Co., Ltd.* (四川華之燁燦電力設計有限公司)[5]	Interest in controlled corporation	34,778,000 H Shares (L)	9.31%	2.53%
Jingtai Venture Capital Private Equity Fund Management (Hainan) Partnership Enterprise (Limited Partnership)* (景泰創業投資私募基金管理(海南)合夥企業(有限合夥))[6]	Interest in controlled corporation	34,778,000 H Shares (L)	9.31%	2.53%
Hong Kong Synergy Qijian Co., Limited	Beneficial owner	54,094,000 H Shares (L)	14.48%	3.94%
Hong Kong Apex HongJian Co., Limited	Beneficial owner	54,090,000 H Shares (L)	14.48%	3.94%

* For identification purpose only

Notes:

(1) Shanxi CIG directly holds 980,000,000 Domestic Shares and holds 20,000,000 Domestic Shares through Shanghai Rongda Investment Management Co., Ltd., its wholly-owned subsidiary. As of June 30, 2026, Shanxi SASAC collectively held 88% of the equity interest in Shanxi CIG (including 52.44% held directly and 37.56% held indirectly through SSCO). By virtue of the SFO, Shanxi SASAC and SSCO are deemed to be interested in the shares held by Shanxi CIG and Shanghai Rongda Investment Management Co., Ltd.

(2) Hainan Tiankun Private Equity Fund Management Co., Ltd. is the general partner of Hainan Tiankun Shenyi Private Equity Investment Fund Partnership (Limited Partnership) and Hainan Tiankun Xianning Private Equity Investment Fund Partnership (Limited Partnership). By virtue of the SFO, Hainan Tiankun Private Equity Fund Management Co., Ltd. is deemed to be interested in the shares held by these partnerships.

(3) Jinluo (Shenzhen) Private Equity Investment Fund Management Co., Ltd. holds 76.76% of the shares in Hainan Tiankun Shenyi Private Equity Investment Fund Partnership (Limited Partnership). By virtue of the SFO, Jinluo (Shenzhen) Private Equity Investment Fund Management Co., Ltd. is deemed to be interested in the Shares held by Hainan Tiankun Shenyi Private Equity Investment Fund Partnership (Limited Partnership).

(4) Jiangsu Wanwei Electric Co., Ltd. holds 99.98% of the shares in Hainan Tiankun Xianning Private Equity Investment Fund Partnership (Limited Partnership). By virtue of the SFO, Jiangsu Wanwei Electric Co., Ltd. is deemed to be interested in the Shares held by Hainan Tiankun Xianning Private Equity Investment Fund Partnership (Limited Partnership).

(5) Sichuan Huazhiyecan Electric Power Design Co., Ltd. holds 52% of the shares in Hainan Jingtai Precision Private Equity Fund Phase II Partnership (Limited Partnership). By virtue of the SFO, Sichuan Huazhiyecan Electric Power Design Co., Ltd. is deemed to be interested in the Shares held by Hainan Jingtai Precision Private Equity Fund Phase II Partnership (Limited Partnership).

(6) Jingtai Venture Capital Private Equity Fund Management (Hainan) Partnership Enterprise (Limited Partnership) is the general partner of Hainan Jingtai Precision Private Equity Fund Phase II Partnership (Limited Partnership). By virtue of the SFO, Jingtai Venture Capital Private Equity Fund Management (Hainan) Partnership Enterprise (Limited Partnership) is deemed to be interested in the Shares held by Hainan Jingtai Precision Private Equity Fund Phase II Partnership (Limited Partnership).

(7) The letter “L” denotes to the person with long position in the Shares.

Save as disclosed above, to the best knowledge of the Company, as of June 30, 2026, no person (other than the Directors and chief executives) had informed the Company that he/she had interests and/or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or held any interests and/or short positions in 5% or more of the respective types of capital in issue of the Company.

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.

According to the announcements of the Company dated June 4, 2026 and June 26, 2026 and the circular dated June 4, 2026 (the "**Circular**"), having considered the business development of the Company and market and policy trends, the Company has adjusted the amounts allocated to respective use (the "**Further Revision**"). Details of the reasons for and the benefits of the change in the use of the net proceeds are set out in the Circular. The changes became effective upon consideration and approval at the annual general meeting on June 26, 2026. Following the above changes, the planned use of the net proceeds is as follows:

Unit: million; Currency: Hong Kong dollars

Item	Net proceeds allocated following the Further Revision	Unutilized net proceeds as of January 1, 2026	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	6.8	1.2	0	1.2	To be utilized before end of 2027
For our future investment in wind power projects in the PRC or abroad	218.7	196.9	5.9	191	To be utilized before end of 2027
For financing the future equity investment and/or construction of other types of new energy projects	100.6	43.2	17.4	25.8	To be utilized before end of 2027
For financing our existing and future clean heating projects	19.2	1.5	0	1.5	To be utilized before end of 2027
For financing our future distributed energy projects	21.8	21.8	7.2	14.6	To be utilized before end of 2027
For existing water treatment projects	87.6	66.7	35.9	30.8	To be utilized before end of 2027
For financing our future solid waste disposal projects	166.7	148	41.9	106.1	To be utilized before end of 2027
For making payment of the construction fee for equipment required for the existing service concession project	36.4	0	0	0	

Item	Net proceeds allocated following the Further Revision	Unutilized net proceeds as of January 1, 2026	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 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	21.6	8.6	0	8.6	To be utilized before end of 2027
For working capital and other general corporate purposes	59.1	0	0	0	
Total	738.5	487.9	108.3	379.6	

As at June 30, 2026, approximately HK$379.6 million of the net proceeds remains unutilized.

Compliance with 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 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 as set out in Appendix C1 of the Hong Kong 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.

Securities Transactions by Directors

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management.

The Company has maintained a system for monitoring the dealings of the Company's securities by Directors (including a notification mechanism) to ensure compliance with the Model Code. In particular, the Company will notify all Directors the blackout period before the commencement of such blackout period, reminding the Directors not to deal in the Company's securities during the blackout period before the announcement of results. The Board is of the view that the guidelines and procedures for the Directors' dealings of securities in the Company are adequate and effective.

The Company had made specific enquiries of all Directors and all Directors have confirmed that they have been in strict compliance with the standards as set out in the Model Code during the Reporting Period and up to the date of this report.

Review of Interim Report

The Audit Committee consisted of three independent non-executive Directors, namely Professor WU Qiusheng, Mr. FENG Cheng and Mr. WANG Jingming, and was chaired by Professor WU Qiusheng.

The Audit Committee of the Company has reviewed the unaudited 2026 Interim Report, and is of the view that the unaudited 2026 Interim Report is in compliance with the applicable accounting standards, relevant laws and regulations, and has made adequate disclosure.

Changes in Information of Directors and Chief Executive

Mr. Wang Jianjun has been appointed as the general manager of the Company, with a term of office commencing from July 31, 2026 until the date of establishment of the second session of the Board and the appointment of the new session of senior management. Meanwhile, Mr. Wang Jianjun ceases to be the deputy general manager of the Company.

Mr. Xu Guanshi has resigned as a non-executive Director of the Company due to work arrangement adjustments, and his resignation officially became effective on August 11, 2026.

Mr. Wang Jianjun serves as an executive Director of the first session of the Board, with a term of office commencing from August 28, 2026 until the date of establishment of the second session of the Board.

Mr. Li Bin serves as a non-executive Director of the first session of the Board, with a term of office commencing from August 28, 2026 until the date of establishment of the second session of the Board.

For further details, please refer to the announcements of the Company dated July 31, 2026, August 11, 2026 and August 28, 2026, respectively, and the notice dated August 11, 2026.

During the Reporting Period, there were no other changes in the information on the Directors and chief executive required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

Employee and Remuneration Policies

As at June 30, 2026, the Group had 3,748 full-time employees, and the majority of them are based in Taiyuan, Shanxi Province. The total staff costs, including directors' emoluments, amounted to approximately RMB309 million during the Reporting Period (for the Corresponding Period of Last Year: approximately RMB336 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 promote the career development of our employees, representing an investment in the future of our human resources. At the same time, we have established an incentive mechanism for professional qualification certificates to encourage our employees to obtain professional qualification certificates, thereby fostering a positive 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.

Enhancing Corporate Governance

Optimizing the governance structure

The Company strictly complies with applicable domestic and overseas laws, regulations and regulatory requirements for listed companies, including the Company Law of the PRC and the Hong Kong Listing Rules, and continues to improve its modern corporate governance structure. The Company has established a governance system with the Shareholders' meeting, the Board of Directors and the Audit Committee at its core, which forms a decision-making mechanism featuring statutory, transparent, coordinated and balanced allocation of powers and responsibilities, as well as effective checks and balances. Through a mechanism to track the implementation of decisions, the Company ensures their effective execution, safeguards standardized operations, and prevents operational risks.

In the first half of 2026, the Board of the Company completed a new round of adjustments, with the total number of Directors increasing from 9 to 10. As at the date of this report, the Board comprises 11 Directors, consisting of 3 executive Directors, 4 non-executive Directors and 4 independent non-executive Directors. All seats have now been filled, laying an organizational foundation for efficient decision-making and standardized operation.

The Company attaches great importance to Board diversity and professionalism, and continues to refine its governance structure and enhance its ability to make scientific decisions. Among the 11 Directors, there is 1 female independent non-executive Director with an industry-specific professional background. The Nomination Committee under the Board has a female independent non-executive Director member, which shall reinforce the Committee's professional competence while further enriching its gender composition and diversity of perspectives, thereby enhancing the independence, professionalism, and inclusiveness of the decision-making of the Board's special committees. The Audit Committee consists of 3 members, including 2 independent non-executive Directors and 1 non-executive Director, and is chaired by an independent non-executive Director with professional experience and expertise in financial accounting.

Protecting Investor Rights and Interests

The Company adheres to an investor demand-oriented approach and has established an investor relations management system that combines "online and offline" channels with "targeted and diversified" approaches. Through communication platforms such as the investor relations section on the Company's website, an investor hotline, a dedicated email address, results briefings and investors' exchange meetings, the Company responds to investor concerns in a timely manner, showcasing its strategic value and core competitiveness. As at June 30, 2026, the Company's investor enquiry response rate reached 100%. The Company organized one offline investors' exchange meeting and held the 2025 annual results briefing online.

The Company continues to enhance shareholder returns. In 2026, it completed the distribution of the 2025 final dividend as planned, distributing a total of over RMB27 million in dividends to its shareholders. Since its listing, the Company has paid dividends for three consecutive years, steadily improving shareholder returns.

Commitment to Green Operations

The Company strictly complies with the relevant provisions of the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Regulations on the Administration of Environmental Protection for Construction Projects (《建設項目環境保護管理條例》), the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) and other relevant regulations. It has established an environmental management system, led by the Safety Production Committee and coordinated by the Safety and Environmental Protection Department, and supported by the Environmental Protection Management System, to carry out comprehensive management of air pollutants, wastewater, waste, light pollution and noise pollution, and to ensure that pollutant discharge complies with applicable standards.

The Company has set out clear requirements for emergency management of environmental pollution and management of environmental pollution incidents in its Environmental Protection Management System, and has implemented on-site environmental protection measures. The Company identifies and distinguishes the types of pollution sources that may arise from construction, production and daily operations, and formulates corresponding prevention and control measures to avoid harm to personnel or disruption to the daily lives of the public. The Company classifies and stores production and domestic waste separately, implements centralized control, and arranges for centralized disposal at designated or permitted locations to mitigate pollution impact. In the first half of 2026, the Company's emissions of water pollutants and air pollutants both decreased year-on-year, achieving compliance within the permitted discharge scope.

With respect to air pollution prevention and control, the Company requires its project departments, production workshops and operating sites to comply with the "six 100%" requirements for dust control, including construction site hoarding, material covering, vehicle washing, ground hardening, wet operation and enclosed transportation. Materials susceptible to dust generation are covered or stored in enclosed areas, temporary roads are hardened, and dust diffusion is reduced through measures such as water spraying for dust suppression, containerized lifting of waste, and enclosed transportation of vehicles. With respect to water pollution prevention and control, the Company requires construction sites to install treatment facilities such as sedimentation tanks, grease traps and septic tanks for different types of wastewater. Wastewater from cleaning operations at mixing sites is discharged after sedimentation or recycled for water spraying and dust suppression, and anti-leakage and oil separation measures are implemented for key scenarios such as oil depots and temporary canteens. With respect to noise pollution prevention and control, the Company requires construction sites to establish a management system for controlling man-made noise, conduct real-time monitoring and control at key site boundaries, and select low-noise and low-vibration equipment while adopting soundproofing and vibration isolation measures.

The Company incorporates green office into its daily operations and management, and creates a low-carbon and environmentally friendly office atmosphere. It promotes energy conservation in lighting and air conditioning systems, strengthens water resource management, promotes paperless and online office work, enhances the management of paper and office supplies, and carries out waste sorting and recycling as well as reduction of disposable goods, so as to integrate green concepts into the office environment.

Fulfilling Social Responsibility

Strictly Adhering to the Quality Bottom Line

The Company strictly complies with laws, regulations, and industry standards including the *Regulations on the Administration of Construction Project Quality* and the *Code for Construction Project Management*, and establishes a project quality management system tailored to different regions and project categories. The Company adheres to a single core principle of quality management, with the technical quality department taking overall coordinating responsibility, and establishes a three-tier governance architecture at the group, engineering company, and project department levels, clarifying responsibilities at each level throughout five key processes including objective management, meticulous planning, process control, stage-based assessment, and continuous improvement. The project department collects and compiles relevant data on a quarterly basis and reports it to the engineering management department. In parallel, the Company has developed the *Technical Quality Planning* and the *Manual for the Prevention of Common Quality Issues in Building Engineering*, which define quality policies and objectives, implement dynamic statistical tracking and performance appraisal, and adopt measures such as strengthening early-stage planning for key projects, fostering quality talent development, promoting project standardization, improving quality inspection mechanisms, and advancing quality culture development. These efforts systematically elevate the project quality management level, ensuring that engineering quality remains controllable and traceable throughout the entire process.

The Company's Engineering Quality Management System incorporates quality planning, process inspection, problem rectification and accident handling into closed-loop management. At the same time, the Company has established and improved a dual prevention mechanism comprising hierarchical quality risk control and hidden hazard identification and rectification. It has developed a checklist for defects identified by third-party quality inspections for wind power and photovoltaic projects. Typical issues are categorized by disciplines including electrical works, civil works, installation, equipment, quality conduct, safety and documentation archiving. A full-process refined quality management approach is consistently applied, with strict adherence to the progressive acceptance system for process handover, sub-projects and unit works.

As of June 30, 2026, the Company had organized the completion acceptance of 10 projects across 9 engineering companies, and organized the acceptance of 31 projects and 61 unit works across 11 engineering companies. During the Reporting Period, there was no material engineering quality-related accident, and the acceptance pass rate of projects under construction remained at 100%.

The Company actively promotes the development of a quality culture, adhering to the quality philosophy of "dedication and excellence". Centering on the "TQM-based iPS high-quality development model", the Company adopts the "1353 Quality Management Working Method" and has established a three-tier quality management system at the group company, subsidiaries and project departments, strengthening objective management, process control and continuous improvement. The Company has established a standardized quality management mechanism covering the entire process from design, procurement and construction to acceptance. It has implemented initiatives such as "benchmark-guided", "actual measurement" and "right-first-time quality". In addition, the Company conducts "Quality Month" campaigns, skills competitions and specialized training on a regular basis to continuously enhance employees' quality awareness and professional capabilities, fostering a positive atmosphere in which "everyone values quality and everyone contributes to quality".

Strengthening Care for Employees

The Company adheres to an employee-centered philosophy and continues to enhance its employee care and rights protection systems. Focusing on key areas such as health protection, support for those in difficulty, rights of female employees, labor protection, and the development of employee culture, the Company actively leverages the role of the labor union as a bridge and bond to enhance employees' sense of gain, happiness, and belonging. Through measures such as improving rights protection mechanisms, strengthening care for frontline staff, organizing cultural and sports activities, and enhancing medical mutual aid and welfare support, the Company effectively responds to the diverse needs of employees, strives to create a safe, healthy, equal, and inclusive working environment, and shares the fruits of corporate development with employees.

The Company continues to strengthen care for employees. As of June 30, 2026, the Company has invested RMB265,000 to cover 2,797 employees under the employee hospitalization and medical mutual assistance insurance. In collaboration with third-party agencies, it has arranged fuel discounts for 2,159 employee vehicles (with a discount of RMB0.6 per liter). At the staff representative meeting, the Company has entered into the Contract on Protection of the Rights of Female Staff and Workers (《女職工權益保護專項合同》), incorporating provisions on equal employment rights for female employees and the prevention of workplace sexual harassment into long-term contractual terms. A multi-pronged approach has been adopted to provide protection and support for all employees. The Company has also organized activities such as festival greetings, mental health lectures for employees, fellowship activities of single employees, fuel discount services, and the "Summer Cooling" Campaign and Labor Protection Supervision and Inspection. These initiatives address actual living difficulties of employees from multiple dimensions, including psychological support, daily convenience, couple matchmaking, and frontline labor protection, thereby strengthening their sense of belonging and happiness.

Supporting Rural Revitalization

In April 2026, the Company donated RMB26,000 to thoroughly implement the deployment requirements of the Shanxi Provincial Party Committee and the Shanxi Provincial People's Government on comprehensively promoting rural revitalization and assistance work in targeted villages, and successfully completed all assistance work in targeted villages.

Progress of the Equity Acquisition Transaction

On January 14, 2026, the Company entered into an equity transfer agreement to acquire an aggregate of 70% equity interest in Shanxi Construction Investment International Investment Co., Ltd. from Shanxi Construction Investment Group (Hong Kong) Limited and Shanxi Construction Investment International Construction Group Ltd. (the "**Equity Transaction**"). For details, please refer to the announcements of the Company dated January 14, 2026 and January 20, 2026.

In order to optimize the efficiency of capital utilization, the Company re-examined the funding arrangements required for the Equity Transaction, applied to an independent third-party bank for an acquisition loan and obtained approval, and decided to complete the payment of the consideration for the Equity Transaction through two channels, namely self-owned funds and bank financing. The approved acquisition loan amount shall not exceed RMB40.98 million, which can be used to replace the equity transfer consideration already paid and to pay the remaining equity transfer consideration. The Equity Transaction is still in progress. The Company will use part or all of the acquisition loan as appropriate based on actual circumstances, and is expected to complete the closing within 2026.

Significant Events after the Reporting Period

Since June 30, 2026 and up to the Latest Practicable Date, there were no events that had a significant impact on the Group.

CONSOLIDATED AND COMPANY BALANCE SHEET

June 30, 2026

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB'000

Item	Notes	Closing balance (Unaudited)		Balance as at the end of the prior year	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash	V.1	1,606,326	1,173,542	1,823,401	1,337,654
Tradable financial assets					
Bills receivable	V.2	137,273	123,437	230,677	216,479
Trade receivables	V.3, XV.1	8,226,718	7,438,799	8,143,568	7,330,182
Receivables financing	V.4	43,436	43,436	8,049	6,241
Prepayments	V.5	207,430	187,117	286,596	276,955
Other receivables	V.6, XV.2	857,773	1,807,691	744,234	1,648,638
Including: Interest receivable					
Dividend receivable		1,584	21,584	1,850	21,850
Inventories	V.7	295,308	280,825	327,859	287,716
Including: Data resources					
Contract assets	V.8, XV.3	8,161,128	7,552,554	7,132,239	6,596,407
Assets held for sale					
Non-current assets due within one year					
Other current assets	V.9	305,322	136,524	237,935	102,860
Total current assets		19,840,714	18,743,925	18,934,558	17,803,132
Non-current assets:					
Investments in debentures					
Investments in other debentures					
Long-term receivables					
Long-term equity investments	V.10, XV.4	351,212	1,962,695	328,801	1,684,645
Investments in other equity instruments	V.11	142,525	142,525	154,215	154,215
Other non-current financial assets					
Investment property	V.12	189,359	189,359	188,989	188,989
Fixed assets	V.13	1,051,918	139,298	1,069,494	144,297
Construction-in-progress	V.14	403,125		218,593	
Productive biological assets					
Oil and gas assets					
Right-of-use assets	V.15	130,814	21,432	139,308	26,521
Intangible assets	V.16	186,972	65,276	187,711	64,175
Including: Data resources		143		152	
Development expenditure					
Including: Data resources					
Goodwill	V.17	11,135		11,135	
Long-term deferred expenses	V.18	5,879	1,797	6,874	1,759
Deferred income tax assets	V.19	196,647	121,921	186,398	116,596
Other non-current assets	V.20	4,777,471	956,969	4,630,173	940,647
Total non-current assets		7,447,057	3,601,272	7,121,691	3,321,844
Total assets		27,287,771	22,345,197	26,056,249	21,124,976

Consolidated and Company Balance Sheet

June 30, 2026

Item	Notes	Closing balance (Unaudited) Consolidated	Closing balance (Unaudited) Company	Balance as at the end of the prior year Consolidated	Balance as at the end of the prior year Company
Current liabilities:					
Short-term borrowings	V.22	2,801,599	2,772,074	3,130,479	3,105,456
Tradable financial liabilities					
Bill payables	V.23	2,229,500	2,229,500	2,034,671	2,034,671
Trade payables	V.24	10,014,446	9,639,690	9,892,334	9,575,705
Receipt in advance					
Contract liabilities	V.25	1,121,683	1,220,501	973,315	979,290
Employee remuneration payables	V.26	73,049	66,694	78,308	71,286
Tax payable	V.27	42,270	20,950	55,923	20,962
Other payables	V.28	652,028	850,249	581,756	664,634
Including: Interest payable					
Dividend payable	V.28	52,890	52,890	31,678	31,678
Liabilities held for sale					
Non-current liabilities due within one year	V.29	356,510	89,529	570,503	295,265
Other current liabilities	V.30	774,877	689,172	817,294	743,854
Total current liabilities		18,065,962	17,578,359	18,134,583	17,491,123
Non-current liabilities:					
Long-term borrowings	V.31	4,497,181	1,715,803	4,157,530	1,380,990
Bonds payable	V.32	855,003	855,003		
Lease liabilities	V.33	129,423	13,311	130,761	17,837
Long-term payables					
Long-term employee remuneration payables	V.34	26,500	26,500	27,660	27,660
Provisions					
Deferred income	V.35	35,335		26,373	
Deferred income tax liabilities	V.19	84,797	21,929	89,364	24,440
Other non-current liabilities					
Total non-current liabilities		5,628,239	2,632,546	4,431,688	1,450,927
Total liabilities		23,694,201	20,210,905	22,566,271	18,942,050

Item	Notes	Closing balance (Unaudited) Consolidated	Closing balance (Unaudited) Company	Balance as at the end of the prior year Consolidated	Balance as at the end of the prior year Company
Equity of shareholders:					
Share capital	V.36	1,373,486	1,373,486	1,373,486	1,373,486
Capital reserves	V.37	661,276	620,057	661,276	620,057
Less: Treasury shares					
Other comprehensive income	V.38	80,633	78,393	90,581	88,320
Special reserves	V.39	17,862	16,129	3,536	2,934
Surplus reserves	V.40	18,528	18,528	18,528	18,528
Undistributed profit	V.41	785,922	27,699	755,345	79,601
Total equity attributable to shareholders of the parent company		2,937,707	2,134,292	2,902,752	2,182,926
Minority interests		655,863		587,226	
Total equity of shareholders		3,593,570	2,134,292	3,489,978	2,182,926
Total liabilities and equity of shareholders		27,287,771	22,345,197	26,056,249	21,124,976

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

CONSOLIDATED AND COMPANY INCOME STATEMENT

January to June 2026

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB'000

Item	Notes	Amount for the period (Unaudited) Consolidated	Amount for the period (Unaudited) Company	Amount for the corresponding period of last year (Unaudited) Consolidated	Amount for the corresponding period of last year (Unaudited) Company
I. Operating revenue	V.42, XV.5	4,563,853	4,200,908	5,614,375	5,192,675
Less: Operating costs	V.42, XV.5	4,042,272	3,807,502	5,015,697	4,720,909
Taxes and surcharges	V.43	12,401	9,524	14,564	11,325
Selling expenses	V.44	514		650	
Management expenses	V.45	216,494	187,353	234,947	195,481
Research and development expenses	V.46	93,624	82,260	172,876	156,270
Finance expenses	V.47	54,585	105,732	38,838	90,382
Including: Interest expenses		181,511	121,474	172,638	105,864
Interest income		129,250	17,962	136,469	17,531
Add: Other gains	V.48	2,632	154	3,034	575
Investment gains (losses are expressed in "-")	V.49, XV.6	-2,716	1,943	-4,445	89,003
Including: Gains on investment in associates and joint ventures		-3,826	968	-4,233	-971
Gains on derecognition of financial assets measured at amortised cost (losses are expressed in "-")					
Gains from hedging net exposure (losses are expressed in "-")					
Gains on change of fair value (losses are expressed in "-")	V.50	370	370	1,025	1,025
Credit impairment losses (losses are expressed in "-")	V.51	-10,980	498	-23,903	-18,590
Asset impairment losses (losses are expressed in "-")	V.52	-42,765	-39,703	-16,424	-11,297
Gains on disposal of assets (losses are expressed in "-")	V.53	263	258	435	435
II. Operating profit (losses are expressed in "-")		90,767	-27,943	96,525	79,459
Add: Non-operating revenue	V.54	375	370	190	73
Less: Non-operating expenses	V.55	1,380	113	305	27
III. Total profit (total loss is expressed in "-")		89,762	-27,686	96,410	79,505
Less: Income tax expenses	V.56	2,013	-3,775	13,353	1,000
IV. Net profit (net loss is expressed in "-")		87,749	-23,911	83,057	78,505

Item		Notes	Amount for the period (Unaudited) Consolidated	Company	Amount for the corresponding period of last year (Unaudited) Consolidated	Company
	(I) Classified by operating continuity:					
	Including: Net profit from continuing operations (net loss is expressed in "-")		87,749	-23,911	83,057	78,505
	Net profit from discontinued operations (net loss is expressed in "-")					
	(II) Classified by ownership:					
	Including: Net profit attributable to shareholders of the parent company (net loss is expressed in "-")		58,569	-23,911	55,992	78,505
	Profit or loss of minority interest (net loss is expressed in "-")		29,180		27,065	
V.	Other comprehensive income, net of tax	V.38	-9,948	-9,927	1,303	1,347
	Other comprehensive income attributable to shareholders of the parent company, net of tax		-9,948	-9,927	1,303	1,347
	(I) Other comprehensive income that cannot be reclassified into profit or loss		-9,927	-9,927	1,347	1,347
	1. Changes in remeasurement of defined benefit plan		9	9	9	9
	2. Other comprehensive income that cannot be transferred to profit or loss under equity method					
	3. Fair value change of investment in other equity instruments		-9,936	-9,936	1,338	1,338
	4. Fair value change of the enterprise's own credit risks					
	5. Others					
	(II) Other comprehensive income that will be reclassified into profit or loss		-21		-44	
	1. Other comprehensive income that may be transferred to profit and loss under the equity method					
	2. Fair value change of other debt investments					
	3. Amount of financial assets reclassified into other comprehensive income					

Item	Notes	Amount for the period (Unaudited) Consolidated	Amount for the period (Unaudited) Company	Amount for the corresponding period of last year (Unaudited) Consolidated	Amount for the corresponding period of last year (Unaudited) Company
4. Credit impairment provision for other debt investments					
5. Reserve for cash flow hedge					
6. Exchange differences arising from translation of foreign currency financial statements		-21		-44	
7. Excess of fair value over carrying value at the date of conversion of property for own use or property held as inventory to investment property measured at fair value					
8. Difference between the disposal price and carrying value of the corresponding share of net assets in each transaction prior to the loss of control where the disposal of equity interests in subsidiaries in multiple transactions in stages constitutes a package deal					
9. Others					
Other comprehensive income attributable to minority shareholders, net of tax					
VI. Total comprehensive income		77,800	-33,838	84,359	79,852
Total comprehensive income attributable to shareholders of the parent company		48,620	-33,838	57,294	79,852
Total comprehensive income attributable to minority shareholders		29,180		27,065	
VII. Earnings per share					
(I) Basic earnings per share (RMB/share)	XVI.2	0.0426		0.0408	
(II) Diluted earnings per share (RMB/share)		0.0426		0.0408	

Net profit realized by the combined party prior to the business combination under common control amounted to RMB-437,000, compared to RMB-7,292,000 in the preceding period.

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

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

January to June 2026

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB'000

Item	Notes	Current period amount (Unaudited)		Amount for the corresponding period of last year (Unaudited)	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities:					
Cash received from sale of goods and rendering of services		3,049,221	2,671,441	4,745,047	4,591,184
Refund of taxes and levies received					
Cash received relating to other operating activities	V.57	1,146,053	1,318,032	1,218,754	1,448,690
Sub-total of cash inflow from operating activities		4,195,274	3,989,473	5,963,801	6,039,874
Cash paid for purchase of goods and receipt of services		3,033,897	2,758,712	4,800,984	4,641,175
Cash paid to and on behalf of employees		315,818	266,382	341,870	176,376
Payments for taxes and levies		114,798	70,580	116,798	71,893
Cash paid relating to other operating activities	V.57	1,228,908	1,332,655	782,194	1,008,509
Sub-total of cash outflow from operating activities		4,693,421	4,428,329	6,041,846	5,897,953
Net cash flows from operating activities		-498,147	-438,856	-78,045	141,921
II. Cash flows from investing activities:					
Cash received from recovery of investments					
Cash received from returns on investments		1,377	1,377		90,268
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		283	283	16	16
Net cash received from disposal of subsidiaries and other business units					
Cash received relating to other investing activities					
Sub-total of cash inflow from investing activities		1,660	1,660	16	90,284
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		171,757	2,393	27,769	242
Cash paid for investments		27,009	219,444	57,500	116,504
Net cash paid for acquiring subsidiaries and other business units				369	
Cash paid relating to other investing activities					
Sub-total of cash outflow from investing activities		198,766	221,837	85,638	116,746
Net cash flows from investing activities		-197,106	-220,177	-85,622	-26,462

Consolidated and Company Statement of Cash Flows

January to June 2026

Item	Notes	Current period amount (Unaudited) Consolidated	Company	Amount for the corresponding period of last year (Unaudited) Consolidated	Company
III. Cash flows from financing activities:					
Cash received from capital contribution		38,961		800	
Including: Cash received by subsidiaries from capital contribution of minority shareholders		38,961		800	
Cash received from borrowings		2,165,415	2,006,647	2,580,593	1,931,075
Cash received from bond issuance		850,000	850,000		
Cash received from other financing activities					
Subtotal of cash inflows from financing activities		3,054,376	2,856,647	2,581,393	1,931,075
Cash paid for repayment of debts		2,370,567	2,213,172	2,415,879	2,058,881
Cash paid for distribution of dividends and profits or payment of interest		175,753	119,269	229,217	119,316
Of which: Dividends and profits paid by subsidiaries to minority shareholders				44,000	
Cash paid relating to other financing activities	V.57	5,776	5,281	8,762	5,570
Subtotal of cash outflows from financing activities		2,552,096	2,337,722	2,653,858	2,183,767
Net cash flows from financing activities		502,280	518,925	-72,465	-252,692
IV. Effect of exchange rate changes on cash and cash equivalents		-22		-3	
V. Net increase in cash and cash equivalents		-192,995	-140,108	-236,135	-137,233
Add: Cash and cash equivalents at the beginning of the period		1,548,347	1,065,194	2,200,944	1,659,812
VI. Cash and cash equivalent at the end of the period		1,355,352	925,086	1,964,809	1,522,579

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

January to June 2026

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB'000

Item	Amount for the period (Unaudited)								
	Equity attributable to shareholders of the parent company								
	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Minority interests	Total shareholders' equity
I. Balance as at the end of the prior year	1,373,486	661,276		90,581	3,536	18,528	755,345	587,226	3,489,978
Add: Changes in accounting policies									
Correction of errors of previous periods									
Business combination under common control		0					0		0
Others									
II. Balance at the beginning of the year	1,373,486	661,276		90,581	3,536	18,528	755,345	587,226	3,489,978
III. Increase/decrease during the year (decrease is expressed in "-")				-9,948	14,326		30,577	68,637	103,592
(I) Total comprehensive income				-9,948			58,569	29,180	77,801
(II) Capital contributed or reduced by shareholders								38,961	38,961
1. Ordinary shares from shareholders								38,961	38,961
2. Amount of share-based payment included in shareholders' equity									
3. Others									
(III) Profit distribution							-27,992		-27,992
1. Withdrawal from surplus reserve									
2. Appropriation to shareholders							-27,992		-27,992
3. Others									
(IV) Internal transfer of shareholders' equity									
1. Conversion of capital reserve into share capital									
2. Conversion of surplus reserve into share capital									
3. Making up losses									
4. Transfer of other comprehensive income to retained earnings									
5. Others									
(v) Special reserves					14,326			496	14,822
1. Withdrawn during the period					56,217			1,250	57,467
2. Utilized during the period (expressed in "-")					-41,891			-754	-42,645
(VI) Others									
IV. Balance at the end of the year	1,373,486	661,276		80,633	17,862	18,528	785,922	655,863	3,593,570

Consolidated Statement of Changes in Shareholders' Equity

January to June 2026

Item	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Minority interests	Total shareholders' equity
	Amount for the Corresponding Period of Last Year (Unaudited)								
	Equity attributable to shareholders of the parent company								
I. Balance as at the end of the prior year	1,373,486	650,867		84,512	2,835	12,370	640,695	579,138	3,343,903
Add: Changes in accounting policies									
Correction of errors of previous periods									
Business combination under common control							0		0
Others									
II. Balance at the beginning of the year	1,373,486	650,867		84,512	2,835	12,370	640,695	579,138	3,343,903
III. Increase/decrease during the year (decrease is expressed in "-")		126		1,303	11,860	7,850	48,142	-16,580	52,701
(I) Total comprehensive income				1,303			55,992	27,065	84,360
(II) Capital contributed or reduced by shareholders		126						265	391
1. Ordinary shares from shareholders								800	800
2. Amount of share-based payment included in shareholders' equity									
3. Others		126						-535	-409
(III) Profit distribution						7,850	-7,850	-44,000	-44,000
1. Withdrawal from surplus reserve						7,850	-7,850		
2. Appropriation to shareholders								-44,000	-44,000
3. Others									
(IV) Internal transfer of shareholders' equity									
1. Conversion of capital reserve into share capital									
2. Conversion of surplus reserve into share capital									
3. Making up losses									
4. Transfer of other comprehensive income to retained earnings									
5. Others									
(V) Special reserves					11,860			90	11,950
1. Withdrawn during the period					90,848			804	91,652
2. Utilized during the period (expressed in "-")					-78,987			-714	-79,701
(VI) Others									
IV. Balance at the end of the year	1,373,486	650,993		85,815	14,695	20,220	688,837	562,558	3,396,604

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

January to June 2026

Prepared by: Shanxi Installation Group Co., Ltd. | Unit: RMB'000

Item		Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained profit	Total shareholders' equity
		Current period amount (Unaudited)							
I.	Balance as at the end of the prior year	1,373,486	620,057		88,321	2,934	18,528	79,602	2,182,928
	Add: Changes in accounting policies								
	Correction of errors of previous periods								
	Others								
II.	Balance at the beginning of the year	1,373,486	620,057		88,321	2,934	18,528	79,602	2,182,928
III.	Increase/decrease during the year (decrease is expressed in "-")				-9,928	13,195		-51,903	-48,636
	(I) Total comprehensive income				-9,928			-23,911	-33,839
	(II) Capital contributed or reduced by shareholders								
	1. Ordinary shares from shareholders								
	2. Amount of share-based payment included in shareholders' equity								
	3. Others								
	(III) Profit distribution							-27,992	-27,992
	1. Withdrawal from surplus reserve								
	2. Appropriation to shareholders							-27,992	-27,992
	3. Others								
	(IV) Internal transfer of shareholders' equity								
	1. Conversion of capital reserve into share capital								
	2. Conversion of surplus reserve into share capital								
	3. Making up losses								
	4. Transfer of other comprehensive income to retained earnings								
	5. Others								
	(V) Special reserves					13,195			13,195
	1. Withdrawn during the period					53,804			53,804
	2. Utilized during the period (expressed in "-")					-40,609			-40,609
	(VI) Others								
IV.	Balance at the end of the year	1,373,486	620,057		78,393	16,129	18,528	27,699	2,134,292

Statement of Changes in Shareholders' Equity of the Company

January to June 2026

Item		Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained profit	Total shareholders' equity
		Corresponding amount for last year (Unaudited)							
I.	Balance as at the end of the prior year	1,373,486	620,057		82,436	1,809	12,370	30,404	2,120,562
	Add: Changes in accounting policies								
	Correction of errors of previous periods								
	Others								
II.	Balance at the beginning of the year	1,373,486	620,057		82,436	1,809	12,370	30,404	2,120,562
III.	Increase/decrease during the year (decrease is expressed in "-")				1,347	11,507	7,850	70,655	91,359
(I)	Total comprehensive income				1,347			78,505	79,852
(II)	Capital contributed or reduced by shareholders								
	1. Ordinary shares from shareholders								
	2. Amount of share-based payment included in shareholders' equity								
	3. Others								
(III)	Profit distribution						7,850	-7,850	
	1. Appropriation to surplus reserve						7,850	-7,850	
	2. Appropriation to shareholders								
	3. Others								
(IV)	Internal transfer of shareholders' equity								
	1. Conversion of capital reserve into share capital								
	2. Conversion of surplus reserve into share capital								
	3. Making up losses								
	4. Transfer of other comprehensive income to retained earnings								
	5. Others								
(V)	Special reserves					11,507			11,507
	1. Withdrawn during the period					89,221			89,221
	2. Utilized during the period (expressed in "-")					-77,714			-77,714
(VI)	Others								
IV.	Balance at the end of the year	1,373,486	620,057		83,783	13,316	20,220	101,059	2,211,921

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 THE FINANCIAL STATEMENTS

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

I. BASIC INFORMATION OF THE COMPANY

Shanxi Installation Group Co., Ltd. (the "Company"; together with its subsidiaries, collectively the "Group"), 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 was restructured on the basis of the original company into a wholly-owned subsidiary of Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司) ("Shanxi CIG") and was approved and registered by the Shanxi Provincial Administration for Market Regulation. Its business license registration number is 140000100001146, and the registered capital and paid-up capital are RMB1,000,000,000.00.

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 restructured into a joint stock limited 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 the 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 holding company of the Company is Shanxi CIG.

On December 1, 2025, in accordance with the spirit of the document Notice of the State-owned Assets Supervision and Administration Commission of Shanxi Provincial People's Government on the Transfer of State-owned Equity in Relevant Enterprises Held by Shanxi State-owned Capital Operation Co., Ltd. to the Provincial SASAC (Jin Guo Zi Chan Quan [2025] No. 75), the state-owned equity interest in Shanxi CIG held by Shanxi State-owned Capital Operation Co., Ltd. was partially transferred to the State-owned Assets Supervision and Administration Commission of Shanxi Provincial People's Government, and the business change registration was completed on May 19, 2026. After the change, the State-owned Assets Supervision and Administration Commission of the Shanxi Provincial People's Government held 52.44% equity interest in Shanxi CIG, Shanxi State-owned Capital Operation Co., Ltd. held 37.56% equity interest in Shanxi CIG, and the Department of Finance of Shanxi Province held 10% equity interest in Shanxi CIG.

The ultimate controlling party 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 66th meeting of the first session of the Board of the Company on August 28, 2026.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements are prepared in accordance with the 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 of the PRC.

Pursuant to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong issued by the Hong Kong Stock Exchange in December 2010, the corresponding amendments to the Listing Rules of the Hong Kong Stock Exchange, as well as the relevant regulatory provisions issued by the Ministry of Finance (MOF) and the China Securities Regulatory Commission (CSRC), and upon approval by the Company's general meeting of shareholders, the Company will no longer provide financial reports prepared in accordance with International Financial Reporting Standards (IFRS) to H Shareholders with effect from the 2024 annual financial report and interim results. Instead, the Company will provide financial reports prepared in accordance with the China Accounting Standards (CAS) to all shareholders, and in preparing such financial reports, the Company has had regard to the relevant disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

These financial statements are presented on a going concern basis.

The accounting of the Company is based on the accrual basis. Except for certain financial instruments and investment properties, these financial statements are measured on a historical cost basis. Non-current assets held for sale are measured at the lower of (i) their fair value less estimated costs to sell and (ii) their original carrying amount at the time they meet the criteria for classification as held for sale. If assets suffer impairment, corresponding impairment provisions shall be made in accordance with relevant regulations.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Pursuant to its production and operation characteristics, the Company determines the policies for recognizing depreciation of fixed assets, amortization of intangible assets, capitalization criteria for research and development expenses and revenue. For details of accounting policies, please refer to notes III.15, III.18, III.19 and III.24.

1. Statement of compliance with the Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises and truthfully and completely reflect the consolidated and company financial positions of the Company as at June 30, 2026, as well as the consolidated and company operating results and consolidated and company cash flows of the Company for January to June 2026.

2. Accounting period

The Company's accounting period follows the Gregorian calendar year, which starts on January 1 and ends on December 31 each year.

3. Business Cycle

The Company's business cycle covers 12 months.

4. Accounting Currency

The Company and its domestic subsidiaries adopt Renminbi as the accounting currency. Overseas subsidiaries of the Company adopt the currency of the primary economic environment in which they operate as their accounting currency. The Company adopts RMB to prepare its financial statements.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Accounting Treatment for Business Combinations Under and Not Under Common Control

(1) Business combinations involving enterprises under common control

For business combinations involving enterprises under common control, the assets and liabilities of the combined party acquired by the combining party in the combination are measured at the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. Adjustment is made to the capital reserve for the difference between the book value of the consideration for the combination and the book value of the net assets acquired in the combination. Retained earnings are adjusted in case of insufficient capital reserve.

Business combinations involving entities under common control and achieved in stages

The assets and liabilities of the combined party acquired by the combining party in the combination are measured at the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date; adjustment is made to the capital reserve for the difference between the sum of the book value of the investment held before the combination and the book value of the new consideration paid on the combination date, and the book value of the net assets acquired in the combination. Retained earnings are adjusted in case of insufficient capital reserve. For the long-term equity investment held by the combining party before obtaining control of the combined party, from the later of the date of acquiring the original equity or the date when the combining party and the combined party are under the same ultimate control to the combination date, any recognized gains and losses, other comprehensive income and other changes in owners' equity should be offset against the retained earnings at the beginning of the comparative reporting period or the profit or loss for the period, respectively.

(2) Business combinations not involving enterprises under common control

For business combinations involving enterprises not under common control, the consideration costs include acquisition-date fair value of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value.

Where the cost of combination exceeds the acquirer's share of the fair value of the identifiable net assets the difference is recognized as goodwill, which is subsequently measured at cost less accumulated impairment provisions. Where the cost of combination is less than the acquirer's share of the fair value of the identifiable net assets the difference is recognized in profit or loss for the current period after review.

Business combinations involving entities not under common control achieved in stages through multiple transactions

The cost of combination is the sum of the consideration paid on the acquisition date and the acquisition-date fair value of the equity interest held in the acquiree before the acquisition date. For the equity interest held in the acquiree before the acquisition date, it is remeasured at its fair value on the acquisition date, with the difference between the fair value and its book value included in the current investment income; The equity of the acquiree already held before the acquisition date involving other comprehensive income and changes in other owners' equity, which are transferred to current income on the acquisition date, except for other comprehensive income arising from changes in the net liabilities or net assets of the defined benefit plan remeasured by the investee, and other comprehensive income related to non-trading equity instrument investments previously designated at fair value through other comprehensive income.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Accounting Treatment for Business Combinations Under and Not Under Common Control (Continued)

(3) Treatment of transaction costs in business combination

The intermediary costs for audit, legal services, evaluation consultation and others incurred for business combinations as well as other related administration costs are recorded in current profit and loss when incurred. The transaction costs of equity securities or debt securities issued as consideration for the combination are included in the initially recognized amount of the equity securities or debt securities.

6. Judgement Criteria for Control and Preparation of Consolidated Financial Statements

(1) Judgement criteria for control

The scope of consolidation for the consolidated financial statements is determined based on control. Control refers to the power that the Company has over the investee, whereby it enjoys variable returns through participation in the investee's relevant activities and is able to use its power over the investee to affect its return. Once the relevant facts and situation which alters the elements that define control change, the Company shall perform re-evaluation.

In determining whether to include a structured entity in the scope of consolidation, the Company takes into account all the facts and circumstances, including assessing the purpose and design of the structured entity, identifying the types of variable returns, and whether it has borne some or all of the variability of returns through participation in its related activities, and evaluates whether there is control over such structured entity on such basis.

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-company balances and transactions are eliminated.

During the reporting period, subsidiaries and businesses added as a result of business combinations involving enterprises under common control are deemed to be included in the Company's scope of consolidation from the date they are controlled by the same ultimate controlling party Their operating results and cash flows from the date they are controlled by the same ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, respectively.

During the reporting period, the income, expenses and profits of the subsidiaries and businesses added as a result of business combinations not under common control from the acquisition date to the end of the reporting period are included in the consolidated income statement, and their cash flows are included in the consolidated statement of cash flows.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity; The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interest is presented in the consolidated income statement under the "profit or loss of minority interest". The minority shareholders' share of the current losses of the subsidiary exceeds the minority shareholders' share of the owners' equity of the subsidiary at the beginning of the period and the balance is offset against the non-controlling equity.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Judgement Criteria for Control and Preparation of Consolidated Financial Statements (Continued)

(3) Acquisition of non-controlling interests in subsidiaries

Adjustment is made to the capital reserve in the consolidated balance sheet for the difference between the cost of long-term equity investment newly acquired by purchasing minority interest and the share of net assets of the subsidiary calculated continuously from the acquisition date or combination date according to the increased shareholding ratio, and the difference between the proceeds from disposal obtained by partially disposing of equity investment in a subsidiary without losing control and the share of net assets of the subsidiary calculated continuously from the acquisition date or combination date corresponding to the disposed long-term equity investment. Retained earnings are adjusted in case of insufficient capital reserve.

(4) Treatment of loss of control of subsidiaries

If control over an original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity will be remeasured at its fair value on the date control is lost; the sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, minus the sum of the share of the book value of net assets and the goodwill of the original subsidiary calculated continuously from the acquisition date based on the original shareholding ratio, will be included in the investment income for the period in which control is lost.

Other comprehensive income related to equity investments in the original subsidiary is accounted by adopting the same basis as the direct disposal of relevant assets or liabilities by the original subsidiary upon loss of control. Changes in other owners' equity related to the original subsidiary involving calculation under the equity method is transferred to the current profit or loss upon loss of control.

(5) Treatment of disposal of equity in stages until loss of control

If the terms, conditions and economic impacts of multiple transactions involving the disposal of equity in stages until loss of control meet one or more of the following conditions, the Company will account for the transactions as a package transaction:

1 These transactions are made simultaneously or considering their mutual impact;

2 Only when these transactions are considered as a whole can achieve a complete business result;

3 The occurrence of one transaction is subject to the occurrence of at least one other transaction;

4 A single transaction is uneconomical, but it is economical when considered together with other transactions.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Judgement Criteria for Control and Preparation of Consolidated Financial Statements (Continued)

(5) Treatment of disposal of equity in stages until loss of control (Continued)

When disposing of equity in stages until loss of control, the measurement of the remaining equity and the accounting for the gains and losses related to the disposal of equity are handled in accordance with "Treatment of loss of control of subsidiaries" above. The difference between the proceeds from each disposal before the loss of control and the corresponding share of the book value of net assets of the subsidiary calculated continuously from the acquisition date is accounted for as follows:

1 In the case of "a package transaction", it is recognized as other comprehensive income. It is transferred altogether to profit or loss for the period when control is lost.

2 If not "a package transaction", it is included in the capital reserve as an equity transaction. It shall not be transferred to profit or loss for the period when control is lost.

7. Classification of Joint Arrangements and Accounting Treatment for Joint Operations

A joint arrangement is an arrangement jointly controlled by two or more parties. The Company's joint arrangement is classified into the joint operation and the joint venture.

(1) Joint operation

A joint operation is a joint arrangement whereby the Company have rights and obligations to the relevant assets and liabilities.

The Company recognizes the following items related to the share of benefits in joint operations and accounts for them in accordance with the relevant requirements of the Accounting Standards for Business Enterprises:

A. It recognizes the assets held individually and the jointly held assets according to its share;

B. It recognizes the liabilities assumed individually and the jointly assumed liabilities according to its share;

C. It recognizes the revenue generated from the sale of its share of output of the joint operation;

D. It recognizes the joint operation's revenue generated from the sale of output according to its share;

E. It recognizes the expenses incurred individually and the expenses incurred by the joint operation according to its share.

(2) Joint venture

A joint venture refers to a joint arrangement in which the Company only has rights to the net assets of the arrangement.

The Company accounts for investments in joint ventures according to the requirements of the equity method of accounting for long-term equity investments.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

8. Recognition Criteria for Cash and Cash Equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand. Cash equivalents refer to short-term and highly liquid investments held by the Company which are readily convertible into known amount of cash and which are subject to insignificant risk of value change.

9. Foreign Currency Business and Foreign Currency Statement Translation

(1) Foreign currency business

Foreign currency business of the Company are initially recognised using the spot rate at the date of the transaction as the translation rate and translated into accounting currency for accounting.

On the balance sheet date, Monetary Items in Foreign Currency shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate upon initial recognition or the last balance sheet date will be recognised in profit or loss for the period; The foreign currency non-monetary items measured at historical cost shall still be measured by the functional currency translated at the spot exchange rate on the date of the transaction. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rate on the date when the fair value is determined. The difference between the translated amount in the accounting currency and the amount in the original accounting currency is included in profit or loss or other comprehensive income for the period, depending on the nature of the non-monetary item.

(2) Foreign currency financial statement translation

On the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the asset and liability items in the balance sheet are translated at the spot exchange rate on the balance sheet date, and the shareholders' equity items, except for "Retained profit", are translated at the spot exchange rate on the date they are incurred.

The income and expense items in the income statement are translated using the spot exchange rate on the transaction date.

All items in the statement of cash flows are translated at the spot exchange rate on the date the cash flows are incurred. The effect of exchange rate changes on cash is separately presented in the statement of cash flows under "effect of exchange rate changes on cash and cash equivalents" as an adjustment item.

The difference arising from the translation of financial statements is reflected under "other comprehensive income" in the shareholders' equity section of the balance sheet.

On disposal of foreign operations and loss of control, exchange differences arising from the translation of financial statements denominated in foreign currencies related to the disposed foreign operations which has been included in shareholders' equity in the balance sheet, shall be transferred to profit or loss in whole or in proportionate share in the period in which the disposal took place.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

(1) Recognition and derecognition of financial instruments

Financial asset or financial liability will be recognised when the Company became one of the parties under a financial instrument contract.

Financial asset that satisfied any of the following criteria shall be derecognised:

1 the contract right to receive the cash flows of the financial asset has terminated;

2 the financial asset has been transferred and meets the derecognition criteria for the transfer of financial asset as described below.

A financial liability (or a part thereof) is derecognised only when the current obligation is discharged in full or in part. If an agreement is entered between the Company (debtor) and a creditor to replace the existing financial liabilities with new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be derecognised and the new financial liabilities shall be recognised.

Conventionally traded financial assets shall be recognised and derecognised at the trading date.

(2) Classification and measurement of financial assets

Based on the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets, the Company classifies the financial assets into the following three categories: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value on initial recognition. For financial assets measured at fair value through profit or loss, transaction costs are charged directly to profit or loss, and transaction costs relating to other types of financial assets are charged to the amount initially recognised. Trade receivables arising from the sale of goods or services that do not contain or do not consider a significant financing component are initially recognised by the Company at the amount of consideration to which it expects to be entitled.

Financial assets measured at amortised cost

A financial asset is classified as Financial assets measured at amortised cost by the Company if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The Company's business model for managing such financial assets is to collect contractual cash flows;

- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the outstanding principal amount.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

(2) Classification and measurement of financial assets (Continued)

Financial assets measured at amortised cost (Continued)

Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss for the current period when the financial asset is derecognised, amortised using the effective interest method or with impairment recognised.

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as financial assets measured at fair value through other comprehensive income by the Company if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The business model of the Company for managing the financial asset aims both to collect contractual cash flows and to sell the financial asset;

- The contractual terms of the financial asset stipulate that the cash flows on a specific date are solely for the payment of principal and interest based on the outstanding principal amount.

After initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and exchange gains or losses are included in profit or loss, while other gains or losses are included in other comprehensive income for the period. Upon derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in profit or loss for the period.

Financial assets measured at fair value through profit or loss

Except for the financial assets measured at amortised cost and those measured at fair value through other comprehensive income above, the Company classifies all other financial assets as financial assets measured at fair value through profit or loss. At initial recognition, to eliminate or significantly reduce accounting mismatches, the Company irrevocably designates certain financial assets that would otherwise be measured at amortised cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

After initial recognition, such financial assets are subsequently measured at fair value, with gains or losses (including interest and dividend income) included in profit or loss for the period, unless the financial asset is part of a hedging relationship.

However, for non-trading equity instrument investments, the Company irrevocably designates them as financial assets measured at fair value through other comprehensive income at initial recognition. The designation is made based on individual investments and the relevant investments meet the definition of equity instruments from the issuer’s perspective.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

(2) Classification and measurement of financial assets (Continued)

Financial assets measured at fair value through profit or loss (Continued)

After initial recognition, such financial assets are subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, other gains or losses and changes in fair value are included in other comprehensive income. Upon derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

The business model for managing financial assets refers to how the Company manages financial assets to generate cash flows. The business model determines whether the source of cash flows from the financial assets managed by the Company is to receive contractual cash flows, sell the financial assets, or both. The Company determines the business model for managing financial assets based on objective facts and the specific business objectives decided by key management personnel for managing financial assets.

The Company evaluates the characteristics of contractual cash flows of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are solely for the payment of principal and interest based on the outstanding principal amount. In particular, principal refers to the fair value of financial assets at initial recognition; interest includes the time value of money, credit risk associated with the outstanding principal amount for a specific period, and consideration for other basic lending risks, costs, and profits. In addition, the Company evaluates the contractual terms that may lead to changes in the timing or amount of contractual cash flows of financial assets to determine whether they meet the characteristics of contractual cash flows above.

Reclassification of financial assets is only performed on the first day of the first reporting period after the Company has changed the business model for managing financial assets. Otherwise, financial assets may not be reclassified after initial recognition.

(3) Classification and measurement of financial liabilities

The financial liabilities of the Company are classified at initial recognition as: financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost. For financial liabilities not designated as measured at fair value through profit or loss, the related transaction costs are included in the amount initially recognized.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include Financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss at initial recognition. Such financial liabilities are subsequently measured at fair value, with gains or losses arising from changes in fair value as well as dividends and interest expenses related to these financial liabilities are included in profit or loss for the period.

Financial liabilities measured at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with gains or losses arising from derecognition or amortization included in profit or loss for the period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

(3) Classification and measurement of financial liabilities (Continued)

Financial guarantee contracts

Financial guarantee contracts that are not designated as financial liabilities measured at fair value through profit or loss are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance of provision determined using the expected credit loss model and the balance of the initial recognition amount less cumulative amortization.

Differences between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

① The contractual obligation to deliver cash or other financial assets to another party.

② The contractual obligation to exchange financial assets or financial liabilities with another party under potentially adverse conditions.

③ Non-derivative contracts that will or may be settled in the future using the company's own equity instruments, and the company will deliver a variable number of its own equity instruments according to the contract.

④ Derivative contracts that will or may be settled in the future using the company's own equity instruments, except for derivative contracts that exchange a fixed number of the company's own equity instruments for a fixed amount of cash or other financial assets.

Equity instruments refer to contracts that can prove ownership of the residual equity in the assets of a company after deducting all liabilities.

If the Company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, then the contractual obligation meets the definition of a financial liability.

If a financial instrument must or may be settled using the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used for settling the instrument are substitutes for cash or other financial assets, or they are to allow the holder of the instrument to enjoy the residual equity in the issuer's assets after deducting all liabilities. If it is the former, the instrument is the Company's financial liability; if it is the latter, the instrument is the Company's equity instrument.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

(4) Derivative financial instruments and embedded derivatives

The Company's derivative financial instruments are initially measured at fair value on the date the derivative transaction contract is executed, and subsequently measured at their fair value. Derivative financial instruments with a positive fair value are recognized as an asset, while those with a negative fair value are recognized as a liability. Any gain or loss arising from changes in fair value that do not meet hedge accounting requirements is directly recognized in profit or loss for the period.

For hybrid instruments containing embedded derivatives, such as those where the principal contract is a financial asset, the hybrid instrument as a whole is subject to the relevant requirements for the classification of financial assets. If the principal contract is not a financial asset, the hybrid instrument is not measured at fair value through profit or loss, the embedded derivative is not closely related to the principal contract in terms of economic characteristics and risks, and a standalone instrument with the same conditions as the embedded derivative meets the definition of a derivative, the embedded derivative is separated from the hybrid instrument and treated as a standalone derivative financial instrument. If it is not possible to separately measure the embedded derivative at the time of acquisition or on subsequent balance sheet dates, the entire hybrid instrument is designated as a financial asset or financial liability measured at fair value through profit or loss.

(5) Fair value of financial instruments

The methods for determining the fair value of financial assets and financial liabilities are detailed in Note III. 11.

(6) Impairment of financial assets

The Company, based on expected credit losses, provides for impairment and recognizes loss allowance for the following items:

- Financial assets measured at amortised cost;
- Receivables and debt investments measured at fair value through other comprehensive income;
- Contract assets under Accounting Standards for Business Enterprises No. 14 – Revenue;
- Lease receivables;
- Financial guarantee contracts (except for those measured at fair value through profit or loss, those arising from the transfer of financial assets that does not meet the derecognition criteria or those arising from continued involvement in the transferred financial assets).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

(6) Impairment of financial assets (Continued)

Measurement of expected credit losses

Expected credit losses refer to the weighted average of credit losses on financial instruments, weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable by the Company according to the contract, discounted at the original effective interest rate, and all expected cash flows to be received, which is the present value of the total cash shortfall.

The Company considers reasonable and justifiable information regarding past events, current situations and forecasts of future economic conditions. It calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows that are expected to be received, weighted by the risk of default, to recognize expected credit losses.

The Company measures the expected credit losses of financial instruments at different stages separately. Financial instruments that have not experienced a significant increase in credit risk since initial recognition are in the first stage. The Company measures the loss allowance based on the expected credit losses over the next 12 months. Financial instruments that have experienced a significant increase in credit risk since initial recognition but have not yet incurred credit impairment are in the second stage. The Company measures the loss allowance based on the expected credit losses over the entire lifetime of the instrument. Financial instruments that have incurred credit impairment since initial recognition are in the third stage. The Company measures the loss allowance based on the expected credit losses over the entire lifetime of the instrument.

For financial instruments with lower credit risk on the balance sheet date, the Company assumes that their credit risk has not significantly increased since initial recognition and measures the loss allowance based on the expected credit losses over the next 12 months.

Lifetime expected credit losses refer to the expected credit losses caused by all possible default events during the entire expected lifetime of the financial instrument. 12-month expected credit losses refer to the expected credit losses caused by the default events of the financial instrument that may occur within 12 months after the balance sheet date (or the expected lifetime if the financial instrument's expected lifetime is less than 12 months). It is part of the lifetime expected credit losses.

When measuring expected credit losses, the longest period the Company needs to consider is the maximum contractual period during which the enterprise is exposed to credit risk (including considering renewal options).

The Company calculates interest income for financial instruments in the first and second stages as well as those with lower credit risk based on their carrying amount before impairment provision and the effective interest rate. For financial instruments in the third stage, interest income is calculated based on the amortised cost after deducting the impairment provision from the carrying amount and the effective interest rate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

(6) Impairment of financial assets (Continued)

Measurement of expected credit losses (Continued)

For bills receivable, trade receivables, receivables financing, other receivables, contract assets and others, if the credit risk characteristics of a customer are significantly different from other customers in the group, or if there is a significant change in the credit risk characteristics of the customer, the Company makes bad debt provision for such receivables on individual basis. Except for trade receivables for which bad debt provision is made on individual basis, the Company classifies trade receivables into groups based on credit risk characteristics, and measures bad debt provision on a group basis.

Bills receivable, trade receivables and contract assets

For bills receivable, trade receivables and contract assets, regardless of whether there is a significant financing component, the Company always measures the loss allowance at an amount equal to the lifetime expected credit losses.

When it is not possible to evaluate the expected credit loss of a single financial asset or contract asset at a reasonable cost, the Company groups bills receivable, trade receivables and contract assets based on credit risk characteristics. The expected credit losses are calculated on a group basis. The bases for determining the groups are as follows:

A. Bills receivables
- Bills receivable group 1: group of bank acceptance bills
- Bills receivable group 2: group of commercial acceptance bills

B. Trade receivables
- Trade receivables group: aging group

C. Contract assets
- Contract assets group 1: group of contract assets of service concession projects
- Contract assets group 2: group of contract assets of EPC projects

For the grouped bills receivable, the Company calculates the expected credit losses based on the exposure to default risk and the lifetime expected credit loss rate with reference to historical credit loss experience and combined with current situations and forecasts of future economic conditions.

For the trade receivables and contract assets divided into groups, the Company refers to the historical credit loss experience and combines the current situation with the forecast of the future economic situation to compile a comparison table between the aging of trade receivables and contract assets and the lifetime expected credit loss rate and to calculate the expected credit loss. The aging is calculated from the date of recognition.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

(6) Impairment of financial assets (Continued)

Other receivables

Based on the characteristics of credit risk, the Company classifies other receivables into several groups. The expected credit losses are calculated on a group basis. The bases for determining the groups are as follows:

- Other receivables group 1: group of reserve funds, deposits and security deposits receivables
- Other receivables group 2: group of receivables from related parties within the scope of consolidation
- Other receivables group 3: group of receivables from related parties outside the scope of consolidation
- Others receivables group 4: aging group

For the grouped other receivables, the Company calculates the expected credit losses based on the exposure to default risk and the 12-month or lifetime expected credit loss rate. For other receivables classified into groups by aging, the aging is calculated from the date of recognition.

Debt investments and other debt investments

For debt investments and other debt investments, the Company calculates the expected credit losses based on the exposure to default risk and the 12-month or lifetime expected credit loss rate according to the nature of the investment, the types of counter parties and risk exposures.

Assessment of significant increase in credit risk

The Company determines the relative change in the risk of default over the expected lifetime of financial instruments by comparing the risk of default on the balance sheet date with the risk of default on the initial recognition date to assess whether the credit risk of financial instruments has significantly increased since initial recognition.

When determining whether the credit risk has significantly increased since initial recognition, the Company considers reasonable and justifiable information that is available without undue cost or effort, including forward-looking information. The information considered by the Company includes:

- Debtor's failure to pay the principal and interest on the contract due date;
- Serious deterioration of the external or internal credit ratings (if any) of financial instruments that has occurred or is expected;
- Serious deterioration of the debtor's operating results that has occurred or is expected;
- The existing or anticipated changes in technology, market, economic or legal environment that will have a significant adverse impact on the debtor's ability to repay the Company.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

(6) Impairment of financial assets (Continued)

Assessment of significant increase in credit risk (Continued)

According to the nature of the financial instruments, the Company assesses whether the credit risk has significantly increased on an individual or group basis. When assessing based on a group of financial instruments, the Company may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

If overdue for more than 30 days, the Company determines that the credit risk of the financial instrument has significantly increased.

The Company considers financial assets to be in default under the following circumstances:

- It is unlikely that the borrower will pay the Company in full for the amount owed to the Company, and this valuation does not take into account any recourse actions the Company may take, such as realising collateral (if held); or

- the financial asset is more than 90 days past due.

Credit-impaired financial assets

The Company assesses whether there has been any credit impairment on financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income on the balance sheet date. When one or more events that have an adverse impact on the expected future cash flows of a financial asset occur, the financial asset becomes a credit-impaired financial asset. Evidence of credit impairment of financial assets includes the following observable information:

- The issuer or debtor is experiencing significant financial difficulties;

- The debtor breaches the contract, such as defaulting on or delaying the payment of interest or principal;

- The Company grants concessions to the debtor due to economic or contractual considerations related to the debtor’s financial difficulties, which would not be made under any other circumstances;

- The debtor is likely to go bankrupt or undergo other financial restructuring;

- The issuer or debtor’s financial difficulties have led to the disappearance of the active market for the financial asset.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

(6) Impairment of financial assets (Continued)

Reporting of expected credit loss allowance

To reflect the changes in the credit risk of financial instruments after initial recognition, the Company remeasures the expected credit losses on each balance sheet date. The resulting increase in or reversal of loss allowance shall be included in profit or loss for the period as impairment losses or gains. For financial assets measured at amortised cost, the loss allowance is charged from the carrying amount of the financial asset presented in the balance sheet; for debt investments measured at fair value through other comprehensive income, the Company recognizes the loss allowance in other comprehensive income without charging to the carrying amount of the financial asset.

Write-off

If the Company no longer reasonably expects to recover all or part of the contractual cash flows of a financial asset, it will directly write down the carrying amount of the financial asset. This write-down constitutes the derecognition of the related financial asset. This situation generally occurs when the Company determines that the debtor has no assets or income sources to generate sufficient cash flow to repay the amount to be written down. However, according to the Company's procedure for recovering due payments, the written-down financial assets may still be subject to enforcement activities.

The previously written-down financial assets, once recovered, are recognized as a reversal of impairment loss and included in profit or loss for the period of recovery.

(7) Transfer of financial assets

Transfer of financial assets refers to the assignment or delivery of financial assets to a party (the transferee) other than the issuer of the financial assets.

The Company derecognizes the financial asset if substantially all of the risks and rewards of ownership of the financial asset have been transferred to the transferee; it does not derecognize the financial asset if it retains substantially all of the risks and rewards of ownership of the financial asset.

If the Company neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it is accounted for as follows: if control over the financial asset is relinquished, it derecognizes the financial asset and recognizes the assets and liabilities incurred; if control over the financial asset is not relinquished, it recognizes the relevant financial asset to the extent of the Company's continuing involvement in the transferred financial asset and recognizes the corresponding liability.

(8) Offsetting of financial assets and financial liabilities

If the Company owns the legitimate rights of offsetting the recognized financial assets and financial liabilities, which are enforceable currently, and the Company plans to realize the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be presented in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the relevant asset or liability at fair value assuming the orderly transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability. In the absence of such a principal market, the Company assumes that the transaction takes place at the most advantageous market for the relevant asset or liability. A principal market (or the most advantageous market) is the transaction market that the Company can enter into at the measurement date. The Company adopts the same hypothesis which would be used by the market participants in asset or liability pricing to maximize their economic benefits.

If there is an active market for the financial asset or financial liability, the Company uses the quotation on the active market as its fair value. For financial instrument without an active market, the Company uses valuation technique to determine its fair value.

For non-financial assets measured at fair value, the Company takes into account a market participant's ability to generate economic benefits by using the asset in its best use or by selling it to another market participant that would use the asset in its best use.

The Company adopts valuation techniques that are applicable under the current circumstances and supported by sufficient available data and other information, prioritizing the use of relevant observable inputs. Unobservable inputs are used only when observable inputs are unavailable or impractical to obtain.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. Level 1 input: based on quoted prices (unadjusted) in active markets for identical assets or liabilities obtainable at the measurement date. Level 2 input: observable inputs for the relevant asset or liability, either directly or indirectly, except for Level 1 input. Level 3 input: unobservable inputs for the relevant assets or liabilities.

On each balance sheet date, the Company reassesses the assets and liabilities that continue to be measured at fair value in the financial statements to determine whether there have been transfers between the levels of fair value measurement.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Inventories

(1) Inventory classification

The Company's inventory is divided into raw materials, inventory goods, turnover materials and costs of contract performance, measured at the lower of cost and net realizable value; turnover materials include low-value consumables and packaging materials.

(2) Pricing of inventory delivered

The Company's inventory is valued at actual cost upon acquisition. Raw materials and inventory goods are valued using the weighted average method when delivered.

(3) Determining basis and provision method of inventory impairment

At the balance sheet date, inventories are calculated at the lower of cost and net realizable value. A provision for inventory impairment is made when the net realizable value is lower than costs.

The net realisable value of inventory is the amount after deducting the estimated costs to complete, estimated selling expenses and related taxes from the estimated selling price of the inventory. The net realizable value of inventory is determined based on the conclusive evidence obtained, consideration is also given to the purpose of holding the inventory and the impact of events after the balance sheet date.

The Company generally makes provisions for inventory impairment based on individual inventory items. For large volume inventories with low unit price, the provision for inventory impairment is made by categories.

On the balance sheet date, if the factors that previously caused the inventory value to be written down have disappeared, the provision for inventory impairment will be reversed within the amount originally provided.

(4) Inventory stocktaking system

The Company adopts a perpetual inventory system.

(5) Amortization of low-value consumables

The Company adopts the one-time write-off method for the amortization of low-value consumables when consumed.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates. Investees over which the Company can exert significant influence are associates of the Company.

(1) Determination of initial investment cost

Long-term equity investments that constitute business combinations: for long-term equity investments obtained through business combinations involving enterprises under common control, the investment costs are the share of carrying amount of the owners' equity of the acquiree obtained in the consolidated financial statements of the ultimate controlling party on the combination date; for long-term equity investments obtained through business combinations not under common control, the investment costs of the long-term equity investments are the cost of combination.

For long-term equity investments obtained through other methods: for long-term equity investments obtained by cash, the initial investment costs are the actual purchase price paid; for long-term equity investments obtained by issuing equity securities, the initial investment costs are the fair value of the equity securities issued.

(2) Subsequent measurement and recognition of profit or loss

Investments in subsidiaries are accounted for using the cost method, unless the investments meet the criteria for being held for sale; investments in associates and joint ventures are accounted for using the equity method.

For long-term equity investments accounted for using the cost method, except for the cash dividends or profits declared but not yet distributed included in the actual price or consideration paid at the time of investment, the cash dividends or profits declared and distributed by the investee are recognized as investment income and included in profit or loss for the period.

For the long-term equity investment accounted for using equity method, the investment cost of the long-term equity investment shall not be adjusted if the initial investment cost of the long-term equity investment is higher than the Company's share in the fair value of the identifiable net assets of the investee at the time of investment; the carrying amount of the long-term equity investment shall be adjusted if the initial investment cost is lower than the Company's share in the fair value of the identifiable net assets of the investee at the time of investment, and the difference shall be charged to profit or loss for the current period.

When using the equity method of accounting, investment income and other comprehensive income are recognized based on the share of net profit or loss and other comprehensive income realized by the investee, respectively, and the carrying amount of the long-term equity investment is adjusted accordingly; the carrying amount of the long-term equity investment is reduced accordingly based on the portion of profits or cash dividends declared and distributed by the investee; for other changes in owners' equity of the investee, other than net profit or loss, other comprehensive income and profit distribution, the carrying amount of the long-term equity investment is adjusted and included in the capital reserve (other capital reserve). When recognizing the share of net profit or loss of the investee, the net profit of the investee is adjusted based on the fair value of the identifiable assets of the investee at the time of investment according to the Company's accounting policies and accounting period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term equity investments (Continued)

(2) Subsequent measurement and recognition of profit or loss (Continued)

If significant influence or joint control over the investee without constituting control is realized due to reasons such as additional investment, on the conversion date, the initial investment cost accounted for under the equity method instead shall be the sum of the fair value of the original equity and the cost of the new investment. If the original equity is classified as an investment in non-trading equity instruments measured at fair value through other comprehensive income, the cumulative fair value changes originally included in other comprehensive income in relation to it are transferred to retained earnings when accounted for using the equity method instead.

If loss of joint control or significant influence over the investee is realized due to reasons such as disposal of part of the equity investment, the remaining equity after disposal shall be accounted for according to the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments instead on the date of losing joint control or significant influence, and the difference between the fair value and the carrying amount shall be included in profit or loss for the period. Other comprehensive income recognized from original equity investment using the equity method is accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the equity method is no longer used; other changes in owners' equity related to the original equity investment are transferred to profit or loss for the period.

If loss of control over an investee is realized due to reasons such as disposal of part of the equity investment and the remaining equity after disposal enables joint control or significant influence over the investee, it shall be accounted for using the equity method instead, and the remaining equity shall be adjusted as if it had been accounted for using the equity method since acquisition. If the remaining equity after disposal does not enable joint control or significant influence over the investee, it shall be accounted for according to the relevant requirements of the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount on the date control is lost shall be included in profit or loss for the period.

If loss of control but joint control or significant influence over the investee is realized due to the decrease in the Company's shareholding ratio as a result of the increase in investment by other investors, the Company's share of the investee's increased net assets due to the capital increase is recognized according to the new shareholding ratio, and the difference between this and the original carrying amount of the long-term equity investment corresponding to the decrease in shareholding ratio is included in profit or loss for the period. Then, adjustment is made according to the new shareholding ratio as if the equity method had been adopted since the acquisition of the investment.

The unrealized profit or loss from internal transactions between the Company and its associates and joint ventures attributable to the Company based on the shareholding ratio is recognized as investment gains and losses on a net basis. However, the unrealized loss from internal transactions between the Company and the investee, which belongs to the impairment loss of the transferred assets, will not be offset.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term equity investments (Continued)

(2) Subsequent measurement and recognition of profit or loss (Continued)

The portion of the Company's long-term equity investments in associates and joint ventures that is indirectly held through venture capital institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds is measured at fair value, and changes therein are recognized in profit or loss.

(3) Basis for determining joint control or significant influence over investee

Joint control refers to the shared control over an arrangement according to relevant agreements, and the relevant activities of the arrangement must be decided with the unanimous consent of the parties sharing control. When determining whether joint control exists, the Company first determines whether the arrangement is collectively controlled by all parties involved or a group of parties involved, then determines whether decisions regarding the relevant activities of the arrangement must be unanimously agreed upon by the parties collectively controlling the arrangement. If all parties involved or a group of parties involved must act unanimously to decide on the relevant activities of a certain arrangement, it is considered that all parties involved or a group of parties involved collectively control the arrangement; if there are two or more groups of parties involved that can collectively control a certain arrangement, it does not constitute joint control. When determining whether joint control exists, protective rights enjoyed are not considered.

Significant influence refers to the power of the investor to participate in the financial and operating policy decisions of the investee, but not to control or jointly control the formulation of these policies with other parties. When determining whether significant influence can be exerted over the investee, the Company considers the voting shares directly or indirectly held by the investor in the investee and the impact of the exercisable potential voting rights held by the investor and other parties, assuming they are converted into equity of the investee. This includes the impact of currently convertible warrants, stock options and convertible bonds issued by the investee.

When the Company holds directly or indirectly through subsidiaries 20% (inclusive) or more but less than 50% of the voting shares of the investee, it is generally considered to have significant influence over the investee, unless there is clear evidence indicating that under such circumstances it cannot participate in the production and operation decisions of the investee, thus not constituting significant influence. When the Company holds less than 20% (exclusive) of the voting shares of the investee, it is generally not considered to have significant influence over the investee, unless there is clear evidence indicating that under such circumstances it can participate in the production and operation decisions of the investee, thus constituting significant influence.

(4) Methods for the impairment testing and impairment provision

For investments in subsidiaries, associates and joint ventures, provision for asset impairment is detailed in Note III. 20.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Investment property

Investment property refers to real estate held to earn rental income or for capital appreciation, or both. The Company's investment properties include leased land use rights, land use rights held and prepared for transfer after appreciation and leased buildings.

The Company's investment properties are located in active real estate markets, and the Company is able to obtain market prices and other relevant information for similar or comparable properties from the real estate markets. Therefore, the Company can reasonably estimate the fair value of its investment properties. Consequently, the Company uses the fair value model for subsequent measurement of its investment properties, with changes in fair value recognized in profit or loss for the period.

When determining the fair value of investment properties, the Company refers to the current market prices of similar or comparable properties in active markets; if the current market prices of similar or comparable properties cannot be obtained, it refers to the recent transaction prices of similar or comparable properties in active markets and considers factors such as transaction conditions, transaction dates and location to make a reasonable estimate of the fair value of investment properties; or determines their fair value based on the present value of expected future rental income and related cash flows.

Income from the disposal of investment property through sale, transfer, scrapping or damage, after deducting its book value and related taxes and levies, is included in profit or loss for the period.

15. Fixed assets

(1) Recognition criteria for fixed assets

Fixed assets of the Company refer to tangible assets held for the production of goods, provision of services, leasing or operational management with useful lives exceeding one accounting year.

Fixed assets may only be recognised when it is probable that the economic benefits associated with the fixed assets will flow to the enterprise and the costs of the fixed assets can be reliably measured.

The Company's fixed assets are initially measured at their actual costs at the time of acquisition.

Subsequent expenditures related to fixed assets are included in the costs of fixed assets when it is probable that the economic benefits associated with them will flow to the Company and their costs can be reliably measured; usual repair costs of fixed assets that do not meet the capitalization criteria for subsequent expenditures of fixed assets are included in profit or loss for the period or the costs of related assets when incurred according to the beneficiary objects. For the replaced parts, their book value is derecognized.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Fixed assets (Continued)

(2) Depreciation of various fixed assets

The Company adopts the straight-line basis for depreciation. Provision for depreciation will be started when the fixed asset reaches its intended usable state, and stopped when the fixed asset is derecognised or classified as a non-current asset held for sale. Without regard to the impairment provision, the Company determines the annual depreciation rate by category, estimated useful lives and estimated residual value of the fixed assets as below:

Category	Useful life (year)	Estimated residual value (%)	Annual depreciation rate (%)
Contractual energy management	Term of contractual revenue		
Housing and building structure	6–50 years	4	16.00–1.92
Construction machinery	6–17 years	4	16.00–5.65
Transportation and production equipment	5–30 years	4	19.20–3.30
Office, electronic equipment and others	5–15 years	4	19.20–6.40

Where, for the fixed assets for which impairment provision is made, to determine the depreciation rate, the accumulated amount of the fixed asset impairment provision that has been made shall be deducted.

(3) Refer to Note III. 20 methods for the impairment testing and the impairment provision of fixed assets.

(4) The Company will review the useful lives, estimated net residual value and depreciation method of the fixed assets at the end of each year.

The useful lives of fixed assets are adjusted if their expected useful lives are different from the original estimates; if there is a difference between the estimated net residual value and the original estimate, the estimated net residual value will be adjusted.

(5) Disposal of fixed assets

When a fixed asset is disposed of or it is expected that no economic benefits will be generated through use or disposal, the fixed asset will be derecognized. Income from the disposal of fixed assets through sale, transfer, scrapping or damage, after deducting their book value and related taxes and levies, is included in profit or loss for the period.

16. Construction in progress

The Company's cost of construction in progress is determined based on the actual expenditure, including various necessary expenditures incurred during the construction period, borrowing costs to be capitalized before the construction reaches the intended usable state and other related expenses.

Construction in progress is transferred to fixed assets when it reaches the intended usable state.

For provision for impairment of construction in progress, refer to Note III. 20.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Borrowing Costs

(1) Recognition principles for capitalization of borrowing costs

The borrowing costs incurred by the Company, which can be directly attributed to the purchase, construction or production of assets that are eligible for capitalization, shall be capitalized and included in the costs of the relevant assets; other borrowing costs shall be recognized as expenses based on the amounts incurred and included in profit or loss for the period in which they are incurred. Capitalization of borrowing costs begins when all of the following conditions are met:

① The capital expenditure has been incurred, which includes the expenditure incurred by paying cash, transferring non-cash assets or undertaking interest-bearing liabilities for acquiring, constructing or producing the assets that are eligible for capitalization;

② Borrowing costs have been incurred;

③ The acquisition, construction or production activity necessary for the asset to be ready for its intended use or sale has been started.

(2) Capitalization period of borrowing costs

When assets that are eligible for capitalization acquired, constructed or produced by the Company is ready for its intended use or sale, the capitalization of the borrowing costs shall discontinue. The borrowing costs incurred after a asset that are eligible for capitalization is ready for its intended use or sale shall be recognised as expenses when incurred according to the incurred amount, and included in the profit or loss for the current period.

Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of assets that are eligible for capitalization is interrupted abnormally, when the interruption is for a continuous period of more than 3 months; The capitalization of the borrowing costs shall be continued in the normal interruption period.

(3) Calculation of capitalization rate and capitalization amount of borrowing costs

The interest expenses of specific borrowings actually incurred during the period, less the interest income obtained from depositing the unused borrowed funds in the bank or the investment income obtained from temporary investments, are capitalized; general borrowings are capitalized based on the weighted average of the cumulative asset expenditures exceeding the asset expenditures of the specific borrowing multiplied by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the capitalization period, the exchange differences on specific foreign currency borrowings are fully capitalized; the exchange differences on general foreign currency borrowings are included in profit or loss for the period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Intangible assets

(1) Valuation of intangible assets

The Company's intangible assets include land use rights, concession rights, software, patents, data resources, etc.

Intangible assets are initially measured at cost and their useful lives are analyzed and determined at the time of acquisition. For intangible assets with finite useful lives, from the time they are available for use, they are amortised using a method that reflects the expected realization of economic benefits related to the assets over the estimated useful lives. If the expected realization cannot be reliably determined, the straight-line basis is used for amortization. Intangible assets with indefinite useful lives are not amortised.

Intangible assets with finite useful lives are amortised as follows:

Category	Useful lives	Amortization method	Remark
land use rights	The period set out in the land use rights certificate	Straight-line basis	–
concession rights	The period set out in the concession right certificate	Straight-line basis	–
software	2	Straight-line basis	–
patents	10	Straight-line basis	–
data resources	10	Straight-line basis	–

The Company reviews the useful lives and amortization methods of intangible assets with finite useful lives at the end of each year. If different from previous estimates, the original estimates are adjusted and treated as changes in accounting estimates.

If it is estimated on the balance sheet date that a certain intangible asset can no longer bring future economic benefits to the enterprise, the carrying amount of that intangible asset shall be fully transferred to profit or loss for the period.

Impairment provision of intangible assets is detailed in Note III. 20.

(2) Bases for determining indefinite useful life

When the Company is unable to foresee the period during which the asset will bring economic benefits to the Company or its useful life is uncertain, the intangible asset is determined to be an intangible asset with an indefinite useful life. The bases for determining an indefinite useful life are: it is derived from contractual rights or other statutory rights, but the contract or law does not specify a clear useful life; considering the industry situation or relevant expert arguments, it is still unable to determine the period during which the intangible asset will bring economic benefits to the Company.

At the end of each year, the useful lives of intangible assets with indefinite useful lives are reviewed, primarily using a bottom-up approach. A basic review is conducted by the relevant departments using the intangible assets to evaluate whether there are changes in the bases for determining the indefinite useful lives.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Research and Development expenditures

The research and development expenditures of the Company are expenses directly related to the research and development activities of the Company, including the wages of research and development staff, direct input costs, depreciation expenses and long-term deferred expenses, design expenses, equipment testing expenses, amortisation expenses of intangible assets, outsourced development expenditures, and other expenses. Among these, the wages of research and development personnel are allocated to research and development expenditures based on project hours. Shared equipment, production lines and sites for research and development activities and other production and operation activities are included in research and research and development expenses according to the allocation of the proportion of working hours and area.

The Company distinguishes the expenditures of internal research and development projects into research phase expenditures and development phase expenditures.

Research phase expenditures are recognized in profit or loss when incurred.

Development phase expenditures will only be capitalized if they meet all of the following conditions: it is technically feasible to complete the intangible asset for use or sale; there is an intention to complete and use or sell the intangible asset; the intangible asset will generate economic benefits, including demonstrating that there is a market for the products produced using the intangible asset or for the intangible asset itself, and if the intangible asset is to be used internally, its usefulness can be demonstrated; there are sufficient technical, financial resources and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset; the expenditures attributable to the development phase of the intangible asset can be reliably measured. Development expenditures that do not meet the above conditions are included in profit or loss for the period.

The Company's research and development projects enter the development phase after being established upon meeting the above conditions and passing the technical feasibility and economic feasibility studies.

Capitalised expenditures on the development phase are shown as development expenditures in the balance sheet and reclassified as intangible assets on the date the project meets the intended purpose.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Asset Impairment

For the long-term equity investments in subsidiaries, associates and joint ventures, fixed assets, construction in progress, right-of-use assets, intangible assets and goodwill (excluding inventories, investment properties measured at fair value, deferred income tax assets and financial assets), the asset impairment is determined as follows:

On the balance sheet date, the Company determines whether there may be indication of impairment of assets, if there is any indication of impairment, the Company will estimate the recoverable amount for impairment test. For goodwill arising from business combinations, intangible assets with an indefinite useful life and intangible assets not yet available for intended use, impairment tests are conducted annually regardless of whether there is any indication of impairment.

The recoverable amount is determined as the higher of the net amount after deducting disposal costs from the fair value of the asset and the present value of the asset's expected future cash flows. The Company estimates the recoverable amount based on individual assets; if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs is determined based on the asset group. The identification of an asset group is based on whether the primary cash inflows generated by the asset group are independent of the cash inflows of other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the Company will write down the carrying amount to the recoverable amount. The amount written down is included in profit or loss for the period, and a corresponding provision for asset impairment is made.

Regarding the impairment test on goodwill, the carrying amount of goodwill arising from business combinations is allocated to the relevant asset group using a reasonable method from the purchase date; if it is difficult to allocate to the relevant asset group, it is allocated to the relevant combination of asset groups. The relevant asset group or combination of asset groups is the asset group or combination of asset groups that can benefit from the synergies of the business combination and is not greater than the reporting segment determined by the Company.

During an impairment test, if there are indications of impairment for an asset group or a combination of asset groups related to goodwill, the Company first performs an impairment test on the asset group or combination of asset groups that does not include goodwill, calculates the recoverable amount and recognizes the corresponding impairment loss. It then performs an impairment test on the asset group or combination of asset groups that includes goodwill, compares its carrying amount with the recoverable amount and, if the recoverable amount is lower than the carrying amount, recognizes the impairment loss of goodwill.

Once an asset impairment loss is recognized, it will not be reversed in subsequent accounting periods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Long-term Deferred Expenses

The long-term deferred expenses incurred by the Company are valued at actual cost and amortised evenly over the estimated benefit period. For long-term deferred expenses items that cannot benefit future accounting periods, their residual value is fully recognized in profit or loss for the period.

22. Employee Remuneration

(1) Scope of employee remuneration

Employee remuneration refers to the various forms of remuneration or compensation given by an enterprise for obtaining the services provided by employees or for terminating the employment relationship. Employee remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by an enterprise to employees' spouses, children, dependents, deceased employees' survivors and other beneficiaries are also employee remuneration.

According to liquidity, employee remuneration is presented separately on the balance sheet under "employee remuneration payables" and "long-term employee remuneration payables".

(2) Short-term remuneration

During the accounting period in which employees provide services, the Company recognizes the actual wages, bonuses, medical insurance premiums, work injury insurance premiums, maternity insurance premiums and other social insurance premiums and housing provident fund paid for employees according to the prescribed bases and ratios as liabilities and includes them in profit or loss for the period or related asset costs.

(3) Post-employment benefits

Post-employment benefit plans include defined contribution plans and defined benefit plans. Among them, a defined contribution plan refers to a post-employment benefit plan where, after making a fixed contribution to an independent fund, the enterprise no longer assumes further payment obligations; a defined benefit plan refers to a post-employment benefit plan other than defined contribution plans.

Defined contribution plans

Defined contribution plans include basic pension insurance, unemployment insurance and enterprise annuity plans (if any), etc.

Apart from basic pension insurance, the Company has established an enterprise annuity plan ("Enterprise Annuity Plan") in accordance with relevant policies of the national enterprise annuity system. Employees can voluntarily participate in this annuity plan. The Company has no other significant commitments of social security of employees.

During the accounting period in which employees provide services, the amounts payable calculated according to the defined contribution plans are recognized as liabilities and included in profit or loss for the period or related asset costs.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Employee Remuneration (Continued)

(3) Post-employment benefits (Continued)

Defined benefit plans

An actuarial valuation of a defined benefit plan is conducted by an independent actuary on the balance sheet date annually, and the cost of providing benefits is determined using the expected cumulative benefit unit method. The costs of employee remuneration resulting from the Company's defined benefit plans include the following components:

① Service costs, including service cost for current period, historical service cost and settlement gains or losses. Among them, the service cost for current period refer to the increase in the present value of obligations under defined benefit plans due to the services provided by employees during the period; the historical service cost refer to the increase or decrease in the present value of obligations under defined benefit plans related to employee services in previous periods due to modifications to defined benefit plans.

② Net interest on defined benefit plans' net liabilities or net assets, including interest income on plan assets, interest expenses on obligations under defined benefit plans and interest affected by asset limit.

③ Changes arising from remeasurement of net liabilities or net assets of defined benefit plans.

Unless other accounting standards require or permit the costs of employee benefits to be included in asset costs, the Company includes items ① and ② above in profit or loss for the period and includes item ③ in other comprehensive income and will not be reclassified to profit or loss in subsequent accounting periods. Upon termination of the original defined benefit plan, the equity component previously included in other comprehensive income is fully transferred to retained profit.

(4) Termination benefits

Where termination benefits are provided to employees, the Company recognizes liabilities of employee remuneration arising from termination benefits at the earlier of the following two dates and includes them in profit or loss for the period: when the Company can no longer unilaterally withdraw the termination benefits provided due to a plan to terminate employment or a layoff proposal; when the Company recognizes the costs or expenses related to restructuring involving the payment of termination benefits.

Where an internal retirement plan for employees is implemented, the economic compensation before the official retirement date is considered as termination benefits. The wages and social insurance premiums intended to be paid to internally retired employees from the date they stop providing services to the normal retirement date are included in profit or loss for the period in a lump sum. Economic compensation after the official retirement date (such as normal retirement pension) is accounted for as post-employment benefits.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Employee Remuneration (Continued)

(5) Other long-term benefits

Other long-term employee benefits provided by the Company that qualify as defined contribution plans are accounted for according to the requirements in relation to defined contribution plans above. If the benefits qualify as defined benefit plans, they are accounted for according to the requirements in relation to defined benefit plans above, but the "changes arising from remeasurement of net liabilities or net assets of defined benefit plans" component of the related employee remuneration costs is included in profit or loss for the period or related asset costs.

23. Provisions

If the obligation related to contingencies meets all of the following conditions, the Company will recognize it as provision:

(1) The obligation is a current obligation undertaken by the Company;

(2) The performance of the obligation is likely to result in an outflow of economic benefits from the Company;

(3) The amount of the obligation can be reliably measured.

Provisions are initially measured at the best estimate of the expenditure required to settle the current obligation, taking into account factors such as the risks, uncertainties and time value of money related to the contingencies. Where the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows. The Company reviews the carrying amount of provisions on the balance sheet date and adjusts the carrying amount to reflect the current best estimate.

If the expenditure required to settle the recognized provisions is expected to be fully or partially compensated by third parties or other parties, the compensation amount may only be recognized as an asset separately when it is reasonably certain to be received. The recognized compensation amount shall not exceed the carrying amount of the recognized liabilities.

24. Income

(1) General principles

The Company recognises revenue when it satisfies a performance obligation in the contract, i.e. when the customer obtains control of the relevant goods or services.

Where a contract has two or more performance obligations, at the contract inception date, the Company allocates the transaction price to each performance obligation based on the percentage of respective unit price of goods or services guaranteed by each performance obligation, and recognises as revenue based on the transaction price that is allocated to each performance obligation.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Income (Continued)

(1) General principles (Continued)

A performance obligation is performed within a certain period of time if one of the following conditions is met, otherwise, it performs its performance obligation at a point in time:

① when the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract;

② when the customer is able to control the goods in progress in the course of performance by the Company under the contract;

③ when the goods produced by the Company under the contract are irreplaceable and the Company has the right to payment for performance completed to date during the whole contract term.

For performance obligations performed within a certain period, the Company recognises revenue by measuring the progress towards complete of that performance obligation within that certain period. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue shall be recognised at the amount of costs incurred until the progress of performance can be reasonably determined.

For performance obligations fulfilled at a point in time, the Company recognize revenue when the customer obtains control of the related goods or services. To determine whether the customer has obtained control of the goods or services, the Company considers the following:

① The Company has a present right to payment for the goods or services, which means the customer has a current obligation to pay.

② The Company has transferred the legal title of the good to the customer, which is when the customer possesses the legal title of the goods.

③ The Company has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods.

④ The Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtains all of the substantial risks and rewards of ownership of the goods.

⑤ The customer has accepted the goods or services.

⑥ Other signs indicating the customer has obtained control of the goods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Income (Continued)

(2) Specific methods

The specific methods for revenue recognition of the principal businesses of the Company are as follows:

Provision of construction services for engineering projects

The Company provides construction services for engineering projects. As the customer controls the construction work-in-progress, the Company recognizes revenue based on the progress of performance, except where the progress of performance cannot be reasonably determined. The progress of performance of the Company is measured based on the expenses incurred by the Company for completing its performance obligations. Such progress is calculated based on the proportion of costs incurred for each contract as at the balance sheet date to the budgeted costs.

The Company determines the progress of service fulfillment based on the costs incurred according to the input method. When the progress of performance cannot be reasonably determined, the Company recognizes revenue based on the costs incurred that are expected to be compensated until the progress can be reasonably determined.

When the outcome of a contract cannot be reasonably measured, revenue is recognized only to the extent of the contract costs expected to be recovered.

Based on contractual agreement, the customers would adjust the agreed contract amount based on the final inspection outcome, and the Company would determine the transaction price upon adjusting the contract amount based on historical experience.

If the estimated cost to complete the contract exceeds the remaining balance of consideration under the contract, a provision shall be recognized in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue.

The Company generally provides a guarantee for the repair of any construction defects and does not offer an extended warranty in the construction contract signed with customers. Therefore, most existing guarantees are considered to be assurance-type guarantees under the Accounting Standards for Business Enterprises No. 14 – Revenue. The quality guarantee deposit is presented as a contract asset before the retention period expires. The relevant amount of contract assets will be reclassified as accounts receivable after the retention period expires.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligation, including certain concession projects (including “build-operate-transfer”), the Company allocates the transaction price to each performance obligation based on the relative standalone selling price. The standalone selling prices of the distinguishable goods or services related to each performance obligation are determined when the contract is entered into, which are the prices at which the Company will sell the committed goods or services to customers independently. If the standalone selling prices cannot be directly obtained, the Company will use appropriate techniques to estimate them. The final allocation of the transaction price to any performance obligation reflects the consideration the Company expects to receive when transferring the committed goods or services to the customer.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Income (Continued)

(2) Specific methods (Continued)

sales of goods

The Company manufactures and sells products such as concrete, LNG and electricity.

Revenue is recognised at a point in time when the control over the goods is transferred after the Company has delivered the products to the location as specified in the contract and the customer has accepted the goods.

The credit periods granted by the Company to customers in various industries are consistent with the practices of various industries, therefore, there is no significant financing component.

The Company provides product quality assurance for the sales of products and recognises corresponding provisions. The Company does not provide any additional services or additional quality assurance, so the product quality assurance does not constitute a separate fulfilment obligation.

For the sale of goods with sales return clauses, revenue recognition is limited to the amount of cumulative recognized revenue that is highly unlikely to undergo significant reversal. The Company recognizes a liability for the expected refund amount and recognizes an asset for the balance of the book value of the goods expected to be returned when transferred, less the costs expected to be incurred in recovering the goods (including impairment of the returned goods' value).

Provision of design service

The Company provides design services to external parties. For design contracts with non-substitutable purposes where the Company has an enforceable right to payment for performance completed to date throughout the contract period, revenue is recognized over time based on the progress towards complete satisfaction of the performance obligation. The progress is determined as the proportion of costs incurred to date relative to the estimated total costs. At the balance sheet date, the Company reassesses the progress of completed services to ensure it reflects changes in performance status.

For other design contracts, the Company recognizes revenue upon completion of design services, submission of design proposals to customers, and formal customer acceptance.

For contracts containing two or more distinct performance obligations, the Company allocates the transaction price to each obligation at contract inception based on the relative stand-alone selling prices of each service. Stand-alone selling prices are determined based on the Company's pricing for individually sold services.

Rental income

The accounting policy for rental income is set out in Note III. 28.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Contract Costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. sales commission. The Company recognises the incremental costs of obtaining a contract with a customer as an asset if it expects to recover those costs. Other costs of obtaining a contract, other than incremental costs that are expected to be recovered, are recognised in profit or loss in the period in which they are incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other Accounting Standards for Business Enterprises, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

① the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;

② the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;

③ the costs are expected to be recovered.

Assets from contract acquisition and fulfillment costs (hereinafter referred to as “asset related to contract costs”) are amortised on the same basis as the related goods or services revenue, with the amortization period charged to current profit or loss. If the amortization period is within one year, it is expensed when incurred.

When the carrying amount of an asset related to contract costs exceeds the difference between the following two items, the Company shall make a provision for impairment for the excess and recognise it as asset impairment loss:

① the expected remaining consideration from transferring the related goods or services;

② the estimated costs to transfer these goods or services.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Government Grants

Government grants are recognized when the conditions attached to them are met and they can be received.

Government grants that are monetary assets are measured based on the amount received or receivable. Government grants that are non-monetary assets are measured at fair value. If the fair value cannot be reliably obtained, they are measured at a nominal amount of RMB1.

Government grants related to assets refer to the government grants obtained by the Company for the purchase, construction or otherwise formation of long-term assets; other than this, they are considered as government grants related to income.

For granted items that are not specified in government documents, the part of government grants that can form long-term assets and corresponds to the asset value is treated as government grants related to assets, while the remaining part is treated as government grants related to income. If it is difficult to distinguish, the government grants as a whole are treated as government grants related to income.

Government grants related to assets are recognized as deferred income and included in profit or loss in installments according to a reasonable and systematic method during the useful life of the related assets. Government grants related to income that are used to compensate for related costs, expenses or losses incurred are included in profit or loss for the period. Those used to compensate for related costs, expenses or losses in future periods are included in deferred income and are recognized in profit or loss for the period in which the related costs, expenses or losses are recognized. Government grants measured at nominal amounts are directly included in profit or loss for the period. The Company accounts for identical or similar government grants in a consistent manner.

Government grants related to daily activities are included in other income according to the economic substance. Government grants unrelated to daily activities are included in non-operating income.

When the recognized government grants need to be returned, if the carrying amount of the related asset was offset at initial recognition, the carrying amount of the asset is adjusted; if there is a balance of related deferred income, the balance of the carrying amount of the related deferred income is offset, with any excess amount included in profit or loss for the period; for other situations, they are directly included in profit or loss for the period.

For interest subsidies obtained for policy-based preferential loans, if the financial department allocates the subsidy funds to the lending bank, the borrowing amount actually received will be used as the record value of the borrowing, and the borrowing cost will be calculated based on the principal and the policy-based preferential interest rate. If the financial department allocates the subsidy funds directly to the Company, the interest subsidy will be used to offset the borrowing cost.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Deferred Income Tax Assets and Deferred Income Tax Liabilities

Income tax includes current income tax and deferred income tax. Except for adjustments to goodwill arising from business combinations or deferred income tax related to transactions or events directly attributable to owners' equity that is included in owners' equity, deferred income tax is accounted for as income tax expenses in profit or loss for the period.

The Company recognizes deferred income tax using the balance sheet liability method based on the temporary differences between the carrying amounts of assets and liabilities on the balance sheet date and their tax bases.

Related deferred income tax liabilities are recognized for all taxable temporary differences, unless the taxable temporary differences arise from the following transactions:

(1) The initial recognition of goodwill, or the initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and it does not affect accounting profit nor taxable income at the time of the transaction (except for a single transaction in which the initially recognized assets and liabilities give rise to equal taxable temporary differences and deductible temporary differences);

(2) For taxable temporary differences related to investments in subsidiaries, joint ventures and associates, the timing of the reversal of such temporary differences can be controlled and it is probable that such temporary differences will not be reversed in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried forward to subsequent years, the Company recognizes the deferred income tax assets arising from these to the extent that it is probable that future taxable income will be available to offset the deductible temporary differences, deductible losses and tax credits unless the deductible temporary differences arise from the following transactions:

(1) The transaction is not a business combination, and it does not affect accounting profit nor taxable income at the time of the transaction (except for a single transaction in which the initial recognition of assets and liabilities gives rise to equal taxable temporary differences and deductible temporary differences);

(2) For deductible temporary differences related to investments in subsidiaries, joint ventures and associates, corresponding deferred income tax assets are recognized if all of the following conditions are met: it is probable that the temporary differences will be reversed in the foreseeable future, and it is probable that taxable income will be available in the future to offset the deductible temporary differences.

On the balance sheet date, the Company measures deferred income tax assets and deferred income tax liabilities at the applicable tax rates for the period in which the asset is expected to be recovered or the liability is expected to be settled, and reflects the income tax effects of the expected recovery of assets or settlement of liabilities on the balance sheet date.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Deferred Income Tax Assets and Deferred Income Tax Liabilities (Continued)

On the balance sheet date, the Company reviews the carrying amount of deferred income tax assets. If it is probable that sufficient taxable income will not be available to offset the benefits of deferred income tax assets in future periods, the carrying amount of deferred income tax assets shall be written down. When it is probable that sufficient taxable income will be available, the written-down amount shall be reversed.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented as net amounts after offsetting when both of the following criteria are met:

(1) The taxpayer of the Company has the legal right to net settlement of current income tax assets and current income tax liabilities;

(2) Deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax collection authority on the same taxpayer within the Company.

28. Leases

(1) Identification of leases

At the contract inception date, the Company, as the lessee or lessor, assesses whether the customer in the contract has the right to obtain almost all of the economic benefits generated from the use of the identified asset during the usage period and has the right to direct the use of the identified asset during that period. If a party to the contract transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration, the Company considers the contract is or contains a lease.

(2) The Company as the lessee

At the lease commencement date, the Company recognizes right-of-use assets and lease liabilities for all leases, except for short-term leases and leases of low-value assets under simplified treatment.

See Note III. 29 for the accounting policy for right-of-use assets.

The lease liability is initially measured at the present value of the lease payments unpaid at the lease commencement date, discounted using the interest rate implicit in the lease or, if the interest rate implicit in the lease cannot be determined, the incremental borrowing rate. The lease payments include: fixed payments and in-substance fixed payments less the amount related to lease incentives if there are lease incentives; variable lease payments depending on indices or rates; the exercise price of purchase options, provided that the lessee is reasonably certain to exercise the options; payments required to exercise the lease termination options, provided that the lease term reflects that the lessee will exercise the lease termination options; and the expected payments under the guaranteed residual value provided by the lessee. Subsequently, interest expense on the lease liability for each period within the lease term is calculated according to the fixed periodic interest rate, and is included in profit or loss for the period. Variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss when they occur.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Leases (Continued)

(2) The Company as the lessee (Continued)

Short-term leases

Short-term leases are leases with a lease term of 12 months or less at the lease commencement date, excluding leases with a purchase option.

The Company includes the lease payments of short-term leases in the cost of related assets or the profit or loss for the period on a straight-line basis within the lease term.

Leases of low-value assets

Leases of low-value assets are leases where the value of a single leased asset is less than RMB40,000 when it is a brand new asset.

The Company includes the lease payments of leases of low-value assets in the cost of related assets or the profit or loss for the period on a straight-line basis during each period within the lease term.

For leases of low-value assets, the Company chooses to adopt the aforementioned simplified treatment based on the specific circumstances of each lease.

Lease modification

If a lease is modified and the following conditions are met, the Company will account for the lease modification as a separate lease: ① the lease modification expands the lease scope by adding the right to use one or more leased assets; ② the increased consideration is equivalent to the standalone price of the expanded part of the lease scope, adjusted according to the contract.

If a lease modification is not accounted for as a separate lease, on the effective day of the lease modification, the Company re-allocates the consideration in the modified lease, re-determines the lease term, and re-measures the present value of lease liability according to the revised lease payments and revised discount rate.

If a lease modification results in a decrease in the lease scope or a shortening of the lease term, the Company will reduce the carrying amount of the right-of-use asset accordingly and recognize any gain or loss related to the partial or full termination of the lease in profit or loss for the period.

For other lease modifications that result in the remeasurement of lease liabilities, the Company will adjust the carrying amount of the right-of-use asset accordingly.

(3) The Company as the lessor

When the Company acts as a lessor, it recognizes leases that transfer substantially all the risks and rewards related to asset ownership as finance leases, and other leases apart from finance leases as operating leases.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Leases (Continued)

(3) The Company as the lessor (Continued)

finance leases

Under finance leases, the Company accounts for finance lease receivables at the beginning of the lease term at the net lease investment, which is the sum of the unsecured residual value and the present value of the lease receipts outstanding at the commencement date of the lease, discounted at the interest rate implicit in the lease. The Company as lessor calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate. Variable lease payments acquired by the Company as lessor that are not included in the net measurement of lease investments are included in profit or loss for the period when they are actually incurred.

Derecognition and impairment of finance lease receivables are accounted for in accordance with the requirements under the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

Operating lease

Lease payments under operating leases are recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in relation to operating leases are capitalised and amortised over the lease term on the same basis as rental income and recognised in profit or loss for the current period. The variable lease payments obtained in relation to operating leases that are not included in the lease receipts receivable are recognised in profit or loss in the period in which they actually incurred.

Lease modification

The Company accounts for a modification in an operating lease as a new lease from the effective date of the modification and the amount of lease receipts received in advance or receivable in respect of the lease prior to the modification is treated as a receipt under the new lease.

When there is a modification to a finance lease and the following conditions are simultaneously met, the Company accounts for the modification as a separate lease: ① the modification expands the scope of the lease by adding the right to use one or more leased assets; ② the increased consideration is equivalent to the standalone price of the expanded part of the lease scope, adjusted according to the contract.

Where a finance lease is modified and not accounted for as a separate lease, the Company accounts for the modified lease in the following circumstances: ① If the modification takes effect on the lease commencement date, the lease will be classified as an operating lease, the Company will account for it as a new lease from the effective date of the lease modification, and use the net lease investment before the effective date of the lease modification as the carrying amount of the leased asset; ② If the modification takes effect on the lease commencement date, the lease will be classified as a finance lease, and the Company will conduct accounting treatment in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments on modifying or renegotiating contracts.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Leases (Continued)

(4) Sublease

When the Company acts as a sublessor, it classifies the sublease based on the right-of-use asset arising from the original lease. If the original lease is a short-term lease and the Company has applied simplified treatment to the original lease, the sublease is classified as an operating lease.

(5) Sale and leaseback

The lessee and the lessor shall assess and determine whether the transfer of assets in a sale and leaseback transaction is a sale in accordance with the requirements of the Accounting Standards for Business Enterprises No. 14 – Revenue.

Where asset transfer under the sale and leaseback transactions is a sale, the lessee shall measure the right-of-use assets created by the sale and leaseback based on the portion of carrying amount of the original assets related to right-of-use obtained upon leaseback, and only recognize relevant profit or loss for the right transferred to the lessor. The lessor shall account for the purchase of assets in accordance with other applicable Accounting Standard for Business Enterprises and account for the lease of assets in accordance with Accounting Standard for Business Enterprises No. 21 – Leases.

Where asset transfer under the sale and leaseback transactions is not a sale, the lessee shall continue to recognise the transferred assets while recognising a financial liability equal to the transfer income and account for such liability according to the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments; The lessor shall not recognize the transferred assets but recognize a financial asset equal to the transfer income and account for such financial asset according to the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Right-of-use assets

(1) Recognition criteria for right-of-use assets

The right-of-use asset refers to the right of the Company, as the lessee, to use the leased asset during the lease term.

At the lease commencement date, the right-of-use asset is initially measured at cost. The cost includes: the initial measurement amount of the lease liability; lease payments made on or before the lease commencement date, less the amount related to lease incentives entitled if there are lease incentives; initial direct costs incurred by the Company as the lessee; and the costs expected to be incurred by the Company as the lessee for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the condition agreed upon in the lease terms. The Company, as the lessee, recognizes and measures the costs of dismantling and restoration in accordance with the Accounting Standards for Business Enterprises No. 13 – Contingencies. Subsequent adjustments will be made for any remeasurement of lease liabilities.

(2) Depreciation of right-of-use assets

The Company adopts the straight-line basis for depreciation. If the Company, as the lessee, can reasonably determine that it will obtain ownership of the leased asset at the end of the lease term, depreciation will be provided over the remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset can be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset.

(3) See Note III, 20 methods for the impairment testing and the impairment provision for right-of-use assets.

30. Safety Production Expenses and Maintenance Expenses

The Company accrues for safety production expenses according to the regulations in the Notice on Issuing the Management Measures for the Appropriation and Use of Enterprise Safety Production Expenses (Caizi [2022] No. 136) issued by the Ministry of Finance and the State Administration of Work Safety.

The safety production expenses are included in the cost of related products or the profit and loss for the period when accrued, and are simultaneously included in the “special reserve” item.

When the provisions are utilized within the prescribed scope, if the expenditures are expense-type expenditures, those expenditures are offset directly against the special reserve; if they form fixed assets, the expenditure incurred is first accumulated through the “construction in progress” item, and upon completion of the safety project and reaching the intended usable state, it is recognized as a fixed asset; meanwhile, the cost of forming the fixed asset offsets the special reserve, and an equal amount of accumulated depreciation is recognized. Depreciation will no longer be accrued for this fixed asset in subsequent periods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

31. Asset Securitizations

The Company securitizes receivables assets (with the receivables being the "trust property"), which generally results in the sale of these assets to special purpose entity, which, in turn issue securities to investors. Interests in the securitized financial assets may be retained in the form of credit enhancement, subordinated tranches or other residual equity (retained interests). Retained interests are carried at fair value in the Company's balance sheet. Gains or losses on securitization depend in part on the carrying amount of the transferred financial assets, allocated between the financial assets derecognised and the retained interests based on their relative fair values at the date of the transfer. Gains or losses on securitization are recorded in the current profit and loss.

In applying its policy on securitized financial assets, the Company has considered both the degree of transfer of risks and rewards on assets transferred and the degree of control exercised by the Company over that entity:

1 when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, the Company shall derecognize the financial asset;

2 when the Company retains substantially all of the risks and rewards of ownership of the financial asset, the Company shall continue to recognize the financial asset;

3 when the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, the Company would determine whether it has retained control of the financial assets. If the Company has not retained control, it shall derecognize the financial assets and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer. If the Company has retained control, it shall continue to recognize the financial assets to the extent of its continued involvement in the financial assets.

32. Debt Restructuring

(1) The Company as debtor

Debt is derecognized when the current obligation of the debt is discharged, specifically, gains or losses related to debt restructuring are recognized when uncertainty about the process and outcome of executing the debt restructuring agreement is eliminated.

If a debt restructuring is carried out by settling the debt with an asset, the Company derecognizes the debt when the related asset and the debt settled meet the conditions for derecognition, and the difference between the carrying amount of the debt settled and the carrying amount of the asset transferred is recognized in profit or loss for the current period.

For debt restructuring by converting debt to equity instruments, the Company derecognizes the debt when the debt settled meets the conditions for derecognition. The Company initially recognizes an equity instrument at the fair value of the equity instrument. If the fair value of the equity instrument cannot be reliably measured, it is measured at the fair value of the debt settled. The difference between the carrying amount of the debt settled and the amount recognized for the equity instrument is recognized in profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Debt Restructuring (Continued)

(1) The Company as debtor (Continued)

If debt restructuring is carried out by modifying other terms, the Company recognizes and measures the restructured debt in accordance with the provisions of the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments.

If debt restructuring is carried out by using multiple assets to settle debts or a combination of them, the Company recognizes and measures equity instruments and restructured debts in accordance with the aforementioned methods, and the difference between the carrying value of the debts settled and the sum of the carrying value of the transferred assets and the recognized amounts of equity instruments and restructured debts is recognized in profit or loss for the current period.

(2) The Company as creditor

Claims are derecognized when the contractual right to receive cash flows from the claims is terminated. Specifically, gains or losses related to debt restructuring are recognized when uncertainty about the process and outcome of executing debt restructuring agreements is eliminated.

For debt restructuring by means of settlement of debts by assets, the Company initially recognizes assets other than transferred financial assets at cost, of which the cost of inventories includes the fair value of the relinquished claims and other costs directly attributable to bringing the assets to their current location and condition, such as taxes, transportation, handling and insurance costs, etc.. The cost of an investment in an associate or a joint venture includes the fair value of the relinquished claims and other costs such as taxes directly attributable to the asset. The cost of investment property includes the fair value of the relinquished claims and other costs such as taxes directly attributable to the asset. The cost of fixed assets includes the fair value of the relinquished claims and other costs directly attributable to the asset, such as taxes, transportation, loading and unloading, installation, and professional services costs, incurred before the asset is brought to its intended usable state. The cost of intangible assets consists of the fair value of the relinquished claims and other costs such as taxes directly attributable to bringing the asset to its intended use. The difference between the fair value and the carrying amount of the relinquished claims is recognized in profit or loss for the current period.

If a debt restructuring by way of conversion of debt to equity instruments results in the Company converting the debt to an equity investment in an associate or a joint venture, the Company measures the initial investment cost of the debt at the fair value of the relinquished claim and other costs directly attributable to the asset, such as taxes. The difference between the fair value of the relinquished claims and the carrying amount is recognized in profit or loss for the current period.

If debt restructuring is carried out by modifying other terms, the Company recognizes and measures the restructured claims in accordance with the provisions of the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Debt Restructuring (Continued)

(2) The Company as creditor (Continued)

For debt restructuring using multiple assets to settle debts or a combination of them, the Company first recognizes and measures the transferred financial assets and restructured claims in accordance with the provisions of the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, and then, in proportion to the fair value of each of the assets other than the transferred financial assets, allocation is made to the net amount of fair value of the relinquished claims after deducting the recognized amounts of the transferred financial assets and restructured claims, and the cost of each asset is determined separately on this basis in accordance with the aforementioned method. The difference between the fair value and the carrying amount of the relinquished claims is recognized in profit or loss for the current period.

33. Segment Information

The Company identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors, being the chief operating decision maker, for their decisions about resources allocation to the Company's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Company's major product and service lines.

The Company has identified the following two reportable operating segments according to its services, for the purpose of management:

Construction contracting segment – this segment provides services related to construction contracting as contractors engaged in professional industrial construction, specialized auxiliary construction and other construction projects. The construction projects mainly includes electric power engineering, petrochemical engineering, hydromechanical installer engineering, metallurgical engineering, hydraulic and hydro-power engineering, urban railway engineering, mining, standardized plants, heating, water supply, sewage, gas, lighting, environmental protection engineering, road and bridge engineering, agricultural engineering, residential construction engineering, office construction engineering, commercial construction engineering, science, education, culture and health construction engineering, building decoration and decoration engineering, electronic and intelligent engineering, assembly trial construction engineering and other project construction contracting services.

Non-construction segment – this segment is mainly engaged in non-construction business, which mainly includes contractual energy management income, sales of LNG, sales of concrete, trading income and operating fee income of PPP projects and other services income. Management monitors the results of the Company's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Company's profit before tax. Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices. The measurement policies adopted by the Company for reporting segment results according to the Accounting Standards for Business Enterprises No. 35 – Segment Reporting are the same as those adopted for the financial statements prepared in accordance with the Accounting Standards for Business Enterprises.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

34. Significant Accounting Judgments and Estimates

Based on historical experience and other factors, including reasonable expectations of future events, the Company continuously evaluates the significant accounting estimates and key assumptions adopted. The significant accounting estimates and key assumptions that are likely to result in material adjustment risks to the carrying amounts of assets and liabilities in the next accounting year are listed as follows:

Classification of financial assets

Significant judgements involved in determining the classification of financial assets by the Company include the analysis of business models and contractual cash flow characteristics.

Factors considered by the Company in determining the business model for a group of financial assets include how the financial asset's performance is evaluated and reported to key management personnel, how risks affect the financial asset's performance and are managed and how the relevant management personnel are compensated.

When the Company assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are repayments of principal); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and consideration for cost and profit. For example, whether the amount repaid in advance reflects only the outstanding principal and interest thereon, as well as reasonable compensation paid for early termination of the contract.

Expected credit loss for receivables and impairment provision for contract assets

The Company makes impairment accounting treatments and recognizes impairment provisions for receivables and contract assets based on expected credit risk. When assessing the impairment loss of such assets using a combined approach, the relevant provision amount is determined by combining the historical loss experience of assets with similar credit risk characteristics, observable data reflecting current conditions, and reasonable forecasts for the future. The Company regularly reviews the methods and assumptions used to estimate the amount and timing of future cash flows of relevant assets and continuously revises the estimates of expected credit risk. If there is an unexpected significant change in the credit status of important debtors or customers, it may have a significant impact on the operating performance of the corresponding future periods.

Impairment of goodwill

The Company assesses goodwill for impairment at least once every year. This requires estimating the value in use of the asset groups to which goodwill has been allocated. When estimating the value in use, the Company needs to estimate the future cash flows from the asset group and select an appropriate discount rate to calculate the present value of future cash flows.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

34. Significant Accounting Judgments and Estimates (Continued)

Development expenditure

Determining the amounts to be capitalized requires the management to make assumptions regarding the expected future cash flows generated from assets, discount rates to be applied and the expected period of benefits.

Revenue recognition for infrastructure construction business

The recognition of revenue and expenses from infrastructure construction business based on the performance progress requires the management to make relevant judgements. If the infrastructure construction contract is expected to incur loss, such type of loss shall be recognized as the current expense. The management of the Company estimates loss which may be incurred based on the budget for infrastructure construction contract. Due to the characteristics of infrastructure construction, the date of signing contracts and the date of project completion are usually vested in different accounting periods.

Based on the terms of the contracts, the Company combines previous customary practices to determine the transaction price, and takes into consideration the impact of factors such as variable consideration and significant financing components in the contracts. In the course of performance, the Company continues to review the estimated total revenue of contracts and estimated total cost of contracts. When there occurs changes in the initial estimation, such as changes in contracts, claims and rewards, amendments would be made to the estimated total revenue of contracts and estimated total cost of contracts. When the estimated total cost of contracts exceeds the estimated total revenue of contracts, cost of the principal business and provisions would be recognized based on the onerous contracts pending to be executed. Meanwhile, the Company continuously monitors the payment progress of the landlord based on terms of the contracts, and regularly assesses the credibility of the landlord. In case there is condition indicating the landlord is likely to default in the payment of all or part of the contract price, the Company will make re-evaluation on the impact on the financial statements by the expected credit loss for the entire sustaining period of such contract assets, and may amend the amount of credit impairment loss. Such amendment will reflect in the prevailing financial statements where the Company makes re-evaluation and is required to amend the credit impairment loss.

Deferred income tax assets

The deferred income tax assets will be recognised for all unused tax losses to the extent that it is probable that there will be sufficient taxable profits against which the loss is utilised. This requires the management to exert numerous judgments to estimate the timing and amount of the future taxable profits so as to determine the amount of deferred income tax assets to be recognised with reference to the tax planning strategy.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

34. Significant Accounting Judgments and Estimates (Continued)

Fair value determination of unlisted equity investments

The fair value of unlisted equity investments is based on the expected future cash flows discounted at the current discount rate of projects with similar terms and risk characteristics. This valuation has uncertainties as it requires the Company to estimate the expected future cash flows and discount rates. Under limited circumstances, if the information used to determine fair value is insufficient, or the possible range of fair value estimates is very wide, and the cost represents the best estimate of fair value within that range, then the cost can represent an appropriate estimate of fair value within that range.

Defined benefit scheme liability

The Company has recognized the original benefit scheme for the resigned, internally retired and laid-off staff as a liability. The amounts of such benefit fee expenses and liabilities are calculated and paid based on various assumptions and conditions. Such assumptions and conditions include discount rate, benefit growth rate and average medical expense growth rate. Given the long duration of such schemes, the above estimations have relatively large uncertainties.

Income tax

The Company's determination of income tax involves judgments on the future tax treatment of certain transactions. In view of the fact that the Company pays corporate income tax in multiple regions, the Company will carefully assess the tax impact of each transaction and accrue the corresponding income tax. The Company regularly reassesses the tax implications of these transactions based on updated tax regulations. The recognition of deferred income tax assets requires the Company to assess the likelihood of obtaining future taxable income. The Company continuously reviews the judgments on deferred income tax. Deferred income tax assets are recognized for deductible temporary differences and deductible tax losses only if it is probable that future taxable income will be available against which the deductible temporary differences and deductible tax losses can be utilized. Nevertheless, there remains a risk of significant differences in the final tax impact and management's judgement.

Determination of the fair value of investment properties

Investment properties are revalued at the end of the reporting period based on the appraised market value provided by independent professional valuers. These valuations are based on certain assumptions, which are subject to uncertainties and may differ significantly from actual results. When making estimates, the Company will consider data on the current prices of similar houses and buildings in an active market and adopt assumptions primarily based on market conditions that existed at the end of previous reporting periods.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

35. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

N/A.

(2) Changes in accounting estimates

In order to reflect the Company's asset position and operating results in a more fair and true manner, to bring the depreciation periods of fixed assets closer to their actual service lives, and to make the depreciation periods more reasonable, the Company proposes to implement a refined subdivision management for fixed asset categories, including buildings, construction machinery, transportation and production equipment, office equipment and others, and to change the useful lives of each sub-category of assets.

The Company convened the fourth meeting of the audit committee of the first session of the Board in 2026 and the 66th meeting of the first session of the Board on August 28, 2026 respectively, at which the Resolution on the Change in Accounting Estimates Relating to the Depreciation Periods of Fixed Assets (《關於固定資產折舊年限會計估計變更的議案》, the changes in accounting estimates will be implemented from January 1, 2026, and is applied prospectively and no retrospective adjustment to the already disclosed financial statements of the Company is required. It will have no impact on the financial position and operating results of prior years. The impact on the financial position and operating results of the current period is as follows:

Content of and reasons for changes in accounting estimates	Time point at which the application begins	Financial statement items affected	Amounts affected in the consolidated financial statements	Amounts affected in the financial statements of the parent company
Changes in depreciation periods of fixed assets	January 1, 2026			
		Items in the balance sheet as at June 30, 2026		
		1 Fixed assets	6,422	566
		2 Tax payable	1,531	85
		3 Retained profit	4,891	481
		4 Equity attributable to shareholders of parent company	3,834	481
		5 Minority interests	1,057	
		Items in the income statement from January to June, 2026		
		6 Operating costs	-5,253	-115
		7 Selling expenses	-47	
		8 Management expenses	-1,122	-451
		9 Total profit	6,422	566
		10 Income tax	1,531	85
		11 Net profit	4,891	481
		12 Net profit attributable to the shareholders of the parent company	3,834	481
		13 Minority interests	1,057	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

IV. TAXATION

1. Main taxes and tax rates

Types of tax	Basis of taxation	Statutory tax rate %
Value added tax	Taxable value-added amount (the taxable amount is calculated based on the balance of taxable sales multiplied by the applicable tax rate after subtracting the deductible input tax for the current period)	13, 9, 6, 5, 3
City maintenance and construction tax	The sum of VAT actually paid	7, 5
Educational surcharge	The sum of VAT actually paid	3
Local educational surcharges	The sum of VAT actually paid	2
Enterprise income tax	Taxable income	25

Taxpayers of the Company subject to different corporate income tax rate and their applicable income tax rates are set out below:

Name of taxpayer	Income tax rate %
Shanxi Installation Group Co., Ltd. ("Shanxi Installation")	15
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd. ("Shan'an Bluesky")	15
Shanxi Shan'an Lide Environmental Technology Co., Ltd. ("Shan'an Lide")	15
Shanxi Shan'an Biquan Haimian City Technology Co., Ltd. ("Shan'an Biquan")	15
Shanghai Shan'an Construction Engineering Co., Ltd. ("Shanghai Shan'an")	15
Gaoping Xinshi Yangtian Solar Power Co., Ltd. ("Xinshi Yangtian")	15
Son Tay Viet Nam Construction Co., Ltd.	10
Fu'erjia Co., Ltd. ("Fu'erjia") (富爾嘉有限公司 ("富爾嘉"))	16.5
SHAN AN CONSTRUCTION PTY LTD	30
Australia Shan'an Construction Engineering Pty Limited	30
Shanxi Shan'an Maode Electricity Supply Co., Ltd.	20
Shaanxi Shan'an Construction Engineering Co., Ltd.	20
Chongqing Shan'an Construction Engineering Co., Ltd.	20
Hong'an Shan'an Construction Engineering Co., Ltd.	20
Guangxi Shan'an Construction Co., Ltd. (previously named as Hubei Shan'an Construction Engineering Co., Ltd.)	20
Shan'an Runxing New Energy (Lvliang) Co., Ltd. ("Shan'an Runxing")	20
Liaoning Yingkou Shan'an New Energy Co., Ltd.	20
Shanxi Installation Xiaoyi Construction Engineering Co., Ltd.	20
Hengshui Jizhou District Shan'an Heating Co., Ltd.	20
Yuanping Shan'an Biquan Waterwork Development Limited	20
Changzhi Shan'an Zhihui Green Energy Co., Ltd. ("Changzhi Zhihui")	20
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	20
Siziwangqi Shan'an Thermal Power Co., Ltd.	20
Taiyuan Yingze District Shan'an New Energy Co., Ltd.	20
Baode Shan'an New Energy Co., Ltd.	20
Daning Shan'an Xinyuan Co., Ltd.	20
Fenxi Shan'an Xinyuan Co., Ltd.	20

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

IV. TAXATION (Continued)

1. Main taxes and tax rates (Continued)

Name of taxpayer	Income tax rate %
Shilou Shan'an New Energy Co., Ltd.	20
Xiyang Shan'an Lvyuan New Energy Co., Ltd.	20
Yangquan Shan'an New Energy Co., Ltd.	20
Run'an New Energy (Ningwu) Co., Ltd.	20
Pingyao Shan'an Maode Solar Technology Co., Ltd.	20
Other taxpayers other than those listed above	25

2. Tax Concessions and Approvals

(1) Taxation concession applicable for high and new-technology corporate tax

1 The Company has obtained the Certificates 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 Taxation Administration on November 1, 2024, which is eligible to pay enterprise income tax (EIT) at a preferential rate of 15% from November 1, 2024 to October 31, 2027.

2 Shan'an Bluesky, a subsidiary of the Company, has obtained the Certificates 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 Taxation Administration in November 1, 2024, which 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 Xinshi Yangtian, a subsidiary of the Company, has obtained the Certificates 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 Taxation Administration in December 6, 2024, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 6, 2024 to December 5, 2027.

4 Shan'an Biquan, a subsidiary of the Company, has obtained the Certificates 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 Taxation Administration on December 8, 2025, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 8, 2025 to December 7, 2028.

5 Shan'an Lide, a subsidiary of the Company, has obtained the Certificates 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 Taxation Administration on December 8, 2023, which 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.

IV. TAXATION (Continued)

2. Tax Concessions and Approvals (Continued)

(1) *Taxation concession applicable for high and new-technology corporate tax (Continued)*

6 Shanghai Shan'an, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by the Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Bureau of Finance and Shanghai Municipal Taxation Bureau, State Taxation Administration on December 12, 2023, which 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) *Additional Research And Development Deduction Tax Concessions*

The Company's operations in the PRC enjoy an additional research and development deduction tax concessions in accordance to EIT.

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 additional deduction ratio of research and development expenses was 100% and additional deduction ratio of amortization of the intangible assets was 200%.

(3) *Taxation Concession Applicable For Small And Micro-Profit Corporate Tax*

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 Individual Entrepreneurs 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 annual taxable income shall be calculated at a 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), Guangxi Shan'an Construction Co., Ltd. (廣西山安建設有限公司), 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), Shaanxi Shan'an Construction Engineering Co., Ltd. (陝西山安建設工程有限公司), Xiong'an Shan'an Construction Engineering Co., Ltd. (雄安山安建設工程有限公司), Shanxi Installation Xiaoyi Construction Engineering Co., Ltd. (山西安裝孝義建設工程有限公司), 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), Changzhi Shan'an Zhihui Green Energy Co., Ltd. (長治山安智匯綠色能源有限公司), Changzhi Caihui Shan'an Energy Technology Co., Ltd. (長治市財匯山安能源科技有限公司), Siziwangqi Shan'an Thermal Power Co., Ltd. (四子王旗山安熱電有限公司), Hengshui Jizhou District Shan'an Heating Co., Ltd. (衡水市冀州區山安熱力有限公司), Taiyuan Yingze District Shan'an New Energy Co., Ltd. (太原市迎澤區山安新能源有限公司), Baode Shan'an New Energy Co., Ltd. (保德山安新能源有限公司), Daning Shan'an Xinyuan Co., Ltd. (大寧山安新源有限公司), Fenxi Shan'an Xinyuan Co., Ltd. (汾西山安新源有限公司), Shilou Shan'an New Energy Co., Ltd. (石樓山安新能源有限公司), Xiyang Shan'an Lvyuan New Energy Co., Ltd. (昔陽山安綠源新能源有限公司), Yangquan Shan'an New Energy Co., Ltd. (陽泉山安新能源有限公司), Run'an New Energy (Ningwu) Co., Ltd. (潤安新能源(寧武)有限公司) and Pingyao Shan'an Maode Solar Technology Co., Ltd. (平遙縣山安茂德太陽能科技有限公司) are subject to the provisions of the aforesaid document and will pay their taxable income at a preferential rate for the year 2026.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Monetary funds

Item	June 30, 2026 (Unaudited)	December 31, 2025
Cash on hand		
Bank deposits	1,355,352	1,548,347
Other monetary funds	250,974	275,054
Total	1,606,326	1,823,401
Including: Total overseas deposits	44,306	35,374

As of June 30, 2026, restricted monetary funds totaled RMB250,974 thousand. Breakdown of restricted monetary funds is as follows:

Item	June 30, 2026 (Unaudited)	December 31, 2025
Security deposits for bank acceptance bills	106,053	128,554
Security deposits for letter of credit	35,634	27,429
Performance security deposits	23,624	45,148
Funds frozen by court	85,663	73,923
Total	250,974	275,054

2. Bills receivable

	June 30, 2026 (Unaudited)			December 31, 2025		
Type of bill	Book balance	Bad debts provision	Book value	Book balance	Bad debts provision	Book value
Bank acceptance bills	105,221	1,452	103,769	159,484	2,198	157,286
Commercial acceptance bills	33,973	469	33,504	74,417	1,026	73,391
Total	139,194	1,921	137,273	233,901	3,224	230,677

(1) The Company had no unpledged bills receivable at the end of the period.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Bills receivable (Continued)

(2) Bills receivable which have been endorsed or discounted by the Company but have not matured at the end of the period

Category	Amount derecognised as at the end of the period	Amount not yet derecognised as at the end of the period
Bank acceptance bills		73,658
Commercial acceptance bills		8,449
Total		82,107

Because the bank acceptance bills discounted were accepted by banks with low credit ratings, discounting would not affect the right of recourse, and the credit risk and deferred payment risk related to the bills were not yet transferred, they are not derecognized.

(3) The Company had no bills transferred to trade receivables due to the default of the drawers at the end of the period.

(4) Classification by bad debt provision method

	June 30, 2026 (Unaudited)				
	Balance		Bad debt provision		
Type	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Carrying amount
Bad debt provision on an individual basis					
Bad debt provision on a group basis	139,194	100.00	1,921	1.38	137,273
Including:					
Bank acceptance bills	105,221	75.59	1,452	1.38	103,769
Commercial acceptance bills	33,973	24.41	469	1.38	33,504
Total	139,194	100.00	1,921	1.38	137,273

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Bills receivable (Continued)

(4) Classification by bad debt provision method (Continued)

Continued:

Type	December 31, 2025 Balance Amount	Proportion (%)	Bad debt provision Amount	Expected credit loss rate (%)	Carrying amount
Bad debt provision on an individual basis					
Bad debt provision on a group basis	233,901	100.00	3,224	1.38	230,677
Including:					
Bank acceptance bills	159,484	68.18	2,198	1.38	157,286
Commercial acceptance bills	74,417	31.82	1,026	1.38	73,391
Total	233,901	100.00	3,224	1.38	230,677

Bills receivable with provision for bad debt on a group basis

Group item: Bank acceptance bills

Name	June 30, 2026 (Unaudited) Bills receivable	Bad debt provision	Expected credit loss rate (%)	December 31, 2025 Bills receivable	Bad debt provision	Expected credit loss rate (%)
Within 1 year	105,221	1,452	1.38	159,484	2,198	1.38
1 to 2 years						
2 to 3 years						
Over 3 years						
Total	105,221	1,452	1.38	159,484	2,198	1.38

Group item: Commercial acceptance bills

Name	June 30, 2026 (Unaudited) Bills receivable	Bad debt provision	Expected credit loss rate (%)	December 31, 2025 Bills receivable	Bad debt provision	Expected credit loss rate (%)
Within 1 year	33,973	469	1.38	74,417	1,026	1.38
1 to 2 years						
2 to 3 years						
Over 3 years						
Total	33,973	469	1.38	74,417	1,026	1.38

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Bills receivable (Continued)

(5) Bad debt provision made, recovered or reversed during the period

	Amount of bad debt provision
Opening balance	3,224
Accrual during the period	-1,303
Recovery or reversal during the period	
Write-off during the period	
Transfer-out during the period	
Others	
Closing balance	1,921

(6) The Company did not have bills receivable actually written off during the period.

3. Trade receivable

Trade receivables are mainly recorded based on the dates of transaction. The age of trade receivables presented based on the recording date is basically the same as the age presented based on the invoice date.

(1) Disclosure by age

Aging	June 30, 2026 (Unaudited)	December 31, 2025
Within 1 year	3,667,391	4,871,314
1 to 2 years	2,718,716	1,764,610
2 to 3 years	1,374,612	1,161,047
3 to 4 years	658,071	541,896
4 to 5 years	204,723	143,868
Over 5 years	184,482	228,622
Subtotal	8,807,995	8,711,357
Less: Bad debt provision	581,277	567,789
Total	8,226,718	8,143,568

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Trade receivable (Continued)

(2) Disclosure by bad debt provision method

Type	June 30, 2026 (Unaudited) Balance Amount	Balance Proportion (%)	Bad debt provision Amount	Bad debt provision Expected credit loss rate (%)	Carrying amount
Bad debt provision on an individual basis	395,045	4.49	170,339	43.12	224,706
Bad debt provision on a group basis	8,412,950	95.51	410,938	4.88	8,002,012
Including: Aging group	8,412,950	95.51	410,938	4.88	8,002,012
Total	8,807,995	100.00	581,277	6.60	8,226,718

Continued:

Type	December 31, 2025 Balance Amount	Balance Proportion (%)	Bad debt provision Amount	Bad debt provision Expected credit loss rate (%)	Carrying amount
Bad debt provision on an individual basis	410,795	4.72	160,574	39.09	250,221
Bad debt provision on a group basis	8,300,562	95.28	407,215	4.91	7,893,347
Including: Aging group	8,300,562	95.28	407,215	4.91	7,893,347
Total	8,711,357	100.00	567,789	6.52	8,143,568

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Trade receivable (Continued)

(2) Disclosure by bad debt provision method (Continued)

Trade receivable with bad debt provision on an individual basis

	June 30, 2026 (Unaudited)			
Name	Balance	Bad debt provision	Expected credit loss rate (%)	Reasons
Customer 1	40,902	40,902	100.00	Note
Customer 2	20,222	20,222	100.00	Note
Customer 3	18,206	18,206	100.00	Note
Customer 4	15,489	15,489	100.00	Note
Customer 5	13,081	13,081	100.00	Note
Customer 6	12,472	12,472	100.00	Note
Customer 7	11,412	11,412	100.00	Note
Customer 8	188,322	7,513	3.99	Note
Customer 9	60,100	16,203	26.96	Note
Others	14,839	14,839	100.00	Note
Total	395,045	170,339		

Note: The Company recognizes credit impairment losses for all or a portion of the amounts based on their expected recoverability.

Continued:

	December 31, 2025			
Name	Balance	Bad debt provision	Expected credit loss rate (%)	Reasons
Customer 1	40,902	40,902	100.00	Note
Customer 2	20,222	20,222	100.00	Note
Customer 3	18,206	18,206	100.00	Note
Customer 4	15,489	15,489	100.00	Note
Customer 5	13,081	13,081	100.00	Note
Customer 6	12,472	12,472	100.00	Note
Customer 7	11,412	11,412	100.00	Note
Customer 8	205,248	2,890	1.41	Note
Customer 9	60,472	12,609	20.85	Note
Others	13,291	13,291	100.00	Note
Total	410,795	160,574		

Note: The Company recognizes credit impairment losses for all or a portion of the amounts based on their expected recoverability.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Trade receivable (Continued)

(2) Disclosure by bad debt provision method (Continued)

Trade receivable with bad debt provision on a group basis

Group item: Aging group

	June 30, 2026 (Unaudited)			December 31, 2025		
	Balance	Bad debt provision	Expected credit loss rate (%)	Balance	Bad debt provision	Expected credit loss rate (%)
Within 1 year	3,667,391	50,610	1.38	4,664,480	64,294	1.38
1 to 2 years	2,526,118	92,455	3.66	1,740,100	63,624	3.66
2 to 3 years	1,352,836	91,993	6.80	1,161,047	78,927	6.80
3 to 4 years	658,071	79,298	12.05	475,865	57,358	12.05
4 to 5 years	138,692	26,740	19.28	143,784	27,726	19.28
Over 5 years	69,842	69,842	100.00	115,286	115,286	100.00
Total	8,412,950	410,938	4.88	8,300,562	407,215	4.91

(3) Bad debt provision made, recovered or reversed during the period

Item	Bad debt provision amount
Opening balance	567,789
Accrual during the period	13,488
Recovery or reversal during the period	
Write-off during the period	
Transfer-out during the period	
Others	
Closing balance	581,277

(4) There were no trade receivables actually written off during the period.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Trade receivable (Continued)

(5) Top five debtors of trade receivables in terms of closing balance

Name of debtor	Balance of trade receivables at the end of the period	As a percentage of the total balance of trade receivables at the end of the period %	Balance of bad debt provision at the end of the period
Customer 10	552,019	6.27	10,636
Customer 11	271,666	3.08	3,749
Customer 12	259,339	2.94	25,068
Customer 13	223,934	2.54	16,101
Customer 14	196,276	2.23	2,709
Total	1,503,234	17.06	58,263

4. Receivables financing

Item	**June 30, 2026 (Unaudited)**	December 31, 2025
Bills receivable	**43,436**	8,049
Trade receivables		
Sub-total	**43,436**	8,049
Less: Other comprehensive income—fair value changes		
Fair value at the end of the period	**43,436**	8,049

The Company and its certain subsidiaries discount and endorse part of their bank acceptance bills according to their daily capital management needs. Therefore, such bank acceptance bills were classified as financial assets measured at fair value through other comprehensive income.

At the end of the period, the Company believes that its bank acceptance bills are not exposed to significant credit risk, and will not cause significant losses due to bank default.

(1) The Company had no pledged bills receivable at the end of the period.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Receivables financing (Continued)

(2) Bills receivable which have been endorsed or discounted by the Company but have not matured at the end of the period

Type	Amount derecognized as at the end of the period	Amount not derecognised as at the end of the period
Bank acceptance bills	459,678	
Commercial acceptance bills		
Total	459,678	

As the bank acceptance bills which have been discounted were honored by banks with higher credit ratings, the credit risk and deferred payment risk were very small, and the interest rate risk related to the bills had been transferred to the banks. It was determined that the major risks and rewards of the ownership of the bills had been transferred, so these bills were derecognized.

5. Prepayments

(1) Disclosure of prepayments by age

Age	June 30, 2026 (Unaudited) Amount	June 30, 2026 (Unaudited) Proportion (%)	December 31, 2025 Amount	December 31, 2025 Proportion (%)
Within 1 year	99,279	47.86	245,529	85.67
1 to 2 years	91,462	44.09	31,658	11.05
2 to 3 years	8,830	4.26	2,063	0.72
Over 3 years	7,859	3.79	7,346	2.56
Total	207,430	100.00	286,596	100.00

(2) Significant prepayments aged over 1 year

Name of debtor	Balance	As a percentage of total prepayments (%)	Impairment provision	Reason for unsettlement
Company 1	8,302	4.00		The settlement node has not yet arrived
Company 2	7,900	3.81		The settlement node has not yet arrived
Company 3	3,823	1.84		The settlement node has not yet arrived
Total	20,025	9.65		

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Prepayments (Continued)

(3) Top five entities in terms of the balance of prepayments at the end of the period

Name of debtor	The balance of prepayments at the end of the period	As a percentage of the balance of prepayments at the end of the period %
Company 1	8,302	4.00
Company 2	8,250	3.98
Company 4	6,740	3.25
Company 5	6,164	2.97
Company 6	5,821	2.81
Total	35,277	17.01

6. Other receivables

Item	June 30, 2026 (Unaudited)	December 31, 2025
Interest receivables		
Dividend receivable	**1,584**	1,850
Other receivables	**856,189**	742,384
Total	**857,773**	744,234

(1) Dividend receivables

Item	June 30, 2026 (Unaudited)	December 31, 2025
Shanxi Jiantou Cloud Data Technology Co., Ltd.		1,348
Shanxi Jiantou Decoration Industry Co., Ltd.	**502**	502
Shanxi Jiantou Construction Industry Co., Ltd.	**1,082**	
Subtotal	**1,584**	1,850
Less: Bad debt provision		
Total	**1,584**	1,850

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(2) Other receivables

① *Disclosure by age*

Age	June 30, 2026 (Unaudited)	December 31, 2025
Within 1 year	501,514	87,527
1 to 2 years	87,125	126,212
2 to 3 years	122,371	179,905
3 to 4 years	92,607	344,448
4 to 5 years	49,167	8,065
Over 5 years	62,957	56,985
Sub-total	915,741	803,142
Less: Bad debt provision	59,552	60,758
Total	**856,189**	742,384

② *Disclosure by nature of the amount*

	June 30, 2026 (Unaudited)			December 31, 2025		
Item	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Reserve funds, deposits and security deposits	80,208	738	79,470	76,280	701	75,579
Amounts due from associates	8,827	333	8,494	10,458	475	9,983
Amounts due from related parties	592,417	21,608	570,809	527,088	23,244	503,844
Payment and collection clearance amounts	7,397	375	7,022	20,599	389	20,210
Other debts	226,892	36,498	190,394	168,717	35,949	132,768
Total	915,741	59,552	856,189	803,142	60,758	742,384

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(2) Other receivables (Continued)

③ *Bad debt provision*

Bad debt provision in stage I at the end of the period

Category	Book balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value
Bad debt provision on an individual basis				
Bad debt provision on a group basis	501,514	0.92	4,614	496,900
– Group of reserve funds, deposits and security deposits receivables	35,889	0.92	330	35,559
– Aging group	465,625	0.92	4,284	461,341
Total	501,514	0.92	4,614	496,900

Bad debt provision in stage II at the end of the period

Category	Book balance	Lifetime ECL rate (%)	Bad debt provision	Book value
Bad debt provision on an individual basis				
Bad debt provision on a group basis	368,991	7.06	26,065	342,926
– Group of reserve funds, deposits and security deposits receivables	44,319	0.92	408	43,911
– Aging group	324,672	7.90	25,657	299,015
Total	368,991	7.06	26,065	342,926

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(2) Other receivables (Continued)

③ Bad debt provision (Continued)

Bad debt provision in stage III at the end of the period

Category	Book balance	Lifetime ECL rate (%)	Bad debt provision	Book value
Bad debt provision on an individual basis				
Entity 1	33,561	51.24	17,198	16,363
Entity 2	3,058	100.00	3,058	
Entity 3	2,995	100.00	2,995	
Entity 4	1,200	100.00	1,200	
Entity 5	1,070	100.00	1,070	
Entity 6	1,000	100.00	1,000	
Others	2,352	100.00	2,352	
Total	45,236		28,873	16,363

Bad debt provision in stage I at the end of last year

Category	Book balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value
Bad debt provision on an individual basis				
Bad debt provision on a group basis	87,527	1.12	983	86,544
– Group of reserve funds, deposits and security deposits receivables	32,698	0.92	301	32,397
– Aging group	54,829	1.24	682	54,147
Total	87,527	1.12	983	86,544

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(2) Other receivables (Continued)

③ Bad debt provision (Continued)

Bad debt provision in stage II at the end of last year:

Category	Book balance	Lifetime ECL rate (%)	Bad debt provision	Book value
Bad debt provision on an individual basis				
Bad debt provision on a group basis	668,641	4.65	31,103	637,538
– Group of reserve funds, deposits and security deposits receivables	43,582	0.92	400	43,182
– Aging group	625,059	4.91	30,703	594,356
Total	668,641	4.65	31,103	637,538

Bad debt provision in stage III at the end of last year:

Category	Book balance	Lifetime ECL rate (%)	Bad debt provision	Book value	Reason
Bad debt provision on an individual basis					
Entity 1	35,500	48.45	17,198	18,302	Note
Entity 2	3,058	100.00	3,058		Note
Entity 3	2,995	100.00	2,995		Note
Entity 4	1,200	100.00	1,200		Note
Entity 5	1,070	100.00	1,070		Note
Entity 6	1,000	100.00	1,000		Note
Others	2,151	100.00	2,151		Note
Total	46,974		28,672	18,302	

Note: The Company recognizes credit impairment losses on all or a portion of the amounts based on their expected recoverability.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

(2) Other receivables (Continued)

④ *Bad debt provision made, recovered or reversed during the period*

Bad debt provision	Stage I Expected credit loss in the next 12 months	Stage II Lifetime expected credit losses (not credit-impaired)	Stage III Lifetime expected credit losses (credit impaired)	Total
Opening balance	983	31,103	28,672	60,758
The opening balance of the current period	-800	800		
– Transfer to Stage II	-800	800		
– Transfer to Stage III				
– Reverse to Stage II				
– Reverse to Stage I				
Accrual during the period	4,431	-5,838	201	-1,206
Reversal during the period				
Transfer-out during the period				
Write-off during the period				
Other changes				
Closing balance	**4,614**	**26,065**	**28,873**	**59,552**

⑤ *Other receivables that are not actually written off during the period*

⑥ *Top five debtors of other receivables aggregated in terms of closing balance*

Name of entity	Nature of amount	Closing balance of other receivables	Age	As a percentage the total balance of other receivables at the end of the period (%)	Balance of bad debt provision as at the end of the period
Entity 7	Amounts due from related parties	589,107	within 1 year, 1–2 years, 2–3 years, 3–4 years, 4–5 years	64.33	11,596
Entity 8	Transaction	52,587	2–3 years	5.74	2,004
Entity 1	Transaction	33,561	Over 5 years	3.66	17,198
Entity 9	Transaction	21,338	Within 1 year	2.33	196
Entity 10	Transaction	19,661	2–3 years	2.15	749
Total		716,254		78.21	31,743

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories

(1) Categories of inventories

	June 30, 2026 (Unaudited)			December 31, 2025		
Item	Book balance	Impairment provisions/ Impairment provisions for costs of contract performance	Book value	Book balance	Impairment provisions/ Impairment provisions for costs of contract performance	Book value
Raw materials	290,431		290,431	303,986		303,986
Inventory goods	4,846		4,846	6,197		6,197
Costs of contract performance	31		31	17,676		17,676
Total	295,308		295,308	327,859		327,859

Explanation: Costs of contract performance refer to the maintenance cost incurred by Shan'an Bluesky in non-heat supply period, which are amortised during the heat supply period.

(2) No provision for inventory impairment was made as no such provision for inventory impairment was incurred for the Company in the period.

8. Contract Assets

	June 30, 2026 (Unaudited)			December 31, 2025		
Item	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
– Contract assets on service concession projects	4,252,834	49,526	4,203,308	4,114,308	47,938	4,066,370
– Contract assets on EPC projects	8,711,373	197,367	8,514,006	7,682,899	156,961	7,525,938
Subtotal	12,964,207	246,893	12,717,314	11,797,207	204,899	11,592,308
Less: Contract assets shown in other non-current assets	4,635,040	78,854	4,556,186	4,541,149	81,080	4,460,069
Total	8,329,167	168,039	8,161,128	7,256,058	123,819	7,132,239

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract Assets (Continued)

(1) Significant changes in carrying amounts of contract assets in the period

Name of customer	Project name	Increase/ decrease	Reason for change
Customer 15	400MW Wind-to-Hydrogen New Energy Demonstration Project in Baiyang City, Xinjiang	231,190	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 16	EPC General Contracting Project for the 100MW Wind Power Project in Nitun Town, Yangqu County	218,271	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 17	Zhongyang 100MW Wind Power Project	179,722	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 18	Yongji New 200MW/800MWh Independent Shared Energy Storage Power Station Project	127,884	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 19	200MW Wind-Storage Integrated Project in Tonghe, Heilongjiang Province	92,773	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 20	Shanxi Integrated Computing Power Network Hub Project (Part 1)	51,002	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 21	the Conveyor Belt and Beneficiation Plant Project in Simandou Iron Mine, Guinea	50,911	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 22	Boye 100,000-kilowatt Wind Power Project	40,839	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 23	PPP Project for Small Water Network Ancillary Works in Jiexiu	35,110	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 24	Shenzhou 100MW Agro-Photovoltaic Complementary PC General Contracting Project	28,917	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Total		1,056,619	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract Assets (Continued)

(2) Impairment provision of contract assets

	June 30, 2026 (Unaudited)				
	Book balance		Provision for impairment		
Category	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Bad debt provision on an individual basis	106,159	0.82	13,571	12.78	92,588
Bad debt provision on a group basis	12,858,048	99.18	233,322	1.81	12,624,726
Group of contract assets on service concession projects	4,252,834	32.80	49,526	1.16	4,203,308
Group of contract assets on EPC projects	8,605,214	66.38	183,796	2.14	8,421,418
Total	12,964,207	100.00	246,893	1.90	12,717,314

Continued:

	December 31, 2025				
	Book balance		Provision for impairment		
Category	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Bad debt provision on an individual basis	106,159	0.90	13,571	12.78	92,588
Bad debt provision on a group basis	11,691,048	99.10	191,328	1.64	11,499,720
Group of contract assets on service concession projects	4,114,308	34.88	47,938	1.17	4,066,370
Group of contract assets on EPC projects	7,576,740	64.22	143,390	1.89	7,433,350
Total	11,797,207	100.00	204,899	1.74	11,592,308

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract Assets (Continued)

(2) Impairment provision of contract assets (Continued)

Provision for impairment on an individual basis

Name	Book balance	Provision for impairment	Expected credit loss rate (%)	Basis for Provision
	June 30, 2026 (Unaudited)			
Customer 9	49,524	1,690	3.41	In connection with Legal proceedings, based on the valuations report
Customer 3	11,255	11,255	100.00	Company bankruptcy
Customer 8	45,380	626	1.38	In connection with Legal proceedings, based on the valuations report
Total	106,159	13,571		

Impairment of credit losses on a group basis:

Provision on a group basis: group of contract assets on service concession projects

	June 30, 2026 (Unaudited)			December 31, 2025		
	Contract assets	Provision for impairment	Expected credit loss rate (%)	Contract assets	Provision for impairment	Expected credit loss rate (%)
Not past due	3,761,202	42,502	1.13	3,726,638	42,286	1.13
Within 1 year	268,115	3,030	1.13	222,721	2,527	1.13
1 to 2 years	203,807	3,444	1.69	134,848	2,285	1.69
2 to 3 years	19,710	550	2.79	30,101	840	2.79
3 to 4 years						
4 to 5 years						
Within 5 years						
Total	4,252,834	49,526	1.16	4,114,308	47,938	1.17

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract Assets (Continued)

(2) Impairment provision of contract assets (Continued)

Impairment of credit losses on a group basis (Continued)

Provision on a group basis: Group of contract assets on EPC projects

	June 30, 2026 (Unaudited)			December 31, 2025		
	Contract assets	Provision for impairment	Expected credit loss rate (%)	Contract assets	Provision for impairment	Expected credit loss rate (%)
Within 1 year	3,400,176	36,382	1.07	3,919,872	41,963	1.07
1 to 2 years	3,456,126	72,924	2.11	3,283,132	69,318	2.11
2 to 3 years	1,608,665	57,590	3.58	152,635	5,459	3.58
3 to 4 years	140,247	16,900	12.05	221,101	26,650	12.05
4 to 5 years						
Over 5 years						
Total	8,605,214	183,796	2.14	7,576,740	143,390	1.89

9. Other current assets

Item	June 30, 2026 (Unaudited)	December 31, 2025
Credit tax pending deduction	305,322	237,669
Credit tax pending verification		229
Prepaid income tax		37
Total	305,322	237,935

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Long-term equity investments

Investee	Opening balance (carrying amount)	Opening balance of impairment provision	Changes in the period: Additional/ new investment	Decreased investment	Investment gain or loss recognised under equity method	Adjustment of other comprehensive income	Other change in equity interest	Distribution of cash dividend or profit declared	Impairment provision	Others	Closing balance (carrying amount)	Closing balance of impairment provision
1 Joint ventures												
2 Associates												
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	12,990				-956						12,034	
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	19,018	1,925			599				562		19,617	2,487
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	10,260				1						10,261	
Shanxi Jiantou Cloud Data Technology Co., Ltd.	11,920				1,230						13,150	
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	22,177				34						22,211	
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	89,038				-1						89,037	
Taiyuan Xie'an Property Service Co., Ltd.	1,703	230			52				209		1,755	439
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	8,316				1						8,317	
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	12,967		5,000		11						17,978	
Shanxi Hangchan New Energy Co., Ltd.	52,502				-17						52,485	
Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	10,551										10,551	
Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.			22,008		13						22,021	
Envision Enterprise Investment Limited	79,514				-4,793						74,721	
Subtotal	330,956	2,155	27,008		-3,826				771		354,138	2,926
Total	330,956	2,155	27,008		-3,826				771		354,138	2,926

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Investments in Other Equity Instruments

Item	June 30, 2026 (Unaudited)	December 31, 2025
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	726	1,096
Shanxi Jiantou Decoration Industry Co., Ltd.	10,172	8,100
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	79,624	89,433
Shanxi Jiantou Construction Industry Co., Ltd.	52,003	55,586
Total	**142,525**	154,215

The above unlisted equity investments are designated as financial assets measured at FVOCI (non-revolving) as these investments are held for long-term strategic purposes. Please refer to Note 10 for the details of changes in fair value.

Item	Gains and losses included in other comprehensive income for the period	Accumulated gains and losses included in other comprehensive income at the end of the period	Dividend income recognized for the period	Cumulative gains and losses transferred to retained earnings due to derecognition	Reasons for derecognition
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	-370	43			
Shanxi Jiantou Decoration Industry Co., Ltd.	2,072	4,172			
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	-9,809	10,694			
Shanxi Jiantou Construction Industry Co., Ltd.	-3,583	5,969	1,110		

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Investment properties

(1) Investment properties measured at fair value

Item	Houses and buildings	Land use rights	Total
I. Opening balance	188,989		188,989
II. Changes in the period	370		370
Add: Additions			
Transfer from fixed assets			
Increase in business combinations			
Less: Disposal			
Other transfers out			
Change in fair value	-370		-370
III. Closing balance	189,359		189,359

The Company's investment properties consist of three commercial properties located in Taiyuan, Datong and Jinzhong, Shanxi in Mainland China. As at June 30, 2026, the fair values of the investment properties of the Company were assessed by an independent professional qualified valuer.

As at June 30, 2026, the Company had no investment properties that were pledged to secure the bank borrowings and other borrowings.

(2) Investment properties pending certificates of ownership

Nil.

13. Fixed assets

Item	June 30, 2026 (Unaudited)	December 31, 2025
Fixed assets	**1,051,918**	1,069,494
Disposal of fixed assets		
Total	**1,051,918**	1,069,494

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Fixed assets (Continued)

(1) Fixed assets

Fixed assets

Item	Contractual energy management	Housing and building structure	Construction machinery	Transportation and production equipment	Office, electronic equipment and others	Total
I. Original carrying amount:						
1. Opening balance	366,952	739,677	21,553	539,729	74,682	1,742,593
2. Increase in the period				18,210	564	18,774
(1) Purchase				7	564	571
(2) Transferred in from construction in progress				18,203		18,203
(3) Increase in business combinations						
3. Decrease in the period		12,369		2,173	115	14,657
(1) Disposal or retirement		12,369		2,173	115	14,657
(2) Other decreases						
4. Closing balance	366,952	727,308	21,553	555,766	75,131	1,746,710
II. Accumulated depreciation						
1. Opening balance	357,448	149,913	9,554	99,727	56,457	673,099
2. Increase in the period	9,504	11,264	915	11,586	2,478	35,747
(1) Accrual	9,504	11,264	915	11,586	2,478	35,747
(2) Increase in business combinations						
3. Decrease in the period		12,369		1,573	112	14,054
(1) Disposal or retirement		12,369		1,573	112	14,054
(2) Other decrease						
4. Closing balance	366,952	148,808	10,469	109,740	58,823	694,792
III. Provision for impairment						
1. Opening balance						
2. Increase in the period						
(1) Accrual						
(2) Other increase						
3. Decrease in the period						
(1) Disposal or retirement						
(2) Other decrease						
4. Closing balance						
IV. Carrying amount						
1. Carrying amount at the end of the period		578,500	11,084	446,026	16,308	1,051,918
2. Carrying amount at the beginning of the period	9,504	589,764	11,999	440,002	18,225	1,069,494

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Fixed assets (Continued)

(2) *Pledged or guaranteed fixed assets of the Company in the period.*

Item	Original carrying amount	Accumulated depreciation	Provision for impairment	Book value	Remark
Housing and building structure	413,165	41,863	–	371,302	

(4) *Temporary idled fixed assets*

Nil.

(5) *Fixed assets leased out under operating leases*

Item	Book value
Housing and building structure	6,510
Construction machinery	
Transportation and production equipment	
Office equipment and others	
Total	6,510

(6) *Fixed assets pending certificates of ownership*

Item	Book value	Reason for pending certificates of ownership
Housing and building structure	479,451	Processing

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Construction in progress

Item	June 30, 2026 (Unaudited)	December 31, 2025
Construction in progress	403,125	218,593
Engineering materials		
Total	**403,125**	218,593

(1) Construction in progress

1 Breakdown of construction in progress

Item	June 30, 2026 (Unaudited) Book balance	June 30, 2026 (Unaudited) Provision for impairment	June 30, 2026 (Unaudited) Net book value	December 31, 2025 Book balance	December 31, 2025 Provision for impairment	December 31, 2025 Net book value
Xiyang County Rural Revitalization "Ride the Wind" Initiative 50MW Distributed Wind Power Project	161,861		161,861	29,056		29,056
Deyuchen Jun'an Building East 160t/h CDQ and waste heat power generation project	152,762		152,762	152,762		152,762
General Contracting for Construction of the Supporting Wastewater Zero-Discharge Facility for the Energy Saving & Environmental Protection Upgrade Project of Jincheng Shan'an Lanhua Coal Chemical	32,230		32,230			
Shan'an Runxing Xing County 100MW composite photovoltaic power generation project	18,927		18,927	13,352		13,352
Phase I Project of the Ningwu Shan'an Longjin Shanxi Province Decommissioned New Energy Industry New-Type Solid Waste Resource Utilization Demonstration Project	14,204		14,204	385		385
Phase I of the green power park project in Changzhi City High-tech Zone	9,902		9,902			
Smart Heating System and Central Heating Auxiliary Project in Chayouhouqi	2,170		2,170	18,462		18,462
Other miscellaneous project items	11,069		11,069	4,576		4,576
Total	403,125		403,125	218,593		218,593

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Construction in progress (Continued)

(1) Construction in progress (Continued)

2 Changes in major construction-in-progress projects

Project name	Opening balance	Increase in the period	Transfer into fixed assets	Other decrease	Accumulative capitalized interest	Including: Capitalized interest in the period	Interest capitalization ratio %	Closing balance
Xiyang County Rural Revitalization "Ride the Wind" Initiative 50MW Distributed Wind Power Project	29,056	132,805			1,000	763	3.20	161,861
Deyuchen Jun'an Building East 160t/h CDQ and waste heat power generation project	152,762				8,157		12.00	152,762
the project for the zero-liquid-discharge wastewater treatment facility supporting the Jincheng Shan'an Lanhua coal chemical energy conservation and environmental protection upgrade and renovation project Main contractor construction		32,230						32,230
Shan'an Runxing Xing County 100MW composite photovoltaic power generation project	13,352	5,575			653		3.98	18,927
Phase I of Ningwu Shan'an Longjin Shanxi Province Demonstration Project for the Resource Utilization of New Solid Waste from Decommissioned New Energy Sectors	385	13,819						14,204
Phase I of the green power park project in Changzhi City High-tech Zone		9,902			89	89	2.83	9,902
Smart Heating System and Central Heating Auxiliary Project in Chayouhouqi	18,462	1,911	18,203					2,170
Other miscellaneous project items	4,576	6,493						11,069
Total	218,593	202,735	18,203		9,899	852		403,125

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Construction in progress (Continued)

(1) Construction in progress (Continued)

2 Changes in major construction-in-progress projects (Continued)

Changes in major construction-in-progress projects (continued):

Project name	Budgeted amount	Proportion of total construction investment to budget %	Construction progress %	Source of fund
Xiyang County Rural Revitalization "Ride the Wind" Initiative 50MW Distributed Wind Power Project	298,674	54.19	54.19	Loans from financial institutions and self-owned funds
Deyuchen Jun'an Building East 160t/h CDQ and waste heat power generation project	142,860	106.93	99.00	Loans from financial institutions and self-owned funds
General Contracting for Construction of the Supporting Wastewater Zero-Discharge Facility for the Energy Saving & Environmental Protection Upgrade Project of Jincheng Shan'an Lanhua Coal Chemical	266,037	12.11	12.11	Loans from financial institutions and self-owned funds
Shan'an Runxing Xing County 100MW composite photovoltaic power generation project	529,475	3.57	3.57	Loans from financial institutions and self-owned funds
Phase I Project of the Ningwu Shan'an Longjin Shanxi Province Decommissioned New Energy Industry New-Type Solid Waste Resource Utilization Demonstration Project	154,915	9.17	9.17	Loans from financial institutions and self-owned funds
Phase I Project of the Green Power Park in Changzhi City High-tech Zone	152,680	6.49	6.49	Loans from financial institutions and self-owned funds
Smart Heating System and Central Heating Auxiliary Project in Chayouhouqi	21,719	93.80	93.80	Self-owned funds

There was no impairment of the construction in progress of the Company for the period and no provision for impairment was made.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Right-of-use Assets

Item	Land use rights	Housing and building structure	Machinery, transportation and office equipment	Total
I. Original carrying amount:				
1. Opening balance	36,545	127,591	37,512	201,648
2. Increase in the period	247	845		1,092
(1) Lease	247	845		1,092
(2) Adjustment to lease liabilities				
(3) Increase in business combinations				
3. Decrease in the period		4,151		4,151
(1) Transfer of leases to finance leases				
(2) Transfer or held for sale				
(3) Other decrease		4,151		4,151
4. Closing balance	36,792	124,285	37,512	198,589
II. Accumulated depreciation				
1. Opening balance	7,347	40,215	14,778	62,340
2. Increase in the period	1,266	4,909	3,411	9,586
(1) Provision	1,266	4,909	3,411	9,586
(2) Increase in business combinations				
(3) Other increase				
3. Decrease in the period		4,151		4,151
(1) Transfer of leases to finance leases				
(2) Transfer or held for sale				
(3) Other decrease		4,151		4,151
4. Closing balance	8,613	40,973	18,189	67,775
III. Provision for impairment				
1. Opening balance				
2. Increase in the period				
(1) Provision				
(2) Increase in business combinations				
(3) Other increase				
3. Decrease in the period				
(1) Transfer of leases to finance leases				
(2) Transfer or held for sale				
(3) Other decrease				
4. Closing balance				
IV. Carrying amount				
1. Carrying amount at the end of the period	28,179	83,312	19,323	130,814
2. Carrying amount at the beginning of the period	29,198	87,376	22,734	139,308

Explanation:

(1) As at June 30, 2026, the Company had a total of 20 lease agreements for the purpose of, inter alia, two existing centralized heating facilities for a lease term of 15 to 29 years, 8 pieces of land for a lease term of 5 to 20 years, 9 office buildings for a lease term of 2 to 23 years and a set of machinery for a lease term of 5.5 years.

(2) See Note V. 60 for lease expenses recognized by the Company in relation to short-term leases and leases of low-value assets.

(3) The Company did not record any impairment of the right-of-use assets for the current period, so there was no provision for impairment of the right-of-use assets.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Intangible Assets

(1) Intangible assets

Item	Land use rights	Concession rights	Patents	Software	Data resources	Total
I. Original carrying amount						
1. Opening balance	152,529	55,000	811	5,117	179	213,636
2. Increase in the period				2,099		2,099
(1) Purchase				2,099		2,099
(2) Internal research and development						
(3) Increase in business combinations						
(4) Other increase						
3. Decrease in the period				183		183
(1) Disposals				183		183
(2) Invalid and derecognized portion						
(3) Other decrease						
4. Closing balance	152,529	55,000	811	7,033	179	215,552
II. Accumulated amortization						
1. Opening balance	17,443	4,583	316	3,556	27	25,925
2. Increase in the period	1,644	949	58	179	8	2,838
(1) Provision	1,644	949	58	179	8	2,838
(2) Increase in business combinations						
(3) Other increase						
3. Decrease in the period				183		183
(1) Disposals				183		183
(2) Invalid and derecognized portion						
(3) Other decrease						
4. Closing balance	19,087	5,532	374	3,552	35	28,580
III. Provision for impairment						
1. Opening balance						
2. Increase in the period						
(1) Provision						
(2) Other increase						
3. Decrease in the period						
(1) Disposals						
(3) Other decrease						
4. Closing balance						
IV. Carrying amount						
1. Carrying amount at the end of the period	133,442	49,468	437	3,481	144	186,972
2. Carrying amount at the beginning of the period	135,086	50,417	495	1,561	152	187,711

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Intangible Assets (Continued)

(2) Mortgages and guarantees

The Company's subsidiaries, Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd., Shan'an Lide, and Charhar Youyi Houqi Shan'an Heat and Electricity Co., Ltd., pledged the land use right for borrowings from the Jinzhong Jinlun Road Branch of China Construction Bank Corporation, the Taiyuan Bingzhou Branch of Bank of China Limited, and the Shuocheng District Branch of the Agricultural Development Bank of China in Shuozhou City, respectively;

(3) Land use rights pending certificates of ownership

Nil.

17. Goodwill

Name of investee or matters forming goodwill	Opening balance	Increase in the period: Arising from business combinations	Increase in the period: Others	Decrease in the period: Disposal	Decrease in the period: Others	Closing balance
Shanxi Ningyang Energy Co., Ltd.	15,000					15,000
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	660					660
Total	15,660					15,660

On April 3, 2018, the Company acquired 51% equity interest of Shanxi Ningyang Energy Co., Ltd. from two independent third parties, resulting in goodwill of RMB15,000,000.

On May 31, 2025, the Company acquired 15% equity interest of Changzhi Caihui Shan'an from an independent third party, resulting in goodwill of RMB660,000. Upon completion of this equity transaction, the Company will hold a 55.00% equity interest in Changzhi Caihui Shan'an.

(2) Provision for goodwill impairment

Name of investee or matters forming goodwill	Opening balance	Increase in the period Provision	Decrease in the period Disposal	Closing balance
Shanxi Ningyang Energy Co., Ltd.	4,525			4,525
Changzhi Caihui Shan'an Energy Technology Co., Ltd.				
Total	4,525			4,525

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Goodwill (Continued)

(2) Provision for goodwill impairment (Continued)

The Company conducted impairment test of goodwill at the end of each year by engaging independent professional valuers to evaluate the recoverable amount of the entire shareholders' equity interest of Shanxi Ningyang, and issued the asset evaluation reports. The income approach is used for valuation. The assessment is based on the estimated cash flow forecast in the next 5 years based on the financial budget approved by the management. The terminal growth rate of the cash flow forecast adopted in the following years is 0% for prudence sake. The pre-tax discount rate adopted as at June 30, 2026 was 11.17% (2025: 11.85%) respectively. The management prepared the above financial budgets based on past performance and its expectations for market development. The present value of future cash flows reflects the risk relative to the segment concerned.

Based on the results of the impairment test of goodwill, the recoverable amount of RMB203,000,000 (2025: RMB207,010,000) is higher than its carrying amounts of RMB202,813,000 (2025: RMB215,883,000) by RMB187,000 as at June 30, 2026. Based on the results of the impairment test of goodwill, in the opinion of the management of the Company, no impairment provision is required to be made for the Company's goodwill for the current period as at June 30, 2026 (2025: RMB4,525,000).

The Company conducted impairment test of goodwill at the end of each year by engaging independent professional valuers to evaluate the recoverable amount of the entire shareholders' equity interest of Changzhi Caihui Shan'an Energy Technology Co., Ltd., and issued the asset evaluation reports. The income approach is used for valuation. The assessment is based on the estimated cash flow forecast in the next 5 years based on the financial budget approved by the management. The terminal growth rate of the cash flow forecast adopted in the following years is 0% for prudence sake. The pre-tax discount rate adopted as at June 30, 2026 was 10.24% respectively. The management prepared the above financial budgets based on past performance and its expectations for market development. The present value of future cash flows reflects the risk relative to the segment concerned.

Based on the results of the impairment test of goodwill, the recoverable amount of RMB12,860,000 is higher than its carrying amount of RMB7,788,000 by RMB5,072,000 as at June 30, 2026. Based on the results of the impairment test of goodwill, in the opinion of the management of the Company, no impairment provision is required to be made for the Company's goodwill for the current period as at June 30, 2026.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Goodwill (Continued)

(2) Provision for goodwill impairment (Continued)

The sensitivity analysis as at June 30, 2026 and December 31, 2025 set forth below has been determined based on the exposure to the pre-tax discount rate and five-year period growth rate, representing the key inputs to the determination of the recoverable amounts. The management performed the sensitivity analysis assuming the above-mentioned key assumptions have been changed. Had the estimated key assumptions been changed as below, the headroom would be increased/decreased by:

Shanxi Ningyang Sensitivity Analysis	Closing balance	Balance as at the end of the prior year
Five-year period growth rate increased by 2%	7,000	7,990
Five-year period growth rate decreased by 2%	-33,000	-29,010
Pre-tax discount rate decreased by 0.5%	9,000	8,990
Pre-tax discount rate increased by 0.5%	-8,000	-8,010

18. Long-term Deferred Expenses

Item	Opening balance	Increase in the period	Decrease in the period: Amortization in the period	Decrease in the period: Other decrease	Closing balance
Expenditure in relation to improvement and maintenance of right-of-use assets	6,874	109	1,104		5,879
Total	6,874	109	1,104		5,879

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred Income Tax Assets and Deferred Income Tax Liabilities

(1) *Deferred income tax assets and deferred income tax liabilities not subject to offset*

Item	June 30, 2026 (Unaudited) Deductible/taxable temporary differences	June 30, 2026 (Unaudited) Deferred income tax assets/liabilities	December 31, 2025 Deductible/taxable temporary differences	December 31, 2025 Deferred income tax assets/liabilities
Deferred income tax assets:				
Credit impairment losses	642,751	100,773	631,771	98,240
Provision for asset impairment	249,818	42,368	207,053	35,726
Unrealized profit of internal transaction	91,164	13,675	84,328	12,649
Remeasurement of defined benefit plans	6,312	947	6,322	948
Lease liabilities	143,749	33,208	143,689	32,968
Subtotal	1,133,794	190,971	1,073,163	180,531
Deferred income tax liabilities:				
Right-of-use assets	131,620	30,423	140,325	31,981
Changes in fair value of investment properties	25,923	3,888	25,553	3,833
Conversion of self-use properties into investment properties	77,662	11,649	77,662	11,650
Fair value change of investment in other equity instruments	20,877	3,132	32,566	4,885
Subtotal	256,082	49,092	276,106	52,349

(2) *Deferred income tax assets or liabilities that are presented at the net amount after offset*

Item	Offset amount of deferred income tax assets and liabilities at the end of the period	Deferred income tax assets or liabilities after offset at the end of the period	Offsetting amount at the end of last year between deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offsetting at the end of last year
Deferred income tax assets	18,052	5,676	18,412	5,867
Deferred income tax liabilities	18,052	35,705	18,412	37,015

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred Income Tax Assets and Deferred Income Tax Liabilities (Continued)

(3) Breakdown of deductible temporary differences and deductible losses on unrecognized deferred income tax assets

Item	Closing balance	Balance as at the end of the prior year
Deductible temporary differences		
Deductible losses	103,110	60,649
Total	103,110	60,649

(4) The deductible losses on unrecognized deferred income tax assets will mature in the next year

Year	June 30, 2026 (Unaudited)	December 31, 2025	Remark
2026		2,675	
2027	2,169	2,169	
2028	10,533	15,982	
2029	34,898	34,921	
2030	55,215	4,902	
2031	295		
Total	103,110	60,649	

20. Other Non-current Assets

Item	June 30, 2026 (Unaudited)			December 31, 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
PPP project long-term contract assets	3,660,992	41,370	3,619,622	3,590,164	40,737	3,549,427
Security deposits	974,048	37,484	936,564	950,985	40,342	910,643
Deductible input tax expected to be recoverable after more than one year	168,938		168,938	169,062		169,062
Prepaid licence fees	52,000		52,000			
Temporary facilities	347		347	1,041		1,041
Total	4,856,325	78,854	4,777,471	4,711,252	81,079	4,630,173

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Assets Subject to Restrictions of Ownership or Right-of-Use

	June 30, 2026 (Unaudited)			
Item	Book balance	Book value	Type of restriction	Condition of restriction
Monetary funds	250,974	250,974	Frozen, notes margin, pledged letter of credit, performance security deposits	Restricted
Accounts receivable	370,621	356,016	Secured borrowings	Restricted
Contract assets	3,299,634	3,259,402	Secured borrowings	Restricted
Fixed assets	413,165	371,302	Secured borrowings	Restricted
Intangible assets	46,787	42,322	Secured borrowings	Restricted
Total	4,381,181	4,280,016		

Continued:

	December 31, 2025			
Item	Book balance	Book value	Type of restriction	Condition of restriction
Monetary funds	275,054	275,054	Frozen, notes margin, pledged letter of credit, performance security deposits	Restricted
Bills receivable	159,818	157,615	Bill endorsement discounting not derecognised	Restricted
Accounts receivable	226,649	223,361	Secured borrowings	Restricted
Contract assets	3,142,237	3,105,127	Secured borrowings	Restricted
Fixed assets	456,188	421,930	Secured borrowings	Restricted
Intangible assets	20,153	19,079	Secured borrowings	Restricted
Total	4,280,099	4,202,166		

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Short-term Borrowings

Item	June 30, 2026 (Unaudited)	December 31, 2025
Pledged borrowings	607,735	396,108
Secured borrowings		
Guaranteed borrowings		
Credit borrowings	2,193,864	2,734,371
Total	**2,801,599**	3,130,479

(1) The Company's pledged borrowings of RMB607,735,000 with an annual interest rate of 2.97–4.00% from non-banking financial institutions were secured by trade receivables, for a term from December 3, 2025 to May 7, 2027.

(2) The Company's credit borrowings from banks amounted to RMB2,193,864,000 with annual interest rates ranging from 2.25 to 3.00%, for a term from July 29, 2025 to June 24, 2027.

23. Bill payables

Category	June 30, 2026 (Unaudited)	December 31, 2025
Commercial acceptance bills	927,100	875,600
Bank acceptance bills	1,302,400	1,159,071
Total	**2,229,500**	2,034,671

The Company had no due and unpaid bill payables at the end of the period.

24. Trade payables

(1) Disclosure by nature of the amount

Item	June 30, 2026 (Unaudited)	December 31, 2025
Payment for materials	5,824,623	5,474,547
Payment for construction	1,715,871	1,686,987
Payment for equipment	19,613	41,063
Service fees	143,352	122,879
Labor service fees	1,690,375	1,903,258
Lease payments	620,612	663,600
Total	**10,014,446**	9,892,334

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Trade payables (Continued)

(2) The aging analysis presented based on the recording date is as follows:

Item	June 30, 2026 (Unaudited)	December 31, 2025
Within 1 year	2,907,488	5,742,648
1 to 2 years	3,915,287	2,410,173
2 to 3 years	1,712,002	801,517
Over 3 years	1,479,669	937,996
Total	10,014,446	9,892,334

Including: significant trade payables aged over 1 year

Item	June 30, 2026 (Unaudited)	Reasons for non-repayment or non-carry-forward
Company 7	383,708	Payment conditions not satisfied yet
Company 8	361,440	Payment conditions not satisfied yet
Company 9	334,143	Payment conditions not satisfied yet
Company 10	213,791	Payment conditions not satisfied yet
Company 11	205,543	Payment conditions not satisfied yet
Company 12	153,411	Payment conditions not satisfied yet
Company 13	151,627	Payment conditions not satisfied yet
Company 14	146,830	Payment conditions not satisfied yet
Company 15	105,894	Payment conditions not satisfied yet
Company 16	89,020	Payment conditions not satisfied yet
Total	2,145,407	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Contract Liabilities

Item	June 30, 2026 (Unaudited)	December 31, 2025
EPC project general contracting and construction	1,121,498	970,019
Design and consulting	185	3,296
Total	1,121,683	973,315

Including: significant contract liabilities aging over 1 year

Item	June 30, 2026 (Unaudited)	Reasons for non-repayment or non-carry-forward
Inner Mongolia Annual Production of 600,000 Tons of Liquid Natural Gas Project	57,649	Settled construction payment for project in progress
Taonan City Wind Power Coupled with Biomass Green Methanol Integrated Demonstration Project	20,845	Settled construction payment for project in progress
Overall Relocation Project of Shaanxi HFC-134a	16,975	Settled construction payment for project in progress
Second Oil Production Plant Oilfield Production Capacity Construction Project 2021 Station Works (New Construction, Reconstruction and Expansion) and Supporting Works for Off-site Pipeline Laying and Installation	14,707	Settled construction payment for project in progress
Huadian Lingwu Power Plant to Yinchuan City Smart Centralized Heating Project	14,632	Settled construction payment for project in progress
GNGR's 40,000-ton-per-year Low-Grade Nickel Matte Project at the South Kalimantan Industrial Base in Indonesia	13,131	Settled construction payment for project in progress
Daqing Beituo 1 Million Cubic Meters LNG Installation Project	13,005	Settled construction payment for project in progress
Taiyuan Central Heating Dongfeng Heat Source Plant Network Expansion Project	11,761	Settled construction payment for project in progress
100MW Photovoltaic Power Station Project of Wind Power in Lan County	11,654	Settled construction payment for project in progress
Total	174,359	

26. Employee Compensation Payables

Item	December 31, 2025	Additions for the period	Decreases for the period	June 30, 2026 (Unaudited)
Short-term remuneration	75,278	266,941	272,299	69,920
Post-employment benefits – defined contribution plans	180	42,160	42,061	279
Termination benefits	2,850	28	28	2,850
Total	78,308	309,129	314,388	73,049

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Employee Compensation Payables (Continued)

(1) Short-term remuneration

Item	December 31, 2025	Additions for the period	Decreases for the period	June 30, 2026 (Unaudited)
Salaries, bonuses, allowances and subsidies	61,702	215,072	221,314	55,460
Employee welfare	154	10,736	10,890	
Social insurance premiums	195	20,135	20,128	202
1. Medical insurance premiums	176	17,052	17,046	182
2. Work-related injury insurance premiums	19	3,083	3,082	20
Housing provident fund	3,839	14,628	14,671	3,796
Labor union funds and employee education funds	9,388	6,370	5,296	10,462
Total	75,278	266,941	272,299	69,920

(2) Defined contribution plans

Item	December 31, 2025	Additions for the period	Decreases for the period	June 30, 2026 (Unaudited)
Post-employment benefits	180	42,160	42,061	279
Including: Basic pension insurance	156	34,737	34,684	209
Unemployment insurance	24	1,476	1,476	24
Enterprise annuity payment		5,947	5,901	46
Total	180	42,160	42,061	279

(3) Termination benefits

Item	December 31, 2025	Additions for the period	Decreases for the period	June 30, 2026 (Unaudited)
1. Compensation paid for termination of employment	180	28	28	180
2. Budgeted expenses for internal retirement	2,670			2,670
Total	2,850	28	28	2,850

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Tax Payable

Tax	June 30, 2026 (Unaudited)	December 31, 2025
Enterprise income tax	12,119	22,947
Value added tax	9,058	11,254
Individual income tax	17,271	16,527
City maintenance and construction tax	2,119	2,295
Educational surcharge	1,165	1,218
Price regulating funds payable	277	319
Local educational surcharges	3	60
Other taxes	258	1,303
Total	42,270	55,923

28. Other Payables

Item	June 30, 2026 (Unaudited)	December 31, 2025
Interest payable		
Dividends payable	52,890	31,678
Other payables	599,138	550,078
Total	652,028	581,756

(1) Dividends payable

Name of shareholders	June 30, 2026 (Unaudited)	December 31, 2025
Shanxi Construction Investment Group Co., Ltd.	43,437	30,244
Shanghai Rongda Investment Management Co., Ltd.	1,841	1,434
Holders of overseas listed H shares	7,612	
Total	52,890	31,678

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Other Payables (Continued)

(1) Dividends payable (Continued)

Significant dividend payables past due over 1 year

Name of shareholders	Dividends payable	Reason for non-payment
Shanxi Construction Investment Group Co., Ltd.	23,464	Unpaid
Shanghai Rongda Investment Management Co., Ltd.	1,434	Unpaid
Total	24,898	

(2) Other payables by nature

Item	June 30, 2026 (Unaudited)	December 31, 2025
Security deposits received	23,309	33,238
Amounts due to related parties	198,384	163,115
Amounts due to employees	97,810	104,584
Withholding and payment of social insurance and tax on behalf of individuals	40,478	3,171
Other Payables	239,157	245,970
Total	599,138	550,078

Including: significant other payables aged over 1 year

Item	June 30, 2026 (Unaudited)	Reasons for non-repayment or non-carry-forward
Entity 11	120,000	Payment conditions not satisfied yet
Entity 12	51,388	Payment conditions not satisfied yet
Entity 7	35,885	Payment conditions not satisfied yet
Entity 13	23,223	Payment conditions not satisfied yet
Entity 14	7,963	Payment conditions not satisfied yet
Total	238,459	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Non-current Liabilities Due within One Year

Item	June 30, 2026 (Unaudited)	December 31, 2025
Long-term borrowings due within one year	341,842	555,738
Lease liabilities due within one year	14,668	14,765
Total	356,510	570,503

Long-term borrowings due within one year

Item	June 30, 2026 (Unaudited)	December 31, 2025
Pledged borrowings	253,704	471,304
Secured borrowings	31,504	43,453
Guaranteed borrowings	30,527	30,273
Credit borrowings	26,107	10,708
Total	341,842	555,738

30. Other Current Liabilities

Item	June 30, 2026 (Unaudited)	December 31, 2025
Output tax to be transferred	692,770	710,330
Endorsed bills receivable	82,107	106,964
Total	774,877	817,294

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Long-term Borrowings

Item	June 30, 2026 (Unaudited)	Interest rate range	Balance as at the end of the prior year	Interest rate range
Pledged borrowings	2,509,555	3.00–5.75	2,832,151	3.2–8.89
Secured borrowings	135,695	3.40	149,648	3.50
Guaranteed borrowings	570,321	3.30–3.49	585,248	3.30–3.59
Credit borrowings	1,623,452	2.83–3.30	1,146,221	2.95–4.70
Subtotal	4,839,023		4,713,268	
Less: Long-term borrowings due within one year	341,842		555,738	
Total	4,497,181		4,157,530	

(1) The Company's pledged borrowings of RMB1,794,865 thousand with annual interest rates ranging from 3.30% to 4.585% from banks were secured by all rights and benefits under the concession agreements of service concession arrangements of Gaoping Shan'an, Liulin Shan'an, Linfen Shan'an, Huguan Shan'an, Xinjiang Shan'an, Xiyang Shan'an and Xiangyuan Shan'an, for a term from October 30, 2018 to September 23, 2044.

(2) The Company's pledged borrowings of RMB238,875 thousand with annual interest rates ranging from 3.980% to 5.75% from banks and non-banking financial institutions were secured by certain device components controlled by customers, for a term from September 27, 2024 to December 24, 2028.

(3) The Company's pledged borrowings of RMB164,723 thousand with annual interest rates ranging from 3.00% to 3.35% from banks were secured by the rights to electricity fee income, for a term from October 27, 2022 to June 16, 2039.

(4) The pledged borrowings of Jinzhong Lide, a subsidiary of the Company, of RMB43,819 thousand with an annual interest rate of 3.55% from banks were secured by land use rights, for a term from September 12, 2024 to June 24, 2034.

(5) The pledged borrowings of Chayou Shan'an, a subsidiary of the Company, of RMB267,273 thousand with a borrowing interest rate of 3.50%, were guaranteed by Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd. The borrowings were secured by a pledge of trade receivables in respect of heating and power supply service fees under the concession rights agreements for the Chahar Right Rear Banner cogeneration project, as well as by mortgages over the houses and buildings and construction land of immovable properties located in Chahar Right Rear Banner. The borrowing term is from August 30, 2023 to August 29, 2043.

(6) The secured borrowings of Shan'an Lide, a subsidiary of the Company, of RMB135,695 thousand with an annual interest rate of 3.40% from banks were secured by land use rights and houses and buildings under construction, for a term from January 2, 2024 to January 2, 2030.

(7) The borrowings of Qinshui Construction Development, a subsidiary of the Company, of RMB570,321 thousand with an annual interest rate of 3.30% to 3.49% from banks were guaranteed by the Company and Shanxi Sheng'an Construction Labour Co., Ltd., for a term from January 19, 2023 to October 29, 2044.

(8) The Company's credit borrowings of RMB1,623,452 thousand with annual interest rates ranging from 2.83% to 3.30% were obtained from banks, for a term from February 8, 2024 to May 8, 2040.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Bonds Payable

Item	Closing balance	Balance as at the end of the prior year
26SACF01	504,844	
26SACF02	350,159	
Total	855,003	

Increase/decrease in bonds payable (excluding other financial instruments such as preference shares and perpetual bonds classified as financial liabilities)

Name of bonds	Par value	Coupon rate	Date of issuance	Term of the bonds	Issuance amount
26SACF01	100.00	2.49	2026–2–9	2 years	500,000
26SACF02	100.00	2.37	2026–6–24	3 years	350,000
Subtotal					850,000

Bonds payable (Continued)

Name of bonds	Opening balance	Issue during the period	Interest at par value	Amortisation of premium/ discount	Payment during the period	Closing balance	Whether or not in default
26SACF01		500,000	4,844			504,844	No
26SACF02		350,000	159			350,159	No
Subtotal		850,000	5,003			855,003	
Less: Bonds payable due within one year							
Total		850,000	5,003			855,003	

On December 30, 2025, the Company obtained the Approval on the Registration of Public Issuance of Corporate Bonds to Professional Investors by Shanxi Installation Group Co., Ltd. (Zheng Jian Xu Ke [2025] No. 3014) from the China Securities Regulatory Commission, with a registered issuance scale not exceeding RMB1.350 billion. On February 9, 2026, the Company publicly issued RMB500 million of corporate bonds to professional investors. The bond abbreviation is 26SACF01, with a term of 2 years and an interest rate of 2.49%. On June 24, 2026, the Company publicly issued RMB350 million of corporate bonds to professional investors. The bond abbreviation is 26SACF02, with a term of 3 years and an interest rate of 2.37%.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Lease Liabilities

Item	June 30, 2026 (Unaudited)	December 31, 2025
Lease payments	200,286	204,946
Less: Unrecognized finance expenses	56,195	59,420
Subtotal	144,091	145,526
Less: Lease liabilities due within one year	14,668	14,765
Total	129,423	130,761

The interest expenses on lease liabilities accrued for January to June 2026 amounted to RMB3,298 thousand and were included in interest expenses under finance expenses in the amount of RMB3,298 thousand.

34. Long-term Employee Remuneration Payables

Item	June 30, 2026 (Unaudited)	December 31, 2025
Net liabilities in defined benefit plan	27,920	29,110
Termination benefits	1,430	1,400
Net liabilities on other long-term employee benefits satisfying conditions for defined benefit plan		
Other long-term benefits		
Subtotal	29,350	30,510
Less: Long-term employee remuneration payables due within one year – Post-employment benefits	2,670	2,670
Less: Long-term employee remuneration payables due within one year – Termination benefits	180	180
Total	26,500	27,660

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Long-term Employee Remuneration Payables (Continued)

(1) Changes in defined benefit plan

Present value of obligations under defined benefit plans:

Item	June 30, 2026 (Unaudited)	December 31, 2025
I. Opening balance	29,110	32,030
II. Defined benefit cost included in current profit and loss	250	530
1. Current service costs		
2. Past service costs		
3. Gains on settlement (losses are expressed in "-")		
4. Net interest	250	530
III. Defined benefit costs included in other comprehensive income	-10	-540
1. Actuarial gains (losses are expressed in "-")	-10	-540
IV. Other changes	1,430	2,910
1. Liabilities eliminated upon settlement		
2. Benefits paid	1,430	2,910
V. Closing balance	27,920	29,110

Net liabilities in defined benefit plan:

Item	June 30, 2026 (Unaudited)	December 31, 2025
I. Opening balance	29,110	32,030
II. Net interest	250	530
III. Benefits paid	-1,430	-2,910
IV. Actuarial losses (gains)	10	540
V. Past service costs		
VI. Current service costs		
VII. Closing balance	27,920	29,110

In addition to the basic pension insurance provided by the local government, the Company also provides supplementary pension insurance plans and other comprehensive retirement benefit plans for employees retired since the obligation has transferred from Shanxi CIG as at June 30, 2026. The plans are accounted for as a long-term defined benefits obligation and does not have any plan assets. These plans include monthly living subsidies for employees after their retirement. The Company no longer provides (pays) any supplementary retirement benefits (including supplementary benefits such as retirement salaries, subsidies, medical care) for employees retired since May 1, 2022.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Long-term Employee Remuneration Payables (Continued)

(1) Changes in defined benefit plan (Continued)

The Company engaged an independent actuary, Towers Watson (Shenzhen) Consulting Co., Ltd., to estimate the present value of its above retirement benefit plan obligations using the actuarial method based on the expected cumulative benefit unit method. Towers Watson (Shenzhen) Consulting Co., Ltd. is an actuarial institution with professional certification qualifications and a member of the American Academy of Actuaries. The plan estimates future cash outflows based on inflation rate and mortality rate assumptions and determines its present value at a discount rate. The discount rate is determined based on the market yield of the national debt that matches the term and currency of the obligations of defined benefit plan on the balance sheet date.

The defined benefit plan exposes the Company to actuarial risks, including interest rate risk, longevity risk and inflation risk. A decrease in the rate of return of national debt will result in an increase in the present value of obligations under defined benefit plans. The present value of obligations under defined benefit plans is calculated based on the optimal estimate of the mortality rate of the participating employees, and an increase in the life expectancy of the plan members will result in an increase in the liabilities in the plan. In addition, the present value of obligations under defined benefit plans is related to the planned future payment standard, and the payment standard is determined based on the inflation rate. Therefore, the increase in the inflation rate will also result in an increase in the liabilities in the plan.

(2) Actuarial assumption

Item	June 30, 2026 (Unaudited)	December 31, 2025
Discount rate	1.75%	1.75%
Mortality rate	China Life Insurance Mortality Table (2010–2013)	China Life Insurance Mortality Table (2010–2013)
Annual growth rate of termination benefits	5.00%	5.00%
Annual increase rate of medical benefits	4.00%	4.00%

(3) Sensitivity analysis

		Impact on the present value of defined benefit obligations	
Item	Assumed change	Increase in planned liabilities	Decrease in planned liabilities
Discount rate	±0.25%	-20	20

There were no changes from the previous Year in the methods and types of material assumptions adopted in the sensitivity analysis.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Deferred Income

Item	December 31, 2025	Additions	Decreases	June 30, 2026 (Unaudited)
Government subsidies	26,373	11,120	2,158	35,335
Total	26,373	11,120	2,158	35,335

For details of the government grants included in deferred income, see Note VIII. Government grants.

Government grants:

Item	December 31, 2025	New grants during the period	Amount included in profit or loss in the period	Other changes	June 30, 2026 (Unaudited)	Asset-related/ income-related
Appropriation in relation to the construction on the waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohe Industrial Park	15,813		1,438		14,375	Asset-related
Jinzhong urban construction waste resource utilization concession project	5,928		404		5,524	Asset-related
Construction waste resource utilization concession project	4,632		316		4,316	Asset-related
Provincial basic construction funding for pilot construction of green power parks		11,120			11,120	Asset-related
Total	26,373	11,120	2,158		35,335	

36. Share Capital (Unit: 0,000 shares)

Item	December 31, 2025	Increase/decrease in the period (+, -)					June 30, 2026 (Unaudited)
		Issuance of new shares	Bonus issue	Shares converted from capital reserve	Others	Subtotal	
Shanxi Construction Investment Group Co., Ltd.	98,000.00						98,000.00
Shanghai Rongda Investment Management Co., Ltd.	2,000.00						2,000.00
Holders of overseas listed H shares	37,348.60						37,348.60
Total	137,348.60						137,348.60

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Capital reserves

Item	December 31, 2025	Additions	Decreases	June 30, 2026 (Unaudited)
Share premium	372,566			372,566
Other capital reserves	288,710			288,710
Total	661,276			661,276

38. Other comprehensive income

Other comprehensive income attributable to the parent company in the balance sheet:

Item		December 31, 2025	Amount for the period: Net-of-tax amount attributable to the Company	Amount for the period: Less: Transferred from other comprehensive income in prior periods to retained earnings during the period	June 30, 2026 (Unaudited)
I.	Other comprehensive income that cannot be reclassified into profit or loss	22,307	-9,927		12,380
	1. Changes in remeasurement of defined benefit plan	-5,374	9		-5,365
	2. Fair value change of investment in other equity instruments	27,681	-9,936		17,745
II.	Other comprehensive income that will be reclassified into profit or loss	68,274	-21		68,253
	1. Translation differences arising from translation of foreign currency financial statements	2,261	-21		2,240
	2. The portion of self-use properties converted into investment properties measured at fair value whose fair value is greater than their carrying amount on the conversion date	66,013			66,013
Total other comprehensive income		90,581	-9,948		80,633

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Other comprehensive income (Continued)

Other comprehensive income attributable to the parent company in the income statement:

Item	Amount for the period Before-tax amount Movements during the period	Less: previously recognized amount transferred to profit or loss	Less: Income tax expenses	Less: Attributable to minority shareholders, net of tax	Net-of-tax amount attributable to the Company
I. Other comprehensive income that cannot be reclassified into profit or loss	-9,927				-9,927
1. Changes in remeasurement of defined benefit plan	9				9
2. Fair value change of investment in other equity instruments	-9,936				-9,936
II. Other comprehensive income that will be reclassified into profit or loss	-21				-21
1. Translation differences arising from translation of foreign currency financial statements	-21				-21
2. The portion of self-use properties converted into investment properties measured at fair value whose fair value is greater than their carrying amount on the conversion date					
Total other comprehensive income	-9,948				-9,948

39. Special reserves

Item	December 31, 2025	Additions	Decreases	June 30, 2026 (Unaudited)
Production safety expenses	3,536	56,217	41,891	17,862
Total	3,536	56,217	41,891	17,862

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Surplus reserves

Item	December 31, 2025	Additions	Decreases	June 30, 2026 (Unaudited)
Statutory surplus reserve	18,528			18,528
Total	18,528			18,528

41. Retained profit

Item	June 30, 2026 (Unaudited)	2025
Retained profit as at the end of the prior year before adjustment	755,345	640,145
Adjustment to opening balance of retained earnings (increase +, decrease -)		-10,841
Opening balance of retained profit after adjustment	755,345	629,303
Add: Net profit for the period attributable to shareholders of the parent company	58,569	138,432
Less: Transfer of statutory surplus reserves		6,159
Ordinary share dividends payable	27,992	6,232
Retained profit as at the end of the period	785,922	755,345
Of which: Surplus reserve withdrawn by the subsidiaries attributable to the parent company for the prevailing year	6,019	10,536

Note: The opening balance adjustment resulted from the Company's business combination under common control with Shanxi Construction Investment International Investment Co., Ltd. during the current period.

42. Operating Revenue and Operating Costs

(1) Operating Revenue and Operating Costs

Item	January to June 2026 (Unaudited)		January to June 2025 (Unaudited)	
	Income	Cost	Income	Cost
Principal activities	4,488,030	3,988,586	5,588,041	5,005,369
Other activities	75,823	53,686	26,334	10,328
Total	4,563,853	4,042,272	5,614,375	5,015,697

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Operating Revenue and Operating Costs (Continued)

(2) Operating revenue and operating costs by product type

Major category	January to June 2026 (Unaudited) Income	January to June 2026 (Unaudited) Cost	January to June 2025 (Unaudited) Income	January to June 2025 (Unaudited) Cost
Principal activities:	4,488,030	3,988,586	5,588,041	5,005,369
1. Specialized industrial construction	3,217,778	2,964,148	4,069,822	3,735,341
– Construction income of service concession projects	18,610	16,071		
– Construction income of EPC projects	3,199,168	2,948,077	4,069,822	3,735,341
2. Specialized auxiliary construction	471,395	374,808	534,251	487,804
– Construction income of service concession projects	7,252	7,167	570	525
– Construction income of EPC projects	464,143	367,641	533,681	487,279
3. Other construction	220,698	199,313	499,658	426,264
– Construction income of service concession projects			114	85
– Construction income of EPC projects	220,698	199,313	499,544	426,179
4. Non-construction business	578,159	450,317	484,310	355,960
– Operating fee income of service concession projects	70,474	53,477	62,802	51,392
– Urban heating technical services income	263,553	191,923	225,113	160,596
– Sales of LNG	129,014	118,421	73,235	70,779
– Sales of concrete	658	3,012	3,130	3,068
– Trading	16,157	8,611	43,849	37,791
– Design fee	17,010	11,851	20,847	10,922
– Sales of electricity	28,261	14,475	35,648	3,710
– Labor service fees	53,032	48,547	19,686	17,702
Other activities:	75,823	53,686	26,334	10,328
– Lease	35,973	26,847	11,555	2,539
– Others	39,850	26,839	14,779	7,789
Total	4,563,853	4,042,272	5,614,375	5,015,697

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Operating Revenue and Operating Costs (Continued)

(3) Operating revenue and operating costs by geographical location

	January to June 2026 (Unaudited)		January to June 2025 (Unaudited)	
Major operating areas	Income	Cost	Income	Cost
China	4,303,208	3,819,100	5,405,009	4,842,838
Overseas	260,645	223,172	209,366	172,859
Subtotal	4,563,853	4,042,272	5,614,375	5,015,697

(4) Breakdown of operating revenue

	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Timing of revenue recognition		
Including: Recognized at a point in time	618,008	499,089
Recognized over time	3,909,872	5,103,731
Total	4,527,880	5,602,820

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

(5) Remaining performance obligations

As of June 30, 2026, the transaction price allocated to unfulfilled performance obligations was RMB32,301,870 thousand. The expected time for recognizing such amount as revenue is as follows:

Expected time for revenue recognition	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Within one year	10,132,494	12,532,271
After one year but within five years	21,521,435	24,338,324
After five years	647,941	1,308,201
Total	32,301,870	38,178,796

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Taxes and surcharges

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Property tax	2,394	2,183
Stamp duty	1,462	3,666
City maintenance and construction tax	3,565	4,425
Educational surcharge	2,911	3,042
Land use tax	522	542
Others	1,547	706
Total	12,401	14,564

The criteria of taxes and surcharges accrued and paid refer to Note 4. TAXATION.

44. Sales expenses

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Employee remuneration	372	511
Depreciation expenses	46	76
Others	96	63
Total	514	650

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Management expenses

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Employee remuneration	159,254	174,592
Consulting fees	11,469	8,325
Office expenses	6,274	7,871
Depreciation expenses	9,010	10,752
Intermediary costs	6,731	2,762
Travel expenses	4,338	5,570
Rental expense	2,319	4,550
Amortization of intangible assets	1,485	1,415
Amortization of right-of-use assets	3,427	2,768
Funds for party building	577	946
Others	11,610	15,396
Total	216,494	234,947

46. Research and Development Expenses

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Material costs	57,087	130,158
Labor costs	26,674	32,098
Rental expense	3,394	5,872
Depreciation expenses	1,451	799
Others	5,018	3,949
Total	93,624	172,876

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47. Finance Expenses

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Interest expenses	182,363	174,093
Less: interest capitalization	852	1,455
Interest income from bank deposits	4,391	8,698
Interest income from PPP projects	124,859	127,771
Exchange gains or losses	1,187	269
Handling fee and others	1,137	2,400
Total	54,585	38,838

Note: Capitalized interest has been included in Construction-in-progress of Xiyang Shan'an New Energy Co., Ltd. and Changzhi Shan'an Zhihui Green Energy Co., Ltd.. The capitalization rates used to calculate and determine the capitalized borrowing costs in the current period ranged from 2.83% to 3.20% (last period: 3.85% to 3.98%).

48. Other Gains

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Government subsidies	2,464	2,850
Refund of handling fees for withholding and payment of income tax on behalf of individuals	168	184
Total	2,632	3,034

(1) See Note VIII. Government subsidies for details of government subsidies.

(2) See Note XVI. 1 for the specific reasons for recognizing government subsidies as non-recurring profit or loss.

49. Investment Gains

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Gains on long-term equity investments under equity method	-3,826	-4,233
Other investment gains	1,110	-212
Total	-2,716	-4,445

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Gains on change in fair value

Source of gains on change of fair value	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Investment properties measured at fair value	370	1,025
Total	370	1,025

51. Credit Impairment Losses (losses are expressed in "-")

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Bad debt losses on bills receivable	1,303	589
Bad debt losses on trade receivables	-13,488	-26,882
Bad debt losses on other receivables	1,205	2,390
Total	-10,980	-23,903

52. Asset Impairment Losses (losses are expressed in "-")

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Impairment losses on contract assets	-41,994	-16,424
Provision for impairment of long-term equity investments	-771	
Total	-42,765	-16,424

53. Gains on Disposal of Assets (losses are expressed in "-")

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Gains on disposal of fixed assets (losses are expressed in "-")	263	411
Gains on disposal of right-of-use assets (losses are expressed in "-")		24
Total	263	435

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Non-operating revenue

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)	Amount included in current non-recurring profit or loss
Gains on donation			
Gains on compensation	370	36	370
Others	5	154	5
Total	**375**	190	375

55. Non-Operating Expenses

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)	Amount included in current non-recurring profit or loss
Compensation, late fees and liquidated damages	101	49	101
Fine expenditure	1,238	223	1,238
Loss on retirement of damaged non-current assets	14	20	14
Others	27	13	27
Total	**1,380**	305	1,380

56. Income tax expense

(1) Breakdown of income tax expenses

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Current income tax calculated in accordance with tax laws and related regulations	24,147	18,130
Deferred income tax expenses	-22,134	-4,777
Total	**2,013**	13,353

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Income tax expense (Continued)

(2) Reconciliation between income tax expenses and total profit

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Total profit	89,762	96,410
Income tax expenses at statutory (or applicable) tax rate	13,464	13,749
Effect of different tax rates applied by certain subsidiaries	6,213	6,333
Adjustment of current income tax in previous periods		202
Profit or loss from joint ventures and associates accounted for under the equity method	-574	-160
Non-deductible costs, expenses and losses	-1,957	18,951
Tax effects of unrecognized deductible losses and deductible temporary differences	-1,008	209
Tax effects of deduction of accumulated research and development expenses (expressed in "-")	-14,125	-25,931
Income tax expense	2,013	13,353

57. Notes on Items in Cash Flow Statement

(1) Cash received relating to other operating activities

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Cash received from payment on behalf	966,307	867,570
Interest received	129,250	136,469
Government subsidies received	11,427	1,647
Decrease in restricted fund	24,080	149,953
Cash received from transaction and others	14,989	63,115
Total	1,146,053	1,218,754

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Notes on Items in Cash Flow Statement (Continued)

(2) Cash paid relating to other operating activities

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Safety production expenses paid	42,646	85,313
Selling expenses, management expenses, research and development expenses cash payment	108,912	215,692
Bank handling fees paid	1,137	2,400
Rent and lease deposits paid relating to short-term leases and leases of low-value assets	2,319	3,870
Cash paid for transaction and others	1,073,894	474,919
Total	1,228,908	782,194

(3) Cash paid relating to other financing activities

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Repayment of principal and interest on lease liabilities	5,776	8,762
Others		
Total	5,776	8,762

(4) Changes of various liabilities arising from financing activities

		Cash change		Non-cash change			
Item	Opening balance	Cash inflow	Cash outflow	Accrued interest	Change in fair value	Others	Closing balance
Short-term borrowings	3,130,479	1,551,647	1,884,834	4,307			2,801,599
Long-term borrowings	4,713,268	613,768	485,733	-2,279			4,839,024
Lease liabilities	145,526		5,776	3,298	1,043		144,091
Total	7,989,273	2,165,415	2,376,343	5,326	1,043		7,784,714

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Supplementary Information on Cash Flow Statement

(1) Supplementary information on cash flow statement

Supplementary Information	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	87,749	83,057
Add: Asset impairment losses	42,765	16,424
Credit impairment losses	10,980	23,903
Depreciation of fixed assets	35,747	50,939
Depreciation of right-of-use assets	9,586	9,295
Amortization of intangible assets	2,838	2,675
Amortization of long-term deferred expenses	1,104	261
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are expressed in "-")	-263	-435
Losses on retirement of fixed assets (gains are expressed in "-")	14	20
Losses on changes in fair value (gains are expressed in "-")	-370	-1,025
Finance expenses (gains are expressed in "-")	181,511	172,638
Investment losses (gains are expressed in "-")	2,716	4,445
Decrease in deferred income tax assets (increase is expressed in "-")	-10,249	11,768
Increase in deferred income tax liabilities (decrease is expressed in "-")	-4,567	-18,955
Decrease in inventories (increase is expressed in "-")	32,551	-164,500
Decrease in operating receivables (increase is expressed in "-")	-1,168,067	-895,561
Increase in operational payables (decrease is expressed in "-")	238,903	465,191
Others	38,905	161,815
Net cash flows from operating activities	-498,147	-78,045
2. Material investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Additions to right-of-use assets	1,092	14,905
3. Net changes in cash and cash equivalents:		
Closing balance of cash	1,355,352	1,964,809
Less: Opening balance of cash	1,548,347	2,200,944
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-192,995	-236,135

Explanation: The endorsed bank acceptance bills that the Company received from sales of goods amounted to RMB681,567 thousand.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Supplementary Information on Cash Flow Statement (Continued)

(2) Net cash payment for acquisition of subsidiaries during the Period

Nil.

(3) Net cash received from disposal of subsidiaries during the Period

Nil.

(4) Composition of cash and cash equivalents

Item		June 30, 2026 (Unaudited)	December 31, 2025
I.	Cash	1,355,352	1,548,347
	Including: Cash on hand		
	Digital currency		
	Bank deposits available for payment at any time	1,355,352	1,548,347
	Other monetary funds available for payment at any time		
II.	Cash equivalents		
III.	Cash and cash equivalent at the end of the period	1,355,352	1,548,347
	Use of restricted cash and cash equivalents by the parent company or subsidiary within the Group	250,974	275,054

(5) Monetary funds not classified as cash and cash equivalents

Item	June 30, 2026 (Unaudited)	December 31, 2025	Reasons why they do not qualify as cash and cash equivalents
Security deposits for bank acceptance bills	106,053	128,554	Restricted use
Security deposits for letter of credit	35,634	27,429	Restricted use
Performance security deposits	23,624	45,148	Restricted use
Funds frozen by court	85,663	73,923	Restricted use
Total	250,974	275,054	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Monetary Items in Foreign Currency

(1) Monetary Items in Foreign Currency

Item	Closing balance in foreign currency	Exchange rate	Closing balance translated into RMB (Unit: Yuan)
Monetary funds			
Including: USD	3,511,657.11	6.8109	23,917,545.41
Hong Kong dollar	11,105,338.59	0.8686	9,645,541.83
AUD	1,484.35	4.6804	6,947.35
Franc	13,881,708,277.00	0.0008	10,799,969.04
VND	2,910,168.00	0.0003	753.73
Algerian Dinars	234,467,185.41	0.0513	12,018,787.92
Trade receivables			
Including: Algerian Dinars	711,329,895.04	0.0513	36,462,770.42
Contract assets			
Including: Algerian Dinars	2,913,267,330.67	0.0513	149,334,083.37
Prepayments			
Including: Algerian Dinars	96,956,841.20	0.0513	4,970,007.68
Trade payables			
Including: Algerian Dinars	1,244,830,772.14	0.0513	63,810,025.38
Total			310,966,432.13

(2) Overseas operating entities

Significant overseas operating entities	Major overseas operating locations	Accounting Currency	Selection basis
Son Tay Viet Nam Construction Co., Ltd.	Viet Nam	VND	daily operating activities
Australia Shan'an Construction Engineering Pty Limited	Australia	AUD	daily operating activities
SHAN AN CONSTRUCTION PTY LTD	Australia	AUD	daily operating activities
Fu'erjia Co., Ltd.	Hong Kong	Hong Kong dollar	daily operating activities

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

V. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

60. Leases

(1) As a lessee

Item	June 30, 2026 (Unaudited)
Short-term lease expenses	2,319
Low-value lease expenses	
Variable lease payments not included in the measurement of lease liabilities	
Total	2,319

(2) As a lessor

Operating lease

1 Lease income

Item	June 30, 2026 (Unaudited)
Lease income	35,973
Including: income related to variable lease payments not included in lease receipts	

2 The amount of undiscounted lease receipts to be received in each of the five consecutive fiscal years after the balance sheet date and the total amount of undiscounted lease receipts to be received in the remaining years.

After the balance sheet date	June 30, 2026 (Unaudited)	December 31, 2025
First year	12,852	15,764
Second year	5,898	10,884
Third year	3,623	4,039
Fourth year	3,598	3,620
Fifth year	328	3,620
More than five years	3,532	3,165
Total	29,831	41,092

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VI. RESEARCH AND DEVELOPMENT EXPENDITURES

Item	January to June 2026 (Unaudited) Expensed amount	January to June 2026 (Unaudited) Capitalised amount	January to June 2025 (Unaudited) Expensed amount	January to June 2025 (Unaudited) Capitalised amount
Material costs	57,087		130,158	
Labor costs	26,674		32,098	
Rental expense	3,394		5,872	
Depreciation expenses	1,451		799	
Others	5,018		3,949	
Total	93,624		172,876	

VII. INTEREST IN OTHER ENTITIES

1. Equity in subsidiaries

(1) Composition of corporate group

Name of subsidiaries	Registered capital (RMB ten thousand)	Principal place of business	Place of registration	Business nature	Shareholding ratio % Direct	Shareholding ratio % Indirect	Way of acquisition
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	10,178.25	Taiyuan, Shanxi	Taiyuan, Shanxi	Scientific research and technical service sector	56.77		1
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.	30,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1
Shanxi Shan'an Lide Environmental Technology Co., Ltd.	10,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Water conservancy, environment and public facilities management	100.00		1
Shanxi Shan'an Biquan Haimian City Technology Co., Ltd.	10,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1
Shanxi Zhuo'an Materials Trading Co., Ltd.	3,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Wholesale and retail trade	100.00		1
Shanxi Ningyang Energy Co., Ltd.	3,000.00	Daning County, Shanxi	Daning County, Shanxi	Electricity, heating, gas and water production and supply industry	51.00		3
Guangdong Shan'an Construction Engineering Co., Ltd.	10,000.00	Guangzhou, Guangdong	Guangzhou, Guangdong	Construction industry	100.00		1
Shanghai Shan'an Construction Engineering Co., Ltd.	10,000.00	Shanghai	Shanghai	Construction industry	100.00		1
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	3,000.00	Jinzhong, Shanxi	Jinzhong, Shanxi	Water conservancy, environment and public facilities management	49.00	5.00	1

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VII. INTEREST IN OTHER ENTITIES (Continued)

1. Equity in subsidiaries (Continued)

(1) Composition of corporate group (Continued)

Name of subsidiaries	Registered capital (RMB ten thousand)	Principal place of business	Place of registration	Business nature	Shareholding ratio % Direct	Indirect	Way of acquisition
Shanxi Shan'an Maode Electricity Supply Co., Ltd.	2,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	4,188.00	Gaoping, Shanxi	Gaoping, Shanxi	Investment, construction and operation of municipal road projects	95.00		1
Lingchuan Shan'an Construction Development Co., Ltd.	5,471.20	Lingchuan County, Shanxi	Lingchuan County, Shanxi	Lease and business services	90.00		1
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	6,092.76	Huguan County, Shanxi	Huguan County, Shanxi	Lease and business services	89.9999		1
Changzhi Shan'an Construction Development Co., Ltd.	4,000.00	Changzhi, Shanxi	Changzhi, Shanxi	Construction	90.00		1
Xinjiang Shan'an Waterwork Management Co., Ltd.	5,000.00	Xinjiang County, Shanxi	Xinjiang County, Shanxi	Water conservancy, environment and public facilities management	60.00	30.00	1
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	11,937.52	Xiyang County, Shanxi	Xiyang County, Shanxi	Water conservancy, environment and public facilities management	90.00		1
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	6,746.33	Qinshui County, Shanxi	Qinshui County, Shanxi	Culture, sports and entertainment	94.9999		1
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	11,762.00	Jiexiu, Shanxi	Jiexiu, Shanxi	Water conservancy, environment and public facilities management	75.00	5.00	1
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	2,994.23	Xiangyuan County, Shanxi	Xiangyuan County, Shanxi	Real estate	79.9999		1
Linfen Shan'an Waterwork Development Co., Ltd.	2,080.46	Linfen, Shanxi	Linfen, Shanxi	Electricity, heating, gas and water production and supply industry	85.6738	9.5195	1
Yangquan Shan'an Construction Development Co., Ltd.	13,000.00	Yangquan, Shanxi	Yangquan, Shanxi	Scientific research and technical service sector	80.00		1
Qinshui Shan'an Construction Development Co., Ltd.	17,086.35	Qinshui County, Shanxi	Qinshui County, Shanxi	Lease and business services	80.00		1
Son Tay Viet Nam Construction Co., Ltd.	96.8505	Viet Nam	Viet Nam	Construction	100.00		1

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VII. INTEREST IN OTHER ENTITIES (Continued)

1. Equity in subsidiaries (Continued)

(1) Composition of corporate group (Continued)

Name of subsidiaries	Registered capital (RMB ten thousand)	Principal place of business	Place of registration	Business nature	Shareholding ratio % Direct	Indirect	Way of acquisition
Australia Shan'an Construction Engineering Pty Limited	278.40	Australia	Australia	Construction	100.00		1
Chongqing Shan'an Construction Engineering Co., Ltd.	10,000.00	Chongqing	Chongqing	Construction	100.00		1
Hong'an Shan'an Construction Engineering Co., Ltd.	10,000.00	Rongcheng County, Hebei	Rongcheng County, Hebei	Construction	100.00		1
Shaanxi Shan'an Construction Engineering Co., Ltd.	10,000.00	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction	100.00		1
Guangxi Shan'an Construction Co., Ltd.	10,000.00	Wuzhou, Guangxi	Wuzhou, Guangxi	Construction	100.00		1
Shan'an Runxing New Energy (Lvliang) Co., Ltd.	1,000.00	Xingxian County, Shanxi	Xingxian County, Shanxi	Electricity, heating, gas and water production and supply industry	51.00		1
Liaoning Yingkou Shan'an New Energy Co., Ltd.	1,000.00	Gaizhou, Liaoning	Gaizhou, Liaoning	Scientific research and technical service sector	100.00		1
Shanxi Installation Xiaoyi Construction Engineering Co., Ltd.	4,000.00	Xiaoyi, Shanxi	Xiaoyi, Shanxi	Scientific research and technical service sector	51.00		1
Xiyang Shan'an New Energy Co., Ltd.	8,960.00	Xiyang County, Shanxi	Xiyang County, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	2,000.00	Changzhi, Shanxi	Changzhi, Shanxi	Scientific research and technical service sector	55.00		3
Taiyuan Yingze District Shan'an New Energy Co., Ltd.	100.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1
Ningwu Shan'an Lide Renewable Resources Utilization Co., Ltd.	5,081.00	Ningwu County, Shanxi	Ningwu County, Shanxi	Water conservancy, environment and public facilities management	42.00	43.00	1
Fu'erjia Co., Ltd.	–	Hong Kong	Hong Kong	Investment	100.00		3
Baode Shan'an New Energy Co., Ltd.	100.00	Baode County, Shanxi	Baode County, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1
Daning Shan'an Xinyuan Co., Ltd.	100.00	Daning County, Shanxi	Daning County, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VII. INTEREST IN OTHER ENTITIES (Continued)

1. Equity in subsidiaries (Continued)

(1) Composition of corporate group (Continued)

Name of subsidiaries	Registered capital (RMB ten thousand)	Principal place of business	Place of registration	Business nature	Shareholding ratio % Direct	Indirect	Way of acquisition
Fenxi Shan'an Xinyuan Co., Ltd.	500.00	Fenxi County, Shanxi	Fenxi County, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1
Shilou Shan'an New Energy Co., Ltd.	10,000.00	Shilou County, Shanxi	Shilou County, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1
Xiyang Shan'an Lvyuan New Energy Co., Ltd.	10,000.00	Xiyang County, Shanxi	Xiyang County, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1
Yangquan Shan'an New Energy Co., Ltd.	9,000.00	Yangquan, Shanxi	Yangquan, Shanxi	Electricity, heating, gas and water production and supply industry	100.00		1
Run'an New Energy (Ningwu) Co., Ltd.	100.00	Ningwu County, Shanxi	Ningwu County, Shanxi	Electricity, heating, gas and water production and supply industry	51.00		1
Changzhi Shan'an Zhihui Green Energy Co., Ltd.	4,032.00	Changzhi, Shanxi	Changzhi, Shanxi	Science and technology extension and application services	45.00	3.30	1
Liulin Shan'an Bluesky Heating Co., Ltd.	7,250.00	Lvliang, Shanxi	Lvliang, Shanxi	Electricity, heating, gas and water production and supply industry	10.00	51.0930	1
Charhar Youyi Houqi Shan'an Heat and Electricity Co., Ltd.	10,000.00	Ulanqab City, Inner Mongolia Autonomous Region	Ulanqab City, Inner Mongolia Autonomous Region	Electricity, heating, gas and water production and supply industry	20.00	34.0620	1
Siziwangqi Shan'an Thermal Power Co., Ltd.	23,964.07	Ulanqab City, Inner Mongolia Autonomous Region	Ulanqab City, Inner Mongolia Autonomous Region	Electricity, heating, gas and water production and supply industry	49.00	28.9527	1
Gaoping Xinshi Yangtian Solar Power Co., Ltd.	300.00	Gaoping, Shanxi	Gaoping, Shanxi	Electricity, heating, gas and water production and supply industry		100.00	1
Pingyao Shan'an Maode Solar Technology Co., Ltd.	10,000.00	Pingyao County, Shanxi	Pingyao County, Shanxi	Electricity, heating, gas and water production and supply industry		100.00	1
Shanxi Shan'an Deyuchen Energy Technology Co., Ltd.	3,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Scientific research and technical service sector		80.00	1
Wenshui Shan'an Biquan Waterwork Development Limited	2,142.20	Wenshui County, Shanxi	Wenshui County, Shanxi	Construction	49.00	51.00	1
Yuanping Shan'an Biquan Waterwork Development Limited	4,473.90	Yuanping, Shanxi	Yuanping, Shanxi	Construction	49.00	51.00	1

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VII. INTEREST IN OTHER ENTITIES (Continued)

1. Equity in subsidiaries (Continued)

(1) Composition of corporate group (Continued)

Name of subsidiaries	Registered capital (RMB ten thousand)	Principal place of business	Place of registration	Business nature	Shareholding ratio % Direct	Indirect	Way of acquisition
Shanxi Shan'an Lida Environmental Technology Co., Ltd.	5,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Scientific research and technical service sector		100.00	1
Hengshui Jizhou District Shan'an Heating Co., Ltd.	5,200.00	Jizhou District, Hengshui	Jizhou District, Hengshui	Heat production supply		56.77	1
Jincheng Shan'an Jingyu Waterwork Development Co., Ltd.	7,981.12	Zezhou County, Jincheng	Zezhou County, Jincheng	Technology promotion services	55.00		1
SHAN AN CONSTRUCTION PTY LTD	–	Australia	Australia	Construction	100.00		1

Way of acquisition: 1. Establishment by investment; 2. Business combination under common control; 3. Business combination not under common control; 4. Others.

(2) Significant non-wholly-owned subsidiaries

Name of subsidiaries	Shareholding ratio of minority shareholders %	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders	Closing balance of minority shareholders' equity
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	43.23	25,150		465,724
Shanxi Ningyang Energy Co., Ltd.	49.00	2,600		25,302
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	10.00	704		18,754
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	23.65	985		29,436
Xinjiang Shan'an Waterwork Management Co., Ltd.	35.48	2,659		53,567

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VII. INTEREST IN OTHER ENTITIES (Continued)

1. Equity in subsidiaries (Continued)

(3) Main financial information of significant non-wholly-owned subsidiaries

	June 30, 2026					
Name of subsidiaries	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	862,221	1,013,725	1,875,946	310,819	572,774	883,593
Shanxi Ningyang Energy Co., Ltd.	27,730	182,275	210,005	159,008	–	159,008
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	136,886	526,697	663,583	188,695	283,193	471,888
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	47,263	408,742	456,005	90,507	241,528	332,035
Xinjiang Shan'an Waterwork Management Co., Ltd.	113,428	485,738	599,166	128,440	324,750	453,190

Continued (1):

	December 31, 2025					
Name of subsidiaries	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	891,399	910,606	1,802,005	296,818	583,609	880,427
Shanxi Ningyang Energy Co., Ltd.	12,950	186,471	199,421	154,473		154,473
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	146,986	508,695	655,681	181,645	289,380	471,025
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	25,179	424,389	449,568	72,134	262,641	334,775
Xinjiang Shan'an Waterwork Management Co., Ltd.	118,117	472,123	590,240	139,661	312,099	451,760

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VII. INTEREST IN OTHER ENTITIES (Continued)

1. Equity in subsidiaries (Continued)

(3) Main financial information of significant non-wholly-owned subsidiaries (Continued)

Continued (2):

Name of subsidiaries	January to June 2026 Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	286,691	59,975	59,975	52,143
Shanxi Ningyang Energy Co., Ltd.	129,613	5,307	5,307	6,475
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	520	7,038	7,038	18,107
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	269	4,163	4,163	17,749
Xinjiang Shan'an Waterwork Management Co., Ltd.	1,887	7,494	7,494	8,484

Continued (3):

Name of subsidiaries	January to June 2025 Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	291,712	64,054	64,054	15,594
Shanxi Ningyang Energy Co., Ltd.	73,831	-5,970	-5,970	7,607
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	520	7,659	7,659	21,807
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.		4,506	4,506	21,300
Xinjiang Shan'an Waterwork Management Co., Ltd.	1,887	5,891	5,891	24,463

2. Business Combination not under Common Control

Nil.

VII. INTEREST IN OTHER ENTITIES (Continued)

3. Business combination under common control

Business combination under common control in current period

Name of the combined party	Equity proportion acquired in business combination	Basis for determining whether transactions constitute a business combination under common control	Date of combination	Determination basis of date of combination	Revenue of the combined party from the beginning of the period of combination to the date of combination	Net profit of the combined party from the beginning of the period of combination to the date of combination	Revenue of the combined party in the previous period	Net profit of the combined party in the previous period
Shanxi Construction Investment International Investment Co., Ltd.	70%	The actual controller is Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司)	April 8, 2026	Payment of the transaction price and obtaining control	0.00	-437	0.00	-7,292

Combination costs

Item	Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司)
Cash	20,100
Carrying amount of non-cash assets	
Carrying amount of debts issued or committed	38,444
Nominal amount of equity securities issued	
Contingent consideration	
Total consolidation cost	58,544

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VII. INTEREST IN OTHER ENTITIES (Continued)

3. Business combination under common control (Continued)

The assets and liabilities of the combined party

The carrying amounts of the assets and liabilities of Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司) at the date of combination and the balance sheet date of previous accounting period are as follows:

Item	Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司) Date of combination	At the end of previous period
Assets:	94,240	94,518
Monetary funds	2	1
Trade receivables	12,176	12,176
Other receivables	2,372	2,639
Other current assets	1	1
Long-term equity investments	79,515	79,515
Fixed assets	151	163
Intangible assets	15	15
Deferred income tax assets	8	8
Liabilities:	8,519	8,361
Employee remuneration payables	188	88
Tax payables	1	3
Other payables	8,330	8,270
Net assets	85,721	86,157
Less: Minority interest		
Net assets acquired upon combination	60,004	
Combination costs	58,544	
Consolidation difference (recognized in equity)	1,460	

4. Disposals of Subsidiaries

Nil.

5. Other Reasons for the Change in Scope of Consolidation

(1) Newly-established subsidiaries of the Company in current period:

Name of subsidiaries	Date of establishment	Major operating areas	Registered address	Business nature	Share capital (RMB ten thousand)	Shareholding ratio % Direct	Indirect	Way of acquisition
Hengshui Jizhou District Shan'an Heating Co., Ltd. (衡水市冀州區山安熱力有限公司)	2026-5-6	Jizhou District, Hengshui	Jizhou District, Hengshui	Heat production supply	5,200.00		56.77	Newly established
Jincheng Shan'an Jingyu Waterwork Development Co., Ltd.	2026-2-11	Zezhou County, Jincheng	Zezhou County, Jincheng	Technology promotion services	7,981.12	55.00		Newly established

VII. INTEREST IN OTHER ENTITIES (Continued)

5. Other Reasons for the Change in Scope of Consolidation (Continued)

(2) The Company's cancellation or liquidation of subsidiaries during the current period:

Nil.

6. Interests in Joint Venture Arrangements or Associates

(1) Significant joint ventures or associates

Name of joint ventures and associates	Major operating areas	Registered address	Business nature	Shareholding ratio (%) Direct	Indirect	Accounting treatment for investment in joint ventures or associates
I. Joint venture						
II. Associate						
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Steel structure construction engineering	20		Equity method
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Exploitation and utilization of renewable energy sources	40		Equity method
Shanxi Jiantou Cloud Data Technology Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Software and information technology services	20		Equity method
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	Linfen, Shanxi	Linfen, Shanxi	Sales of non-metallic mineral products	10		Equity method
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Leasing, maintenance of construction equipment and general machinery and equipment and construction labor subcontracting	20		Equity method
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership) (hereinafter referred to as "Jinjian Shan'an") (note 1)	Taiyuan, Shanxi	Taiyuan, Shanxi	Private equity investment fund management and venture capital fund management services	74		Equity method
Taiyuan Xie'an Property Service Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Catering service and property management	49		Equity method
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	Zhangzi, Shanxi	Zhangzi, Shanxi	Construction project management on flood control and drainage	26.40		Equity method
Shanxi Hangchan New Energy Co., Ltd. (hereinafter referred to as "Hangchan New Energy")	Taiyuan, Shanxi	Taiyuan, Shanxi	Power generation, power transmission and power supply	15.00		Equity method

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VII. INTEREST IN OTHER ENTITIES (Continued)

6. Interests in Joint Venture Arrangements or Associates (Continued)

(1) Significant joint ventures or associates (Continued)

Name of joint ventures and associates	Major operating areas	Registered address	Business nature	Shareholding ratio (%) Direct	Indirect	Accounting treatment for investment in joint ventures or associates
Fuxin Shan'an Mingyang Electricity Energy Co., Ltd. (previously known as "Yingkou Shan'an Mingyang Electricity Energy Co., Ltd.")	Yingkou, Liaoning	Yingkou, Liaoning	Power generation, power transmission and power supply	49.00		Equity method
Envision Enterprise Investment Limited* (遠景企業投資有限公司)	Hong Kong	Hong Kong	Investment management		40.00	Equity method
Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. (note 2)	Changzhi, Shanxi	Changzhi, Shanxi	Ecological protection and environmental governance	25.00	24.00	Equity method
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. (note 3)	Linfen, Shanxi	Linfen, Shanxi	Ecological protection and environmental governance	24.00	25.00	Equity method
Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. (note 4)	Yangquan, Shanxi	Yangquan, Shanxi	Ecological protection and environmental governance	24.00	25.00	Equity method

Note 1: The Company owned 74% equity interest in Jinjian Shan'an, pursuant to the partnership agreement, the decisions on operating and financial policies is governed by the investment committee. The two-thirds of the committee members is appointed by the general partner of Jinjian Shan'an, an independent third party. The Company only possesses significant influence over the operating and financial policies of Jinjian Shan'an through the power to appoint the remaining one-third of committee members of the investment committee. The Company only possesses significant influence over Jinjian Shan'an, therefore, it is classified as an associate of the Company.

Note 2: Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. was established in December 2024. The Company directly and indirectly owns Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. 49% equity interest in, and is entitled to appoint two of the five directors of the board of directors of Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.. The management has assessed the Company's involvement in Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd., and considers that it has a significant influence over Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.. Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. is listed as an associate of the Company.

Note 3: Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. was established in April 2025. The Company directly and indirectly owns Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. 49% equity interest in, and is entitled to appoint two of the five directors of the board of directors of Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.. The management has assessed the Company's involvement in Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. and considers that it has a significant influence over Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.. Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. is listed as an associate of the Company.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VII. INTEREST IN OTHER ENTITIES (Continued)

6. Interests in Joint Venture Arrangements or Associates (Continued)

(1) *Significant joint ventures or associates (Continued)*

Note 4: Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. was established in April 2025. The Company directly and indirectly owns Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. 49% equity interest in, and is entitled to appoint two of the five directors of the board of directors of Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.. The management has assessed the Company's involvement in Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd., and considers that it has a significant influence over Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.. Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. is listed as an associate of the Company.

Note 5: Envision Enterprise Investment Limited* (遠景企業投資有限公司) was established in August 2018 and was formed through a business combination under common control of Shanxi Construction Investment International Investment Co., Ltd. during the current period. Shanxi Construction Investment International Investment Co., Ltd. holds a 40% equity interest in Envision Enterprise Investment Limited* (遠景企業投資有限公司) and has the right to appoint two of the five directors on the board of directors of Envision Enterprise Investment Limited. The management has assessed the Company's involvement in Envision Enterprise Investment Limited* (遠景企業投資有限公司), and considers that it has a significant influence over Envision Enterprise Investment Limited* (遠景企業投資有限公司), which is listed as an associate of the Company.

(2) *Main financial information of significant joint ventures or associates*

Item	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.		Envision Enterprise Investment Limited* (遠景企業投資有限公司)		Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)		Shanxi Transformation Comprehensive Reform Demonstration Zone Shanxi Xiaohe Construction Industry Co., Ltd.	
	January to June 2026 (Unaudited)	December 31, 2025	January to June 2026 (Unaudited)	December 31, 2025	January to June 2026 (Unaudited)	December 31, 2025	January to June 2026 (Unaudited)	December 31, 2025
Current assets	56,965	61,044	92,470	118,564	120,050	120,082	1,134	2,805
Non-current assets	111,079	115,658	805,917	826,504			181,228	181,663
Total assets	168,044	176,702	898,387	945,068	120,050	120,082	182,362	184,468
Current liabilities	108,831	118,102	712,331	745,143		31	102,376	87,820
Non-current liabilities	10,186	11,072					18,999	30,879
Total liabilities	119,017	129,174	712,331	745,143		31	121,375	118,699
Net assets	49,027	47,528	186,056	199,925	120,050	120,051	60,987	65,769
Proportionate share in net assets	19,616	19,017	74,721	79,515	89,037	89,038	12,034	12,991
Adjustments								
Carrying amount of investments in associates	17,129	17,092	74,721	79,515	89,037	89,038	12,034	12,991
Fair value of equity investments with quoted price								
Operating revenue	14,058	31,634	28,605	71,986		909		3,257
Net profit	1,499	3,835	-13,869	-11,750	-1	-24	-2,125	-5,216
Other comprehensive income								
Total comprehensive income	1,499	3,835	-13,869	-11,750	-1	-24	-2,125	-5,216
Dividends from associates received in current period		1,516						

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VII. INTEREST IN OTHER ENTITIES (Continued)

6. Interests in Joint Venture Arrangements or Associates (Continued)

(3) *Summarized information of insignificant joint ventures and associates*

Item	June 30, 2026	December 31, 2025
Joint ventures:		
Total carrying amount of investments		
Total of the following by shareholding ratio		
Net profit		
Other comprehensive income		
Total comprehensive income		
Associates:		
Total carrying amount of investments	158,730	130,166
Total of the following by shareholding ratio		
Net profit	1,325	3,822
Other comprehensive income		
Total comprehensive income	1,325	3,822

VIII. GOVERNMENT SUBSIDIES

1. Government subsidies included in deferred income

Classification	December 31, 2025	New grants during the period	Amount included in profit or loss in the period	Other changes	June 30, 2026 (Unaudited)
Government grants related to assets	26,373	11,120	2,158		35,335
Government grant related to income					
Total	26,373	11,120	2,158		35,335

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VIII. GOVERNMENT SUBSIDIES (Continued)

1. Government subsidies included in deferred income (Continued)

Government subsidies included in deferred income subsequently measured by adopting the gross amount method

Category	December 31, 2025	New grants during the period	Amount transferred to profit or loss in the current period	Other changes	June 30, 2026 (Unaudited)	Presented item transferred to profit or loss in the current period
Government grants related to assets:						
Waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohe Industrial Park Financial allocation	15,813		1,438		14,375	Other income
Jinzhong urban construction waste resource utilization concession project	5,929		404		5,525	Other income
Construction waste resource utilization concession project	4,631		316		4,315	Other income
Provincial capital construction funding for pilot construction of green power industrial parks		11,120			11,120	
Total	26,373	11,120	2,158		35,335	

2. Government subsidies included in current profit and loss by the gross amount method

Category	Amount included in profit or loss for January to June 2026	Amount included in profit or loss for January to June 2025	Presented item transferred to profit or loss
Waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohe Industrial Park Financial allocation	1,438	1,438	Other income
Jinzhong urban construction waste resource utilization concession project	720		Other income
Digital transformation project subsidies for small and medium-sized enterprises in Taiyuan – Taiyuan Municipal Bureau of Industry and Information Technology	200		Other income
Project awards for "Special and new" small and medium-sized enterprises	100		Other income
Maternity leave subsidies from the Human Resources and Social Security Bureau	5		Other income
Employment stabilisation subsidy	1	79	Other income

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

VIII. GOVERNMENT SUBSIDIES (Continued)

2. Government subsidies included in current profit and loss by the gross amount method (Continued)

Category	Amount included in profit or loss for January to June 2026	Amount included in profit or loss for January to June 2025	Presented item transferred to profit or loss
Reward for high-income enterprise		600	Other income
Vocational skills improvement training subsidy fund		300	Other income
Reward for industrial enterprises of large scale with stable growth – Financial Management and Operation Department of Shanxi Transformation and Comprehensive Reform Demonstration Zone Administration Committee		300	Other income
2024 engineering and construction local standard subsidy fees		100	Other income
Interest subsidy for equipment update and modification – Shanxi Provincial Development and Reform Commission 4.9		29	Other income
Job expansion subsidy for recent graduates		4	Other income
Total	**2,464**	2,850	

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Major financial instruments of the Company include monetary funds, bills receivable, trade receivables, receivables financing, other receivables, non-current assets due within one year, other current assets, investments in other equity instruments, bill payables, trade payables, other payables, short-term borrowings, non-current liabilities due within one year, long-term borrowings and lease liabilities. Details of financial instruments are disclosed in related notes. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these exposures to ensure that the above risks are controlled in a limited extent.

1. Risk Management Objectives and Policies

Risks associated with the financial instruments of the Company mainly include credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and commodity price risk).

The Company's objectives in risk management are to achieve an appropriate balance between risk and return, minimizing the negative impact of risk on the Company's operating performance to the lowest level, and maximizing the interests of shareholders and other equity investors. Based on the risk management objectives, the Company's fundamental strategy for risk management is to identify and analyse various risks faced by the Company, establish appropriate risk tolerance thresholds, and conduct risk management. Additionally, timely and reliable supervision of various risks is carried out to control risks within defined limits.

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

1. Risk Management Objectives and Policies (Continued)

The Board is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and relevant guidelines and overseeing the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks and cover various aspects such as market risk, credit risk and liquidity risk management. The Company regularly assesses changes in the market environment and the Company's operating activities to determine whether to update its risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and mitigates related risks through close cooperation with other business units of the Company. The Company's internal audit department conducts regular audit on the risk management control and procedures and reports the audit results to the Company's Audit Committee.

The Company diversifies its exposure to financial instruments through an appropriate mix of diversified investments and businesses and reduces its exposure to a single industry, specific region or specific counterparty by developing appropriate risk management policies.

(1) Credit risk

Credit risk refers to risk associated with the default of contract obligation of a transaction counterparty resulting in financial losses to the Company.

The Company manages credit risk on a group basis. Credit risk mainly arises from bank deposits, bills receivable, trade receivables, and other receivables.

The Company's bank deposits are mainly placed with reputable financial institutions with high credit ratings. The Company expects that there is no significant credit risk for the bank deposits.

The Company has policies to limit the credit risk exposure on bills receivable, trade receivables and other receivables. The Company assesses the customer's creditworthiness based on their financial position, credit history, and other factors such as the current market conditions, and sets the corresponding credit period. The Company will regularly monitor customer credit records. For customers with poor credit records, the Company will use methods such as written payment reminders, shortening the credit period, or cancelling the credit period to ensure that the overall credit risk of the Company is limited to a controllable extent.

The debtors of the Company's trade receivables are customers in different industries and regions. The Company continuously conducts credit assessments on the financial status of trade receivables and purchases credit guarantee insurance when appropriate.

The maximum credit risk exposure borne by the Company is the carrying amount of each financial asset in the balance sheet. The Company is also exposed to credit risk arising from financial guarantees provided.

Of the Company's trade receivables, the trade receivables from the top five customers accounted for 17.06% of the Company's total trade receivables (2025: 13.95%); and of the Company's other receivables, the other receivables from the top five companies accounted for 78.21% of the Company's total other receivables (2025: 79.61%).

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

1. Risk Management Objectives and Policies (Continued)

(2) *Liquidity risk*

Liquidity risk refers to the risk that the Company is short of funds when performing its settlement obligations by delivery of cash or other financial assets.

When managing liquidity risk, the Company maintains and monitors cash and cash equivalents that management deems sufficient to meet the Company's operational needs and reduce the impact of cash flow fluctuations. The management of the Company monitors the use of bank loans and ensures compliance with the loan agreements. At the same time, the Company obtains commitments from major financial institutions to provide sufficient reserve funds, so as to meet short-term and long-term funding needs.

The Company raises operating funds through the funds generated from its business operations, bank loans and other borrowings. As at the end of the period, the unutilized banking facilities of the Company amounted to RMB10,067,202,800 (the end of last year: RMB9,665,766,900).

The Company also considers negotiating with suppliers to extend payment terms through supplier financing arrangements or obtaining early funding by selling long-aged accounts receivable, thereby alleviating cash flow pressure.

At the end of the period, the financial liabilities and off-balance sheet guarantee items held by the Company were analyzed according to the maturity period of the undiscounted remaining contractual cash flows as below (Unit: RMB thousand):

	June 30, 2026 (Unaudited)			
Item	Within one year	From one year to five years	Over five years	Total
Financial liabilities:				
Short-term borrowings	2,801,599			2,801,599
Bill payables	2,229,500			2,229,500
Trade payables	10,014,446			10,014,446
Other payables	652,028			652,028
Other current liabilities (excluding deferred income)	774,877			774,877
Long-term borrowings	513,627	3,218,099	1,981,479	5,713,205
Lease liabilities	19,925	56,806	123,555	200,286
Guarantees provided to external parties	9,306			9,306
Total financial liabilities and contingent liabilities	17,015,308	3,274,905	2,105,034	22,395,247

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

1. Risk Management Objectives and Policies (Continued)

(2) Liquidity risk (Continued)

At the end of last year, the financial liabilities and off-balance sheet guarantee items held by the Company were analyzed according to the maturity period of the undiscounted remaining contractual cash flows as below (Unit: RMB thousand):

	December 31, 2025			
Item	Within one year	From one year to five years	Over five years	Total
Financial liabilities:				
Short-term borrowings	3,130,479			3,130,479
Bill payables	2,034,671			2,034,671
Trade payables	9,892,334			9,892,334
Other payables	581,756			581,756
Other current liabilities (excluding deferred income)	817,294			817,294
Long-term borrowings	736,375	2,758,064	1,964,700	5,459,139
Lease liabilities	20,462	73,984	110,501	204,947
Guarantees provided to external parties	6,688			6,688
Total financial liabilities and contingent liabilities	17,220,059	2,832,048	2,075,201	22,127,308

The amount of financial liabilities as disclosed in the above table represents the undiscounted contractual cash flow and thus it might be different from the carrying amount in the balance sheet.

The maximum guarantee amount for signed guarantee contracts does not represent the amount to be paid.

(3) Market risk

Market risk of financial instruments refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices, including interest rate risk, exchange rate risk, and other price risks.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument fluctuate due to market rate changes. Interest rate risk arises from recognized interest-bearing financial instruments and unrecognized financial instruments (such as certain loan commitments).

The Company's interest rate risk arises mainly from long-term bank borrowings and other long-term interest-bearing debts. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular reviews and monitoring.

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

1. Risk Management Objectives and Policies (Continued)

(3) Market risk (Continued)

Interest rate risk (Continued)

The Company closely monitors the impact of interest rate changes on the Company's interest rate risk. The Company does not have an interest rate hedging policy. However, the management is responsible for monitoring interest rate risk and will consider hedging significant interest rate exposure if necessary. An increase in interest rate will increase the cost of new interest-bearing debts as well as interest expense on the Company's outstanding interest-bearing debts with floating interest rates, and have a material adverse effect on the Company's financial results. The management will make timely adjustments based on the latest market conditions, which may be in the form of interest rate swaps arranged to reduce interest rate risk.

Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument fluctuate due to changes in foreign exchange rates. The exchange rate risk mainly comes from financial instruments denominated in foreign currencies other than the accounting currency.

Exchange rate risk mainly represents the exposure of the Company's financial position and cash flows to fluctuations in foreign exchange rates. The proportion of foreign currency assets and liabilities held by the Company to the overall assets and liabilities is insignificant. Therefore, the Company considers that the exposure to exchange rate risk is insignificant.

Other price risks

Other price risks refer to the risks of fluctuations due to changes in market price other than exchange rate risk and interest rate risk, whether these changes are caused by factors related to individual financial instruments or their issuers, or by factors related to all similar financial instruments traded in the market. Other price risks may arise from changes in commodity prices, stock market indices, equity instrument prices and other risk variables.

2. Capital Management

The Company's capital management policy aims to ensure its ability to continue operating, thereby providing returns to shareholders and benefits to other stakeholders, while maintaining an optimal capital structure to minimize capital costs.

To maintain or adjust the capital structure, the Company may modify financing methods, adjust dividend paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or dispose of assets to reduce debts.

The Company monitors the capital structure with the gearing ratio (calculated by dividing total liabilities by total assets). At the end of the period, the Company's gearing ratio was 86.83% (at the end of last year: 86.61%).

The Company utilizes the gearing ratio to monitor its capital. Such ratio is calculated by dividing net debts by total capital. Net debts represents total borrowings (including short-term borrowings, long-term borrowings due within one year and bonds payable, long-term borrowings and bonds payable, among other things) 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.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

2. Capital Management (Continued)

As at the balance sheet date, the Company's gearing ratio is as below:

Item	June 30, 2025 (Unaudited)	December 31, 2025
Short-term borrowings	2,801,599	3,130,479
Long-term borrowings due within one year	341,843	555,738
Bonds payable due within one year		
Long-term borrowings	4,497,181	4,157,530
Bonds payable		
Less: Cash balance presented in the statement of cash flow	1,355,352	1,548,347
Net debt	6,285,271	6,295,400
Shareholders' equity	3,593,570	3,489,977
Total capital	9,878,841	9,785,377
Gearing ratio	63.62%	64.33%

3. Transfer of Financial Assets

(1) Classification of transfer methods

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Basis for determining derecognition
Endorsement of bills receivable	Endorsement of bank acceptance bills	541,785	Of which: 9+6 Endorsement of bank acceptance bills amounting to 459,678 thousand was derecognised	For 9+6 bank bills, as the bank acceptance bills were honored by banks with higher credit ratings, the credit risk and deferred payment risk were very small, and the interest rate risk related to the bills had been transferred to the banks. It was determined that the major risks and rewards of the ownership of the bills had been transferred, so these bills were derecognised

(2) Financial assets derecognised as a result of transfer

Item	Transfer method	Amount derecognized	Gains or losses related to derecognition
Bills receivable	Endorsement of bank acceptance bills	459,678	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

3. Transfer of Financial Assets (Continued)

(2) Financial assets derecognised as a result of transfer (Continued)

The book value of the bank acceptance bills endorsed by the Company to suppliers for settlement of trade payables and discounted with banks amounted to RMB541,785 thousand. The Company believes that, among them, the bills receivable with a book value of RMB459,678 thousand (December 31, 2025: RMB173,006 thousand) had transferred substantially all the risks and rewards upon discounting and met the conditions for derecognition for financial assets. Therefore, the relevant bills receivable were derecognized. The maximum exposure from the Group's continuing involvement in such derecognised bills receivable and the undiscounted cash flow for the repurchase of such bills equal to the carrying amounts of the bills receivable. The Company is of the view that the fair value of continuous involvement in the derecognised bill receivable is insignificant.

X. FAIR VALUE

The level in which fair value measurement is categorized is determined by the lowest level of inputs that are significant to the overall measurement in fair value measurement. The levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than market quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as a price) or indirectly (i.e., derived from price).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) Items and amounts measured at fair value

At the end of the period, assets and liabilities measured at fair value are presented according to the above three levels as follows:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Financial assets held for trading				
(II) Derivative financial assets				
(III) Receivables financing			43,436	43,436
(IV) Non-current assets due within one year				
(V) Investments in other debentures				
(VI) Investments in other equity instruments			142,525	142,525
(VII) Other non-current financial assets				
(VIII) Investment property			189,359	189,359
1. Leased land use rights				
2. Leased buildings			189,359	189,359
3. Land use rights held for transfer after appreciation				
Total assets measured at fair value on a recurring basis			375,320	375,320

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

X. FAIR VALUE (Continued)

(1) Items and amounts measured at fair value (Continued)

During the year, there were no transfers between Level 1 and Level 2 in the fair value measurement of the Company's financial assets and financial liabilities, and there were no transfers into or out of Level 3.

For financial instruments traded in active markets, the Company determines their fair value based on their quoted prices in active markets; and for financial instruments not traded in active markets, the Company uses valuation techniques to determine their fair value. The valuation models used mainly include the discounted cash flow model and the market comparable company model. The inputs for valuation techniques mainly include risk-free rate, benchmark rate, exchange rate, credit spread, liquidity premium, and discount for lack of marketability.

(2) Quantitative information of important unobservable input values used in level 3 fair value measurement

Content	Closing fair value	Valuation techniques	Unobservable inputs	Range (weighted average)
Equity instrument investment:				
Non-listed equity investment		Market approach (enterprise value multiple)	PB multiplier Liquidity discount	1.12–2.15 (1.54) 26.93%–28.81% (28.24%)
Investment properties:				
Commercial properties		Market approach (listed companies comparison approach)	Unit price per square meters	4,450.88–11,097.02 (9,867.81)

(3) Reconciliation of fair value measurements categorized in Level 3 of the fair value hierarchy

Item (Amount for the period)	2025 December 31	Transfer to Level 3	Transfer out of Level 3	Total gain or loss for the period: Recognised in profit or loss	Total gain or loss for the period: Recognised in other comprehensive income	Purchase, issuance, sale and settlement: Purchase	Issuance	Sale	Settlement	June 30, 2026 (Unaudited)	Movements in unrealized gains or losses for the period through profit or loss for assets held at the end of the reporting period
Receivables financing	8,049								35,387	43,436	
Investments in other equity instruments	154,215				-11,690					142,525	-11,690
Investment properties:	188,989			370						189,359	
Leased land use rights											
Leased buildings	188,989			370						189,359	
Total	351,253			370	-11,690				35,387	375,320	-11,690

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

X. FAIR VALUE (Continued)

(3) Reconciliation of fair value measurements categorized in Level 3 of the fair value hierarchy (Continued)

Among which, profit and loss included in current profit or loss relating to financial assets and non-financial assets was analysed as follows:

Item (Amount for the period)	Profit or loss relating to financial assets	Profit or loss related to non-financial assets
Total current gains or losses included in profit or loss		370
Movements in unrealized gains or losses for the period through profit or loss for assets held at the end of the reporting period	-11,689	

Continued:

Item (Amount for the last period)	2024 December 31	Transfer to Level 3	Transfer out of Level 3	Total gain or loss for the period: Recognized in profit or loss	Total gain or loss for the period: Recognized in other comprehensive income	Purchase, issuance, sale and settlement: Purchase	Purchase, issuance, sale and settlement: Issuance	Purchase, issuance, sale and settlement: Sale	Purchase, issuance, sale and settlement: Settlement	2025 December 31	Movements in unrealized gains or losses for the period through profit or loss for assets held at the end of the reporting period
Receivables financing	69,252								-61,203	8,049	
Investment in other equity instruments	147,832				6,383					154,215	6,383
Other non-current financial assets											
Investment properties:	187,722			1,267						188,989	
Leased land use rights											
Leased buildings	187,722			1,267						188,989	
Total	404,806			1,267	6,383				-61,203	351,253	6,383

Among them, profit and loss included in profit or loss for the previous period relating to financial assets and non-financial assets was analysed as follows:

Item (Amount for the last period)	Profit or loss relating to financial assets	Profit or loss related to non-financial assets
Total current gains or losses included in profit or loss		1,267
Movements in unrealized gains or losses for the period through profit or loss for assets held at the end of the reporting period	6,383	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

X. FAIR VALUE (Continued)

(4) Items and amounts not measured at fair value but for which fair value is disclosed

The financial assets and financial liabilities at amortised cost of the Company mainly include: cash, bills receivable, trade receivables, other receivables, short-term borrowings, bill payables, trade payables, other payables, long-term borrowings due within one year, long-term payables, long-term borrowings, and bond payables.

All financial instruments are carried at amounts not materially different from their fair value except as follows.

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent Company of the Company

Name of parent company	Registered Address	Business nature	Registered capital (RMB'0,000)	Shareholding of the parent company in the Company (%)	Voting right of the parent company in the Company (%)
Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司)	Taiyuan, Shanxi	Building construction	500,000.00	71.35	71.35

The parent company of the Company is Shanxi Construction Investment Group Co., Ltd. (山西建設投資集團有限公司) ("Shanxi CIG").

The ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province.

The changes in registered capital (paid-in capital) of the parent company during the reporting period are as follows:

Unit: RMB0'000

December 31, 2025	Additions	Decreases	June 30, 2026 (Unaudited)
500,000.00	–	–	**500,000.00**

2. Subsidiaries of the Company

See Note VII. 1 for details of the subsidiaries.

3. Joint Ventures and Associates of the Company

See Note VII. 6 for details of the significant joint ventures and associates.

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

3. Joint Ventures and Associates of the Company (Continued)

Other joint ventures or associates that entered into related party transactions with the Company during the current period, or had balances arising from related party transactions with the Company in prior periods, are set out below:

Name of joint ventures or associates	Relationship with the Company
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	Associates
Shanxi Hangchan New Energy Co., Ltd.	Associates
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	Associates
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	Associates
Shanxi Jiantou Cloud Data Technology Co., Ltd.	Associates
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	Associates
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Associates
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	Associates
Taiyuan Xie'an Property Service Co., Ltd.	Associates
Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	Associates
Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	Associates
Envision Enterprise Investment Limited* (遠景企業投資有限公司)	Associates
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	Associates

4. Other Related Parties of the Company

Name of Related Party	Relationship with the Company
Shanghai Rongda Investment Management Co., Ltd.	A shareholder of the Company having the same ultimate holding parent company
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate
Shanxi Hangchan New Energy Co., Ltd.	An associate
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	An associate
Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	An associate
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	An associate
Taiyuan Xie'an Property Service Co., Ltd.	An associate

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of Related Party	Relationship with the Company
Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate
Envision Enterprise Investment Limited* (遠景企業投資有限公司)	An associate
Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate
Beijing Guangheng Real Estate Development Co., Ltd.	A company under common control of the same controlling party
Beijing Jinta Construction Machinery Equipment Leasing Co., Ltd.	A company under common control of the same controlling party
Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the same controlling party
Jincheng Danhe Huasheng Real Estate Development Co., Ltd.	A company under common control of the same controlling party
Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under common control of the same controlling party
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under common control of the same controlling party
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the same controlling party
Shanjin International Trade (Hainan) Co., Ltd.	A company under common control of the same controlling party
Shanxi Aobo Construction Engineering Co., Ltd.	A company under common control of the same controlling party
Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Datongyu Engineering Tools Leasing Co., Ltd.	A company under common control of the same controlling party
Shanxi Low-carbon Environmental Protection Industry Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Low-carbon Environmental Protection Fushan Clean Energy Co., Ltd.	A company under common control of the same controlling party
Shanxi Second Construction Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Steel Structure Technology Industry Co., Ltd.	A company under common control of the same controlling party
Shanxi Plateau Geotechnical Engineering Survey Design Research Institute Co., Ltd.	A company under common control of the same controlling party
Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the same controlling party

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of Related Party	Relationship with the Company
Shanxi Huakong Kaidi Material Recycling Technology Co., Ltd.	A company under common control of the same controlling party
Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the same controlling party
Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Jianda Ready Mixed Concrete Co., Ltd.	A company under common control of the same controlling party
Shanxi Jiangong Construction Engineering Testing Co., Ltd.	A company under common control of the same controlling party
Shanxi Jiankan Geotechnical Engineering Co., Ltd.	A company under common control of the same controlling party
Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the same controlling party
Shanxi Construction Investment Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Construction Investment City Operation Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Jiantou International Construction Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the same controlling party
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the same controlling party
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the same controlling party
Shanxi Jiantou Changzhi Construction Industry Co., Ltd.	A company under common control of the same controlling party
Shanxi Jiantou Equipment Manufacturing Co., Ltd.	A company under common control of the same controlling party
Shanxi Jiantou Decoration Industry Co., Ltd.	A company under common control of the same controlling party
Shanxi Jianye Material Leasing Co., Ltd.	A company under common control of the same controlling party
Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Construction Equipment Tools Leasing Co., Ltd.	A company under common control of the same controlling party
Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under common control of the same controlling party
Shanxi Keyuan Construction Research and Testing Co., Ltd.	A company under common control of the same controlling party

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of Related Party	Relationship with the Company
Shanxi Lvjian Zhizao Decorative Aluminum Board Technology Co., Ltd.	A company under common control of the same controlling party
Shanxi Lvjian Housing Technology Co., Ltd.	A company under common control of the same controlling party
Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the same controlling party
Shanxi Third Construction Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Urban Renewal Construction Operation Management Co., Ltd.	A company under common control of the same controlling party
Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under common control of the same controlling party
Shanxi Architectural Research Institute Group Zhida Construction Co., Ltd.	A company under common control of the same controlling party
Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the same controlling party
Shanxi Construction Decoration Engineering Co., Ltd.	A company under common control of the same controlling party
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the same controlling party
Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the same controlling party
Shanxi Investment Planning Research Institute Co., Ltd.	A company under common control of the same controlling party
Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under common control of the same controlling party
Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Xiaohe New City Hotel Co., Ltd.	A company under common control of the same controlling party
Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the same controlling party
Shanxi Xu'an Real Estate Development Co., Ltd.	A company under common control of the same controlling party
Shanxi First Construction Group Co., Ltd.	A company under common control of the same controlling party
Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the same controlling party
Shanghai Jinjian Investment Construction Investment Co., Ltd.	A company under common control of the same controlling party

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of Related Party	Relationship with the Company
Shenzhen Waranty Asset Management Co., Ltd.	A company under common control of the same controlling party
Tengye Steel Structure Co., Ltd.	A company under common control of the same controlling party
Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the same controlling party
REN Rui	Chairman, secretary of the Communist Party Committee
ZHANG Yan	Vice chairman, deputy secretary of the Communist Party Committee, chairman of the labor's union
WANG Jianjun	Vice chairman, general manager
YUAN Yongfeng	Deputy general manager, member of the Communist Party Committee
TANG Hao	Deputy general manager, member of the Communist Party Committee
DU Jiang	former Secretary of the Discipline Inspection Commission, former member of the Communist Party Committee
MU Jianwei	Non-executive director
FENG Cheng	Non-executive director
ZHANG Hongjie	Non-executive director
XU Guanshi	Non-executive director
SHIN Chuck Yin	Independent Non-executive Director
GUO He	Independent Non-executive Director
WU Qiusheng	Independent Non-executive Director
WANG Jingming	Independent Non-executive Director
LIANG Bo	Chief engineer, member of the Communist Party Committee
GUO Xiaobing	Assistant to the general manager
ZHOU Saimei	The chief accountant
ZHANG Xiaodong	Secretary to the Board

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions

(1) Related party purchase and sales

1 Purchase of goods, receipt of services

Name of related party	Related party	Description of related party transaction	For the six months ended June 30, 2026 (Unaudited)	For the six months ended June 30, 2025 (Unaudited)
Shanxi Construction Investment Group Co., Ltd.	Parent company	Service fee, payment for construction, payment for materials		2,311
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	Labour fee, payment for construction, payment for materials	111,428	389,496
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	An associate	Payment for materials		3,479
Taiyuan Xie'an Property Service Co., Ltd.	An associate	Service fees	914	
Shanxi Steel Structure Technology Industry Co., Ltd.	A company under common control of the same controlling party	Payment for materials	136	
Shanxi Plateau Geotechnical Engineering Survey and Design and Research Institute Co., Ltd.	A company under common control of the same controlling party	Payment for construction	82	
Shanxi Construction Decoration Engineering Co., Ltd.	A company under common control of the same controlling party	Payment for construction	389	
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the same controlling party	Payment for materials	300	12,493
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the same controlling party	Payment for materials	5,880	1,178
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the same controlling party	Payment for materials	97,515	139,416

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(1) Related party purchase and sales (Continued)

1 Purchase of goods, receipt of services (Continued)

Name of related party	Related party	Description of related party transaction	For the six months ended June 30, 2026 (Unaudited)	For the six months ended June 30, 2025 (Unaudited)
Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the same controlling party	Service fees		116
Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the same controlling party	Service fees		24
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the same controlling party	Payment for materials, payment for construction	700	5,751
Shanxi Third Construction Group Co., Ltd.	A company under common control of the same controlling party	Payment for construction	586	127
Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the same controlling party	Payment for construction	850	17
Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the same controlling party	Payment for construction, service fee, labor fee	290	506
Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the same controlling party	Payment for construction		1,279
Shanxi First Construction Group Co., Ltd.	A company under common control of the same controlling party	Payment for construction		30
Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the same controlling party	Payment for construction		9,300

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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(1) Related party purchase and sales (Continued)

1 Purchase of goods, receipt of services (Continued)

Name of related party	Related party	Description of related party transaction	For the six months ended June 30, 2026 (Unaudited)	For the six months ended June 30, 2025 (Unaudited)
Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under common control of the same controlling party	Labour fee, payment for construction	3,930	3,426
Shanxi Jiantou Decoration Industry Co., Ltd.	A company under common control of the same controlling party	Payment for materials	64	1,810
Shanxi Lvjian Zhizao Decorative Aluminum Board Technology Co., Ltd.	A company under common control of the same controlling party	Payment for materials		48
Shanghai Jinjian Investment Construction Investment Co., Ltd.	A company under common control of the same controlling party	Payment for materials		1,000
Shanxi Investment Planning Research Institute Co., Ltd.	A company under common control of the same controlling party	Service fee, payment for construction	220	20
Shanxi Low-carbon Environmental Protection Industry Group Co., Ltd	A company under common control of the same controlling party	Payment for construction	1,219	1,809
Shanxi Fourth Construction Group Co., Ltd. Design Division	A company under common control of the same controlling party	Payment for construction		371
Shanxi Huaxia Safety and Environmental Technology Co., Ltd.	A company under common control of the same controlling party	Service fees	11	
Shanxi Shidai Construction Testing Co., Ltd.	A company under common control of the same controlling party	Service fees	149	

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(1) Related party purchase and sales (Continued)

2 Sales of goods and rendering of services

Name of related party	Related party	Description of related party transaction	For the six months ended June 30, 2026 (Unaudited)	For the six months ended June 30, 2025 (Unaudited)
Shanxi Construction Investment Group Co., Ltd.	Parent company	Revenue from construction engineering, non-construction income	115,955	249,202
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate	Revenue from construction engineering		1,465
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	An associate	Revenue from construction engineering		29
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	Non-construction income	29,808	377
Shanxi Hangchan New Energy Co., Ltd.	An associate	Revenue from construction engineering	46,714	
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	Revenue from construction engineering	295	
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	An associate	Non-construction income	116	
Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	Revenue from construction engineering	893	
Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	Non-construction income	6,586	
Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the same controlling party	Revenue from construction engineering	687	1,636

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(1) Related party purchase and sales (Continued)

2 Sales of goods and rendering of services (Continued)

Name of related party	Related party	Description of related party transaction	For the six months ended June 30, 2026 (Unaudited)	For the six months ended June 30, 2025 (Unaudited)
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the same controlling party	Revenue from construction engineering, non-construction income	395	308
Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the same controlling party	Revenue from construction engineering, non-construction income	3,035	2,911
Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the same controlling party	Revenue from construction engineering		14,276
Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the same controlling party	Non-construction income	333	57
Shanxi Second Construction Group Co., Ltd.	A company under common control of the same controlling party	Non-construction income		2
Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the same controlling party	Non-construction income		1
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the same controlling party	Non-construction income	398	607
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the same controlling party	Non-construction income	1,333	855

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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(1) Related party purchase and sales (Continued)

2 Sales of goods and rendering of services (Continued)

Name of related party	Related party	Description of related party transaction	For the six months ended June 30, 2026 (Unaudited)	For the six months ended June 30, 2025 (Unaudited)
Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the same controlling party	Non-construction income		216
Shanxi Xiaohe Construction Industry Co., Ltd.	A company under common control of the same controlling party	Non-construction income		1,357
Shanxi First Construction Group Co., Ltd.	A company under common control of the same controlling party	Non-construction income	186	10
Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the same controlling party	Revenue from construction engineering, non-construction income	10	203
Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under common control of the same controlling party	Revenue from construction engineering	107	
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the same controlling party	Non-construction income	190	
Shanxi Aobo Construction Engineering Co., Ltd.	A company under common control of the same controlling party	Non-construction income	2,127	
Shanxi Low-carbon Environmental Protection Fushan Clean Energy Co., Ltd.	A company under common control of the same controlling party	Revenue from construction engineering	350	

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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(1) Related party purchase and sales (Continued)

2 Sales of goods and rendering of services (Continued)

Name of related party	Related party	Description of related party transaction	For the six months ended June 30, 2026 (Unaudited)	For the six months ended June 30, 2025 (Unaudited)
Shanxi Steel Structure Technology Industry Co., Ltd.	A company under common control of the same controlling party	Non-construction income	731	
Shanxi Construction Investment City Operation Group Co., Ltd.	A company under common control of the same controlling party	Non-construction income	46	
Shanxi Jiantou International Construction Group Co., Ltd.	A company under common control of the same controlling party	Non-construction income	9	
Shanxi Jiantou Changzhi Construction Industry Co., Ltd.	A company under common control of the same controlling party	Non-construction income	330	
Shanxi Jiantou Equipment Manufacturing Co., Ltd.	A company under common control of the same controlling party	Non-construction income	471	
Shanxi Lvjian Housing Technology Co., Ltd.	A company under common control of the same controlling party	Non-construction income	480	
Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the same controlling party	Revenue from construction engineering	204	

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(2) Related party leasing

1 The Company as a lessor

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the last period
Shanxi Construction Investment Group Co., Ltd.	Buildings	5,006	6,700
Shenzhen Waranty Asset Management Co., Ltd.	Buildings		167
Shanxi Jiangong Construction Engineering Testing Co., Ltd.	Buildings		38
Shanxi Mechanization Construction Group Co., Ltd.	Equipment	26,968	
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Equipment		231

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

2 The Company as the lessee

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the last period
Shanxi Construction Equipment Tools Leasing Co., Ltd.	Construction machinery	1,103	
Shanxi Construction Investment Group Co., Ltd.	Construction machinery	97	
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Construction machinery	72	245

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(3) Related party guarantees

1 The Company as the guarantor

Guarantee holder	Amount of guarantee	Guarantee commencement date	Guarantee due date	Whether the guarantee has been fulfilled
Xinjiang Shan'an Waterwork Management Co., Ltd.	334,750	June 27, 2019	June 23, 2037	No
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	299,288	June 20, 2019	June 17, 2039	No
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	269,178	May 31, 2019	February 15, 2039	No
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	216,000	October 18, 2019	January 20, 2039	No
Liulin Shan'an Bluesky Heating Co., Ltd.	222,500	September 24, 2019	September 23, 2047	No
Qinshui Shan'an Construction Development Co., Ltd.	455,835	January 19, 2023	January 19, 2040	No
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	118,000	October 29, 2018	October 29, 2035	No
Shanxi Shan'an Lide Environmental Technology Co., Ltd.	101,676	November 8, 2023	November 8, 2029	No
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	85,000	May 31, 2021	May 30, 2032	No
Lingchuan Shan'an Construction Development Co., Ltd.	68,600	October 23, 2018	October 30, 2033	No
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	68,500	August 15, 2019	July 8, 2033	No
Linfen Shan'an Waterwork Development Co., Ltd.	49,700	October 28, 2021	October 27, 2036	No
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	21,450	August 24, 2024	June 24, 2034	No
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	4,783	May 11, 2023	May 9, 2033	No
Wenshui Shan'an Biquan Waterwork Development Limited	61,357	August 21, 2023	January 20, 2038	No
Shanxi Hangchan New Energy Co., Ltd.	3,050	April 16, 2026	June 15, 2052	No
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.	5,480	October 27, 2022	December 31, 2032	No
Total	2,385,147			

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(4) *Funding from related party*

Related party	Borrowing amount	Commencement date	Due date	Description
From:				
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	146,147	2026–5–8	2027–5–7	Short-term borrowings
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	145,000	2026–3–4	2026–12–27	Short-term borrowings
To:				
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	118,228	2025–1–5	2026–1–6	Short-term borrowings
Jinjian International Finance Lease (Tianjin) Co., Ltd.	15,046	2025–3–6	2026–6–10	Long-term borrowings

(5) *Remuneration of key management personnel*

The Company had 19 key management personnel for the current period and 24 key management personnel for the previous period. The remuneration is shown in the table below:

Item	Amount for the period	Amount for the prior period
Remuneration of key management personnel	2,728	4,189

(6) *Other related-party transactions*

Related party	Closing balance	Commencement date	Due date	Description
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	9,925	2024–4–26	2026–12–3	Interest expenses

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties

(1) Amount due from related parties

Project name	Name of related party	Related party	June 30, 2026 (Unaudited) Book balance	June 30, 2026 (Unaudited) Bad debts provision	December 31, 2025 Book balance	December 31, 2025 Bad debts provision
Trade receivables	Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the same controlling party	70,798	2,581	29,602	2,012
Trade receivables	Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the same controlling party	295	4	5,636	325
Trade receivables	Shanxi Second Construction Group Co., Ltd.	A company under common control of the same controlling party	2,853	1,293	20,222	1,577
Trade receivables	Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the same controlling party	8,653	119	8,609	497
Trade receivables	Shanxi Construction Investment Group Co., Ltd.	Parent company	552,019	10,636	242,040	6,191
Trade receivables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the same controlling party	103,562	1,465	78,268	1,138
Trade receivables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the same controlling party	9,011	894	10,278	708
Trade receivables	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the same controlling party	5,374	418	5,471	277
Trade receivables	Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the same controlling party	4,589	225	5,142	257
Trade receivables	Shanxi Third Construction Group Co., Ltd.	A company under common control of the same controlling party			1,033	146
Trade receivables	Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the same controlling party	385	46	16,084	1,475
Trade receivables	Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the same controlling party	1,349	85	1,401	46
Trade receivables	Shanxi Xiaohe New City Hotel Co., Ltd.	A company under common control of the same controlling party	2,227	268	2,227	151
Trade receivables	Shanxi First Construction Group Co., Ltd.	A company under common control of the same controlling party	210	3	7,313	433
Trade receivables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	8,741	1,272	8,741	597
Trade receivables	Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	An associate	39,524	3,959	39,524	4,000
Trade receivables	Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the same controlling party	9,902	975	10,782	443
Trade receivables	Beijing Guangheng Real Estate Development Co., Ltd.	A company under common control of the same controlling party	1,926	1,926	1,926	1,926

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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Amount due from related parties (Continued)

			June 30, 2026 (Unaudited)		December 31, 2025	
Project name	Name of related party	Related party	Book balance	Bad debts provision	Book balance	Bad debts provision
Trade receivables	Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the same controlling party	361	25	361	13
Trade receivables	Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate	3,979	97	3,979	96
Trade receivables	Shanxi Aobo Construction Engineering Co., Ltd.	A company under common control of the same controlling party	2,528	42	125	5
Trade receivables	Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	3,814	91	2,060	28
Trade receivables	Shanxi Steel Structure Technology Industry Co., Ltd.	A company under common control of the same controlling party	826	13	2,082	53
Trade receivables	Shanxi Hangchan New Energy Co., Ltd.	An associate	14,264	199	55,957	771
Trade receivables	Shanxi Jiantou Linfen Construction Industry Co., Ltd.	An associate	338	9	206	3
Trade receivables	Shanxi Jiantou Changzhi Construction Industry Co., Ltd.	A company under common control of the same controlling party	490	9	217	3
Trade receivables	Shanxi Jiantou Equipment Manufacturing Co., Ltd.	A company under common control of the same controlling party	834	18	452	6
Trade receivables	Shanxi Lvjian Housing Technology Co., Ltd.	A company under common control of the same controlling party	916	21	374	5
Trade receivables	Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the same controlling party	2,503	92	5,503	105
Trade receivables	Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the same controlling party	18	1	18	
Trade receivables	Shenzhen Waranty Asset Management Co., Ltd.	A company under common control of the same controlling party	133	5	133	2
Trade receivables	Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	56	2	56	1
Trade receivables	Shanxi Low-carbon Environmental Protection Industry Group Co., Ltd.	A company under common control of the same controlling party	1			
Trade receivables	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	222	3		
Trade receivables	Shanxi Xu'an Real Estate Development Co., Ltd.	A company under common control of the same controlling party	29,535	408		

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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Amount due from related parties (Continued)

Project name	Name of related party	Related party	June 30, 2026 (Unaudited) Book balance	June 30, 2026 (Unaudited) Bad debts provision	December 31, 2025 Book balance	December 31, 2025 Bad debts provision
Trade receivables	Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the same controlling party	9,748	135		
Trade receivables	Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	3,139	43		
Other receivables	Shanxi Construction Investment Group Co., Ltd.	Parent company	585,294	12,063	538,333	21,174
Other receivables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	5,008	2,890	5,018	336
Other receivables	Shanxi Construction Investment International Investment Co., Ltd.*	An associate			5,440	139
Other receivables	Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under common control of the same controlling party	1,450	13		
Other receivables	Shanxi Hangchan New Energy Co., Ltd.	An associate	3,100	29		
Other receivables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the same controlling party	2,363	90		
Other receivables	Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	An associate	719	7		
Contract assets	Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the same controlling party	48,355	1,111	47,668	1,254
Contract assets	Shanxi Second Construction Group Co., Ltd.	A company under common control of the same controlling party	2,844	102	2,844	60
Contract assets	Shanxi Construction Investment Group Co., Ltd.	Parent company	327,597	6,446	313,043	5,464
Contract assets	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the same controlling party	58,580	1,561	58,580	824
Contract assets	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the same controlling party	622	31	592	12
Contract assets	Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the same controlling party	7,683	162	7,683	153
Contract assets	Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the same controlling party			9,748	908
Contract assets	Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the same controlling party	1,591	43	63	8

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) *Amount due from related parties (Continued)*

			June 30, 2026 (Unaudited)		December 31, 2025	
Project name	Name of related party	Related party	Book balance	Bad debts provision	Book balance	Bad debts provision
Contract assets	Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the same controlling party	300	11	3,163	67
Contract assets	Shanxi Xiaohe New City Hotel Co., Ltd.	A company under common control of the same controlling party	2,882	100	2,882	103
Contract assets	Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	An associate	20,200	669	20,200	766
Contract assets	Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	20,873	228	481	5
Contract assets	Shanxi Low-carbon Environmental Protection Fushan Clean Energy Co., Ltd.	A company under common control of the same controlling party	2,627	52	3,349	36
Contract assets	Shanxi Hangchan New Energy Co., Ltd.	An associate	24,137	310	7,497	80
Contract assets	Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the same controlling party	1,518	32	1,518	16
Contract assets	Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	1,707	23	462	5
Contract assets	Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the same controlling party			31	0
Contract assets	Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the same controlling party	190	2		
Contract assets	Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the same controlling party	10,919	117		
Contract assets	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	10	0		
Contract assets	Shanxi Construction Investment City Operation Group Co., Ltd.	A company under common control of the same controlling party	46	0		
Contract assets	Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	3,037	32		
Prepayments	Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the same controlling party			255	
Prepayments	Shanxi Huakong Kaidi Material Recycling Technology Co., Ltd.	A company under common control of the same controlling party	3		3	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Amount due from related parties (Continued)

Project name	Name of related party	Related party	June 30, 2026 (Unaudited) Book balance	June 30, 2026 (Unaudited) Bad debts provision	December 31, 2025 Book balance	December 31, 2025 Bad debts provision
Prepayments	Shanxi Construction Investment Group Co., Ltd.	Parent company	774		530	
Prepayments	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the same controlling party	440		440	
Prepayments	Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the same controlling party	32		32	
Prepayments	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the same controlling party	1,364		253	
Prepayments	Shanxi Construction Equipment Tools Leasing Co., Ltd.	A company under common control of the same controlling party			32	

(2) Amounts due to related parties

Project name	Name of related party	Related party	June 30, 2026 (Unaudited)	December 31, 2025
Trade payables	Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the same controlling party	3,483	4,583
Trade payables	Shanxi Jianda Ready Mixed Concrete Co., Ltd.	A company under common control of the same controlling party	175	175
Trade payables	Shanxi Jiangong Construction Engineering Testing Co., Ltd.	A company under common control of the same controlling party		36
Trade payables	Shanxi Jiankan Geotechnical Engineering Co., Ltd.	A company under common control of the same controlling party	1,402	1,402
Trade payables	Shanxi Construction Investment Group Co., Ltd.	Parent company	19,019	19,596
Trade payables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the same controlling party	35,709	34,829
Trade payables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the same controlling party	39,440	53,596
Trade payables	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the same controlling party	370,697	410,489
Trade payables	Shanxi Jiantou Decoration Industry Co., Ltd.	A company under common control of the same controlling party	2,391	2,777
Trade payables	Shanxi Jianye Material Leasing Co., Ltd.	A company under common control of the same controlling party	173	173

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Amounts due to related parties (Continued)

Project name	Name of related party	Related party	June 30, 2026 (Unaudited)	December 31, 2025
Trade payables	Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the same controlling party	544	544
Trade payables	Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under common control of the same controlling party	190	190
Trade payables	Shanxi Keyuan Construction Research and Testing Co., Ltd.	A company under common control of the same controlling party	32	32
Trade payables	Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the same controlling party	1,112	1,112
Trade payables	Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the same controlling party	1,769	2,061
Trade payables	Shanxi Fourth Construction Group Co., Ltd.	A company under common control	590	775
Trade payables	Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under common control of the same controlling party	9,261	19,746
Trade payables	Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the same controlling party	30,527	44,774
Trade payables	Shanxi First Construction Group Co., Ltd.	A company under common control of the same controlling party	83	83
Trade payables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	235,947	281,795
Trade payables	Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the same controlling party	1,557	1,557
Trade payables	Taiyuan Xie'an Property Service Co., Ltd.	An associate	883	1,842
Trade payables	Tengye Steel Structure Co., Ltd.	A company under common control of the same controlling party	213	213
Trade payables	Shanxi Datongyu Engineering Tools Leasing Co., Ltd.	A company under common control of the same controlling party	38	38
Trade payables	Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under common control of the same controlling party	30	30
Trade payables	Shanxi Lvjian Zhizao Decorative Aluminum Board Technology Co., Ltd.	A company under common control of the same controlling party	483	483
Trade payables	Shanxi Urban Renewal Construction Operation Management Co., Ltd.	A company under common control of the same controlling party	224	224
Trade payables	Shanxi Construction Decoration Engineering Co., Ltd.	A company under common control of the same controlling party	3,811	3,422
Trade payables	Shanxi Jiantou Linfen Construction Industry Co., Ltd.	An associate	5,149	5,149

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Amounts due to related parties (Continued)

Project name	Name of related party	Related party	June 30, 2026 (Unaudited)	December 31, 2025
Trade payables	Huayang Group (Yangquan) New Energy Sales Co., Ltd.	A company under common control of the same controlling party	656	656
Trade payables	Shanxi Hangchan Technology Co., Ltd.	A company under common control of the same controlling party	240	240
Trade payables	Shanxi Yellow River Water Treatment Ecological and Environmental Protection Holdings Co., Ltd.	A company under common control of the same controlling party	1,331	2,831
Trade payables	Shanxi Jintou Basalt Development Co., Ltd.	A company under common control of the same controlling party	39	41
Trade payables	Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the same controlling party	17	17
Trade payables	Shanxi Wanjiazhai Water Control Network Development Co., Ltd.	A company under common control of the same controlling party	96	76
Trade payables	Beijing Jinta Construction Machinery Equipment Leasing Co., Ltd.	A company under common control of the same controlling party	123	187
Trade payables	Shanxi Low-carbon Environmental Protection Industry Group Co., Ltd.	A company under common control of the same controlling party	520	2,849
Trade payables	Shanxi Steel Structure Technology Industry Co., Ltd.	A company under common control of the same controlling party	9,642	19,751
Trade payables	Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the same controlling party	773	773
Trade payables	Shanxi Huakong Kaidi Material Recycling Technology Co., Ltd.	A company under common control of the same controlling party	1,821	2,071
Trade payables	Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the same controlling party	31	82
Trade payables	Shanxi Construction Equipment Tools Leasing Co., Ltd.	A company under common control of the same controlling party	1,661	1,321
Trade payables	Shanxi Architectural Research Institute Group Zhida Construction Co., Ltd.	A company under common control of the same controlling party	44	44
Trade payables	Shanghai Jinjian Investment Construction Investment Co., Ltd.	A company under common control of the same controlling party	900	900
Trade payables	Shanjin International Trade (Hainan) Co., Ltd.	A company under common control of the same controlling party		8,108
Trade payables	Shanxi Plateau Geotechnical Engineering Survey and Design and Research Institute Co., Ltd.	A company under common control of the same controlling party	82	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Amounts due to related parties (Continued)

Project name	Name of related party	Related party	June 30, 2026 (Unaudited)	December 31, 2025
Trade payables	Shanxi Third Construction Group Co., Ltd.	A company under common control of the same controlling party	586	
Trade payables	Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the same controlling party	85	
Trade payables	Shanxi Investment Planning Research Institute Co., Ltd.	A company under common control of the same controlling party	120	
Other payables	Shanxi Construction Investment Group Co., Ltd.	Parent company	76,690	125,956
Other payables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the controlling party		19,224
Other payables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	1,054	1,381
Other payables	Taiyuan Xie'an Property Service Co., Ltd.	An associate		10,206
Other payables	Shanxi Construction Investment International Investment Co., Ltd.*	An associate		2,200
Other payables	Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	An associate	120,000	
Contract liabilities	Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	21,920	12,055
Contract liabilities	Shanxi Second Construction Group Co., Ltd.	A company under common control of the same controlling party	142	142
Contract liabilities	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the same controlling party	1,012	1,012
Contract liabilities	Shanxi First Construction Group Co., Ltd.	A company under common control of the same controlling party		977
Contract liabilities	Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the same controlling party	92	92
Contract liabilities	Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the same controlling party	10	10
Contract liabilities	Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the same controlling party		402
Contract liabilities	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate		89
Contract liabilities	Shanxi Construction Investment Group Co., Ltd.	Parent company	6,450	12,734
Contract liabilities	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the same controlling party	4,313	4,419
Contract liabilities	Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	101	101

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Amounts due to related parties (Continued)

Project name	Name of related party	Related party	June 30, 2026 (Unaudited)	December 31, 2025
Contract liabilities	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the same controlling party		444
Contract liabilities	Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the same controlling party		460
Contract liabilities	Jincheng Danhe Huasheng Real Estate Development Co., Ltd.	A company under common control of the same controlling party	40,557	
Contract liabilities	Shanxi Low-carbon Environmental Protection Fushan Clean Energy Co., Ltd.	A company under common control of the same controlling party	84	
Contract liabilities	Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the same controlling party	10	
Contract liabilities	Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	1,000	
Short-term borrowings	Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under common control of the same controlling party	432,235	259,677
Long-term borrowings	Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under common control of the same controlling party		15,046

As of June 30, 2026, other receivables of Shanxi Installation – balance of SCIG Group (including subsidiaries of Shanxi CIG) was RMB589,107 thousand, while other payables – balance of SCIG Group (including subsidiaries of Shanxi CIG) was RMB196,690 thousand.

7. Commitments of Related Parties

Commitment of Shanxi CIG

For the year ended June 30, 2026, certain employees were unwilling to contribute to the housing provident fund, and the Company did not pay social insurance and housing provident fund for those employees. Shanxi CIG promised to pay any unpaid according to the amount approved by the competent authorities any unpaid amounts and any resulting fines or penalties, and to fully compensate the Company for any economic losses caused by such matters.

The directors believe that, since (1) the Company had paid the due social insurance amounts for those employees; (2) the Company had obtained compliance certificates from local social insurance agencies, confirming that it had not been subjected to any administrative penalties for non-compliance with social insurance regulations; and (3) the Company had received advice from legal counsel, the likelihood of receiving any penalty notices or repayment demands from the competent authorities to be remote.

The directors believe that, given the relatively high turnover rate of the aforementioned employees and the lack of fixed contract hours, the disclosure of its potential impact is not practically feasible.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XII. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

Capital commitments

Capital commitments contracted for but not yet recognised in the financial statement	June 30, 2026 (Unaudited)	December 31, 2025
Commitments in relation to acquisition and construction of long-term assets	**1,076,417**	494,168
Commitments in relation to external investment	**1,619,099**	1,768,134

As at August 28, 2026, the Company has no other commitments that should be disclosed.

2. Contingencies

1 *As of June 30, 2026, the Company provided guarantee for the following corporate loans:*

Name of the guaranteed entity	Guarantee	Amount	Guarantee commencement date	Guarantee due date	Remarks
I. Subsidiaries:					
Xinjiang Shan'an Waterwork Management Co., Ltd.	Long-term borrowings	334,750	June 27, 2019	June 23, 2037	
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	Long-term borrowings	299,288	June 20, 2019	June 17, 2039	
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	Long-term borrowings	269,178	May 31, 2019	February 15, 2039	
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	Long-term borrowings	216,000	October 18, 2019	January 20, 2039	
Liulin Shan'an Bluesky Heating Co., Ltd.	Long-term borrowings	222,500	September 24, 2019	September 23, 2047	
Qinshui Shan'an Construction Development Co., Ltd.	Long-term borrowings	455,835	January 19, 2023	January 19, 2040	
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	Long-term borrowings	118,000	October 29, 2018	October 29, 2035	
Shanxi Shan'an Lide Environmental Technology Co., Ltd.	Long-term borrowings	101,676	November 8, 2023	November 8, 2029	
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	Long-term borrowings	85,000	May 31, 2021	May 30, 2032	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XII. COMMITMENTS AND CONTINGENCIES (Continued)

2. Contingencies (Continued)

1 As of June 30, 2026, the Company provided guarantee for the following corporate loans: (Continued)

Name of the guaranteed entity	Guarantee	Amount	Guarantee commencement date	Guarantee due date	Remarks
Lingchuan Shan'an Construction Development Co., Ltd.	Long-term borrowings	68,600	October 23, 2018	October 30, 2033	
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	Long-term borrowings	68,500	August 15, 2019	July 8, 2033	
Linfen Shan'an Waterwork Development Co., Ltd.	Long-term borrowings	49,700	October 28, 2021	October 27, 2036	
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	Long-term borrowings	21,450	August 24, 2024	June 24, 2034	
Wenshui Shan'an Biquan Waterwork Development Limited	Long-term borrowings	61,357	August 21, 2023	January 20, 2038	
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.	Long-term borrowings	5,480	October 27, 2022	December 31, 2032	
II. Other companies					
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	Long-term borrowings	4,783	May 11, 2023	May 9, 2033	
Shanxi Hangchan New Energy Co., Ltd.	Long-term borrowings	3,050	April 16, 2026	June 15, 2052	
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	Long-term borrowings	1,473	February 1, 2019	January 31, 2035	
Total		2,386,620			

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XII. COMMITMENTS AND CONTINGENCIES (Continued)

2. Contingencies (Continued)

2 *As of June 30, 2026, the status of bank guarantees issued by financial institutions for the Group's performance of contracts is as follows:*

Name of Company	Guarantee	Amount	Guarantee commencement date	Guarantee due date
Shanxi Installation Group Co., Ltd.	Contract performance status	749,314	April 30, 2024	June 4, 2028
Qinshui Shan'an Construction Development Co., Ltd.	Performance of the concession agreement	10,000	July 14, 2025	July 13, 2026
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	Performance of the concession agreement	2,000	October 28, 2025	October 27, 2026
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	Performance of the concession agreement	700	December 1, 2023	November 30, 2039
Changzhi Shan'an Construction Development Co., Ltd.	Performance of the concession agreement	1,000	March 6, 2024	March 5, 2027
Lingchuan Shan'an Construction Development Co., Ltd.	Performance of the concession agreement	500	August 3, 2025	August 2, 2026
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	Performance of the concession agreement	2,000	July 25, 2025	July 25, 2028
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	Performance of the concession agreement	1,000	December 19, 2025	December 18, 2026
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	Performance of the concession agreement	2,000	July 25, 2025	July 24, 2026
Wenshui Shan'an Biquan Waterwork Development Limited	Performance of the concession agreement	1,000	March 5, 2026	March 4, 2029
Total		769,514		

3 *As of the end of the reporting period, a total of 18 bank accounts of the Company were frozen by courts in connection with contract dispute litigation cases, involving 32 litigation cases. The frozen amount amounted to RMB85,663 thousand, accounting for 5.33% of the Company's cash and cash equivalents. The above freezing events did not have a material impact on the Company's production and operation, financial position and cash flows.*

As of August 28, 2026, the Company has no other contingencies that should be disclosed.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XIII. EVENTS AFTER THE BALANCE SHEET DATE

1. Explanation of Significant Non-adjusting Events after the Balance Sheet Date

Nil.

2. Profit allocation subsequent to the balance sheet date

Nil.

As of August 28, 2026 (the date of approval of the report by the Board), there were no other post-balance sheet events that should be disclosed.

XIV. OTHER SIGNIFICANT MATTERS

1. Segment Reporting

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

Current period or at the end of current period	Construction contracting segment	Non-construction segment	Offset	Total
Revenue	4,296,262	558,742	291,151	4,563,853
Including: Revenue from external transactions	4,077,272	486,581		4,563,853
Revenue from inter-segment transactions	218,990	72,161	291,151	
Including: Revenue from principal businesses	4,273,659	492,717	278,346	4,488,030
Operating costs	3,883,617	431,948	273,293	4,042,272
Selling expenses		519	5	514
Management expenses	202,268	30,600	16,374	216,494
Research and development expenses	83,865	9,759		93,624
Finance expenses	105,757	-51,153	19	54,585
Operating profits/(losses)	-29,566	121,658	1,325	90,767
Total assets	22,836,290	8,613,502	4,162,021	27,287,771
Total liabilities	20,523,125	5,560,692	2,389,616	23,694,201
Supplementary information:				
Capital expenditures	3,553	203,363	8,726	198,190
Depreciation and amortization expenses	11,695	37,580		49,275
Asset impairment losses (losses are expressed in "-")	-41,244	-1,521		-42,765
Credit impairment losses (losses are expressed in "-")	-2,080	-8,900		-10,980

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XIV. OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Reporting (Continued)

Segment profits or losses, assets and liabilities (Continued)

Continued:

Previous period or at the end of previous period	Construction contracting segment	Non-construction segment	Offset	Total
Operating revenue	5,241,520	598,729	225,874	5,614,375
Including: Revenue from external transactions	5,178,695	435,680		5,614,375
Revenue from inter-segment transactions	62,825	163,049	225,874	
Including: Revenue from principal businesses	5,221,740	580,028	213,727	5,588,041
Operating costs	4,747,493	477,952	209,748	5,015,697
Selling expenses		654	4	650
Management expenses	211,441	40,105	16,599	234,947
Research and development expenses	157,609	15,267		172,876
Finance expenses	90,998	-51,540	620	38,838
Operating profits/(losses)	82,781	102,631	88,887	96,525
Total assets	20,608,845	9,372,749	3,925,345	26,056,249
Total liabilities	18,337,281	6,735,019	2,506,029	22,566,271
Supplementary information:				
Capital expenditures	2,568	89,417	8,305	83,680
Depreciation and amortization expenses	12,586	51,431		64,017
Asset impairment losses (losses are expressed in "-")	-11,657	-5,918	-1,151	-16,424
Credit impairment losses (losses are expressed in "-")	-19,179	-4,724		-23,903

2. 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 of June 30, 2026.

3. Remuneration of directors, supervisors and employees

The remuneration of the directors and members of the supervisory committee as disclosed pursuant to the Listing Rules, Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

(1) Remuneration of directors and supervisors

Directors and supervisors	From January to June 30, 2026 (Unaudited)	From January to June 30, 2025 (Unaudited)
Fees		
Salary, allowances and other benefits	528	1,011
Pension scheme contributions	100	274
Performance related bonus	196	590
Total	824	1,875

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XIV. OTHER SIGNIFICANT MATTERS (Continued)

3. Remuneration of directors, supervisors and employees (Continued)

(1) Remuneration of directors and supervisors (Continued)

for the year ended June 30, 2026

Directors	Fees	Salary, allowances and other benefits	Pension scheme contributions	Performance related bonus	Total
REN Rui		140	50	95	285
ZHANG Yan		148	50	101	299
XU Guanshi					
ZHANG Hongjie					
MU Jianwei					
FENG Cheng					
WANG Jingming		60			60
WU Qiusheng		60			60
SHIN Chuck Yin		60			60
GUO He		60			60
Total		528	100	196	824

Explanation:

1 The Company does not have a director fee system;

2 On November 21, 2025, the Resolution on Abolishing the Board of Supervisors and Amending the Articles of Association of Shanxi Installation Group Co., Ltd. was considered and approved at the second extraordinary general meeting, pursuant to which it was agreed that the Group would abolish the Board of Supervisors, and the powers of the Board of Supervisors would be exercised by the Audit Committee in accordance with the requirements of the Company Law.

3 During the year ended June 30, 2026, none of the directors of the Company has waived or agreed to waive any emoluments.

4 During the year ended June 30, 2026, no emolument was paid by the Group to any of the directors as an inducement to join or upon joining the Company or as compensation for loss of office.

5 During the year ended June 30, 2026, Mr. ZHANG Hongjie, Mr. XU Guanshi, Mr. FENG Cheng and Mr. MU Jianwei were appointed by Shanxi CIG, where they shall perform their duties. The remuneration of such directors was paid by Shanxi CIG.

6 As of July 29, 2026, pursuant to the document of the CPC Committee of Shanxi Construction Investment Group Co., Ltd. 《Notice on the Appointment and Removal of 9 Persons Including Li Jun from Their Positions》 (Jin Jiantou Dang Fa [2026] No. 85), Wang Jianjun serves as deputy secretary of the Party Committee and vice president of Shanxi Installation Group Co., Ltd. Additionally, Wang Jianjun has been nominated as general manager of Shanxi Installation.

7 As of August 28, 2026, pursuant to the resolution of the 66th meeting of the Company's first session of the Board of Directors, LI Bin was appointed as a Non-executive Director, and XU Guanshi was removed from his position as a Non-executive Director; the remuneration of such Director is paid by Shanxi CIG.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XIV. OTHER SIGNIFICANT MATTERS (Continued)

3. Remuneration of directors, supervisors and employees (Continued)

(1) Remuneration of directors and supervisors (Continued)

Continued:

for the year ended June 30, 2025

Directors/Supervisors	Fees	Salary, allowances and other benefits	Pension scheme contributions	Performance related bonus	Total
WANG Limin		122	32	176	330
REN Rui		164	49	180	393
ZHANG Yan		148	49	94	291
XU Guanshi					
ZHANG Hongjie					
MU Jianwei					
FENG Cheng					
WANG Jingming		60			60
WU Qiusheng		60			60
SHIN Chuck Yin		60			60
GUO He		60			60
Sub-total of directors		674	130	450	1,254
SHI Meng		116	49	65	230
ZHANG Caixia		109	49	74	232
YAN Lei		112	47		159
Sub-total of supervisors		337	145	139	621
Total		1,011	275	589	1,875

(2) Five highest paid employees

The five highest paid individuals of the Company during the year ended June 30, 2026 included 2 directors, whose emoluments are reflected in the section headed "Remuneration of directors and supervisors". The emoluments paid to the remaining 3 individuals for January to June 2026 are as follows:

Item	For the six months ended June 30, 2026 (Unaudited)
Salary, allowances and other benefits	418
Performance related bonus	452
Pension scheme contributions	149
Total	1,019

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XIV. OTHER SIGNIFICANT MATTERS (Continued)

3. Remuneration of directors, supervisors and employees (Continued)

(2) Five highest paid employees (Continued)

Continued:

The five highest paid individuals of the Company during the year ended June 30, 2025 included 2 directors, whose emoluments are reflected in the section headed "Remuneration of directors and supervisors". The emoluments paid to the remaining 3 individuals for January to June 2025 are as follows:

Item	For the six months ended June 30, 2025 (Unaudited)
Salary, allowances and other benefits	431
Performance related bonus	445
Pension scheme contributions	146
Total	1,022

The number of highest paid employees who are not members of the Board and are not members of the supervisory committee whose remuneration is within the following range:

Item	**For the six months ended June 30, 2026 (Unaudited)**	For the six months ended June 30, 2025 (Unaudited)
RMB0–1,000,000	**3**	3
RMB1,000,001–RMB1,500,000		
RMB1,500,001–RMB2,000,000		

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

Trade receivables are mainly recorded based on the dates of transaction. The age of trade receivables presented based on the recording date is basically the same as the age presented based on the invoice date.

(1) Disclosure by age

Age	June 30, 2026 (Unaudited)	December 31, 2025
Within 1 year	3,207,164	4,271,223
1 to 2 years	2,510,069	1,592,453
2 to 3 years	1,204,121	1,078,220
3 to 4 years	660,109	543,376
4 to 5 years	196,536	156,934
Over 5 years	204,829	229,204
Subtotal	7,982,828	7,871,410
Less: Bad debt provision	544,029	541,228
Total	7,438,799	7,330,182

(2) Disclosure by classification of bad debt provision

	June 30, 2026 (Unaudited)				
	Book balance		Bad debts provision		
Category	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Bad debt provision on an individual basis	395,045	4.95	170,339	43.12	224,706
Bad debt provision on a group basis	7,587,783	95.05	373,690	4.92	7,214,093
Including: Aging group	7,378,505	92.43	373,690	5.06	7,004,815
Group of receivables from subsidiaries	209,278	2.62			209,278
Total	7,982,828	100.00	544,029	6.81	7,438,799

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

1. Accounts receivable (Continued)

(2) Disclosure by classification of bad debt provision (Continued)

Continued:

	December 31, 2025				
	Book balance		Bad debts provision		
Category	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Bad debt provision on an individual basis	410,795	5.22	160,573	39.09	250,222
Bad debt provision on a group basis	7,460,615	94.78	380,655	5.10	7,079,960
Including: Aging group	7,288,735	92.60	380,655	5.22	6,908,080
Group of receivables from subsidiaries	171,880	2.18			171,880
Total	7,871,410	100.00	541,228	6.88	7,330,182

Bad debt provision on an individual basis:

	June 30, 2026 (Unaudited)			
Name	Book balance	Bad debts provision	Expected credit loss rate (%)	Provision reason
Customer 1	40,902	40,902	100.00	Note
Customer 2	20,222	20,222	100.00	Note
Customer 3	18,206	18,206	100.00	Note
Customer 9	60,100	16,203	26.96	Note
Customer 4	15,489	15,489	100.00	Note
Customer 5	13,081	13,081	100.00	Note
Customer 6	12,472	12,472	100.00	Note
Customer 7	11,412	11,412	100.00	Note
Customer 8	188,322	7,513	3.99	Note
Others	14,839	14,839	100.00	Note
Total	395,045	170,339		

Note: The Company recognizes credit impairment losses for all or a portion of the amounts based on their expected recoverability.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

1. Accounts receivable (Continued)

(2) Disclosure by classification of bad debt provision (Continued)

Continued:

Name	December 31, 2025 Book balance	Bad debts provision	Expected credit loss rate (%)	Provision reason
Customer 1	40,902	40,902	100.00	Note
Customer 2	20,222	20,222	100.00	Note
Customer 3	18,206	18,206	100.00	Note
Customer 4	15,489	15,489	100.00	Note
Customer 5	13,081	13,081	100.00	Note
Customer 6	12,472	12,472	100.00	Note
Customer 9	60,472	12,609	20.85	Note
Customer 7	11,412	11,412	100.00	Note
Customer 8	205,249	2,890	1.41	Note
Others	13,290	13,290	100.00	
Total	410,795	160,573		

Note: The Company recognizes credit impairment losses for all or a portion of the amounts based on their expected recoverability.

Bad debt provision on a group basis:

Provision on a group basis: Aging group

	June 30, 2026 (Unaudited)			December 31, 2025		
	Book balance	Bad debts provision	Expected credit loss rate (%)	Book balance	Bad debts provision	Expected credit loss rate (%)
Within 1 year	3,119,025	43,042	1.38	3,967,563	54,689	1.38
1 to 2 years	2,262,295	82,800	3.66	1,556,078	56,895	3.66
2 to 3 years	1,178,093	80,110	6.80	1,048,043	71,245	6.80
3 to 4 years	620,874	74,815	12.05	460,192	55,469	12.05
4 to 5 years	130,445	25,150	19.28	141,856	27,354	19.28
Over 5 years	67,773	67,773	100.00	115,003	115,003	100.00
Total	7,378,505	373,690	5.06	7,288,735	380,655	5.22

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

1. Accounts receivable (Continued)

(2) Disclosure by classification of bad debt provision (Continued)

Bad debt provision made, recovered or reversed during the period

Item	Bad debt provision amount
Opening balance	541,228
Accrual during the period	2,801
Recovery or reversal during the period	
Write-off during the period	
Transfer-out during the period	
Others	
Closing balance	544,029

(3) Trade receivables actually written off during the period

Nil.

(4) Top five debtors of trade receivables in terms of closing balance

Name of entity	Balance of trade receivables at the end of the period	As a percentage of the total balance of trade receivables at the end of the period %	Balance of bad debt provision as at the end of the period
Customer 10	552,019	6.92	10,636
Customer 12	259,339	3.25	25,068
Customer 13	223,934	2.81	16,101
Customer 8	188,323	2.36	7,514
Customer 25	187,079	2.34	2,582
Total	1,410,694	17.68	61,901

2. Other receivables

Item	June 30, 2026 (Unaudited)	December 31, 2025
Interest receivables		
Dividend receivable	21,584	21,850
Other receivables	1,786,107	1,626,788
Total	1,807,691	1,648,638

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other receivables (Continued)

(1) Dividend receivable

Item	June 30, 2026 (Unaudited)	December 31, 2025
Shanxi Jiantou Cloud Data Technology Co., Ltd.		1,348
Shanxi Jiantou Decoration Industry Co., Ltd.	502	502
Shanxi Jiantou Construction Industry Co., Ltd.	1,082	
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.	20,000	20,000
Subtotal	**21,584**	21,850
Less: Bad debt provision		
Total	**21,584**	21,850

The Company does not have any material dividend receivables with an aging of more than 1 year in the current period.

(2) Other receivables

1 Disclosure by age

Aging	June 30, 2026 (Unaudited)	December 31, 2025
Within 1 year	1,466,743	999,249
1 to 2 years	76,298	124,683
2 to 3 years	120,851	178,139
3 to 4 years	90,844	338,716
4 to 5 years	43,403	7,779
Over 5 years	29,103	21,357
Subtotal	**1,827,242**	1,669,923
Less: Bad debts provision	41,135	43,135
Total	**1,786,107**	1,626,788

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other receivables (Continued)

(2) Other receivables (Continued)

2 Disclosure by nature of the amount

	June 30, 2026 (Unaudited)			December 31, 2025		
Item	Book balance	Bad debts provision	Book value	Book balance	Bad debts provision	Book value
Reserve funds, deposits and margins	61,520	566	60,954	61,728	567	61,161
Amount due from related parties within scope of consolidation	990,621		990,621	906,650		906,650
Amounts due from associates	8,826	334	8,492	10,456	475	9,981
Amounts due from related parties	590,310	21,401	568,909	544,482	23,233	521,249
Payment and collection clearance amounts	7,389	375	7,014	19,368	378	18,990
Other debts	168,576	18,459	150,117	127,239	18,482	108,757
Total	1,827,242	41,135	1,786,107	1,669,923	43,135	1,626,788

3 Provision made for bad debts

Bad debt provision in stage I at the end of the period:

Category	Book balance	Expected Credit Loss Rate in the next 12 months (%)	Bad debts provision	Book value
Bad debts provision on an individual basis				
Bad debt provision on a group basis	1,466,743	0.30	4,381	1,462,362
– Group of reserve funds, deposits and security deposits receivables	28,210	0.92	260	27,950
– Group of receivables from related parties within the scope of consolidation	990,621			990,621
– Aging group	447,912	0.92	4,121	443,791
Total	1,466,743	0.30	4,381	1,462,362

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other receivables (Continued)

(2) Other receivables (Continued)

3 Provision made for bad debts (Continued)

Bad debt provision in stage II at the end of the period:

Category	Book balance	Lifetime expected credit loss rate (%)	Bad debts provision	Book value
Bad debt provision on an individual basis				
Bad debt provision on a group basis	348,824	7.19	25,079	323,745
– Group of reserve funds, deposits and security deposits receivables	33,310	0.92	306	33,004
– Group of receivables from related parties within the scope of consolidation				
– Aging group	315,514	7.85	24,773	290,741
Total	348,824	7.19	25,079	323,745

Bad debt provision in stage III at the end of the period:

Category	Book balance	Lifetime expected credit loss rate (%)	Bad debts provision	Book value	Reason
Bad debts provision on an individual basis					
Entity 2	3,058	100.00	3,058		Note
Entity 3	2,995	100.00	2,995		Note
Entity 4	1,200	100.00	1,200		Note
Entity 5	1,070	100.00	1,070		Note
Entity 6	1,000	100.00	1,000		Note
Others	2,352	100.00	2,352		Note
Total	11,675	100.00	11,675		

Note: The Company recognizes credit impairment loss for all or a portion of the amounts in conjunction with their expected recoverability.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other receivables (Continued)

(2) Other receivables (Continued)

3 Provision made for bad debts (Continued)

Bad debt provision made, recovered or reversed during the period

Bad debts provision	Stage I Expected Credit Loss Rate in the next 12 months	Stage II Lifetime expected credit losses (not credit-impaired)	Stage III Lifetime expected credit losses (credit impaired)	Total
Opening balance	851	30,811	11,473	43,135
Opening balance in the current period	-701	701		
– Transfer to Stage II	-701	701		
– Transfer to Stage III				
– Reverse to Stage II				
– Reverse to Stage I				
Accrual during the period	4,231	-6,433	202	-2,000
Return during the period				
Write-off during the period				
Carry-forward during the period				
Other changes				
Closing balance	4,381	25,079	11,675	41,135

4 Other receivables actually written off in the current period

Nil.

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other receivables (Continued)

(2) Other receivables (Continued)

5 Top five debtors of other receivables in terms of closing balance

Name of entity	Nature of amount	Closing balance of other receivables	Age	Percentage of the total balance of other receivables closing balance (%)	Closing balance of bad debt provision
Entity 7	Amounts due from related parties	587,100	Within 1 year, 1–2 years, 2–3 years, 3–4 years, 4–5 years	32.13	11,391
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	Transaction	149,145	Within 1 year, 1–2 years, 2–3 years, 3–4 years, 4–5 years	8.16	
Xinjiang Shan'an Waterwork Management Co., Ltd.	Transaction	99,276	Within 1 year, 1–2 years, 2–3 years, 4–5 years, Over 5 years	5.43	
Changzhi Shan'an Construction Development Co., Ltd.	Transaction	91,606	Within 1 year, 1–2 years, 3–4 years	5.01	
Shanxi Ningyang Energy Co., Ltd.	Transaction	85,787	Within 1 year, 1–2 years, 2–3 years, 3–4 years, 4–5 years	4.69	
Total		1,012,914		55.42	11,391

3. Contract Assets

Item	June 30, 2026 (Unaudited)			December 31, 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
– Contract assets on service concession projects	121,815	1,185	120,630	137,461	1,118	136,343
– Contract assets on EPC projects	8,581,770	193,225	8,388,545	7,554,029	154,361	7,399,668
Subtotal	8,703,585	194,410	8,509,175	7,691,490	155,479	7,536,011
Less: Contract assets shown in other non-current assets	993,935	37,314	956,621	979,915	40,311	939,604
Total	7,709,650	157,096	7,552,554	6,711,575	115,168	6,596,407

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Contract Assets (Continued)

(1) Significant changes in carrying amounts of contract assets in the period

Item	Change in amount	Reason for change
400MW Wind-to-Hydrogen New Energy Demonstration Project in Baiyang City, Xinjiang	231,190	Increase due to cumulative additional adjustments to revenue for completed work in the current period
EPC General Contracting Project for the 100MW Wind Power Project in Nitun Town, Yangqu County	218,271	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Zhongyang 100MW Wind Power Project	179,722	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Yongji New 200 MW/800 MWh Independent Shared Energy Storage Power Station Project	127,883	Increase due to cumulative additional adjustments to revenue for completed work in the current period
200MW Wind-Storage Integrated Project in Tonghe, Heilongjiang Province	92,773	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Shanxi Integrated Computing Power Network Hub Project (Part 1)	51,002	Increase due to cumulative additional adjustments to revenue for completed work in the current period
The Conveyor Belt and Beneficiation Plant Project in Simandou iron mine, Guinea	50,911	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Boye 100,000-kilowatt Wind Power Project	40,839	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Shenzhou 100MW Agro-Photovoltaic Complementary PC General Contracting Project	28,917	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Phase 1.2 Comprehensive Energy Project of 10,000-tonne Lithium Extraction from Salt Lake in Jietse Chaka, Ngari, Tibet	28,661	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Total	1,050,169	

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Contract Assets (Continued)

(2) Provision for impairment of contract assets

	June 30, 2026 (Unaudited)				
	Book balance		Provision for impairment		
Category	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Bad debts provision on an individual basis	106,159	1.22	13,571	12.78	92,588
Bad debt provision on a group basis	8,597,426	98.78	180,839	2.10	8,416,587
Group of contract assets on service concession projects	121,815	1.40	1,185	0.97	120,630
Group of contract assets on EPC projects	8,475,611	97.38	179,654	2.12	8,295,957
Total	8,703,585	100.00	194,410	2.23	8,509,175

Continued:

	December 31, 2025				
	Book balance		Provision for impairment		
Category	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Bad debts provision on an individual basis	106,159	1.38	13,571	12.78	92,588
Bad debt provision on a group basis	7,585,331	98.62	141,908	1.87	7,443,423
Group of contract assets on service concession projects	137,461	1.79	1,118	0.81	136,343
Group of contract assets on EPC projects	7,447,870	96.83	140,790	1.89	7,307,080
Total	7,691,490	100.00	155,479	2.02	7,536,011

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Contract Assets (Continued)

(2) Provision for impairment of contract assets (Continued)

Provision for impairment on an individual basis

	June 30, 2026 (Unaudited)			
Name	Book balance	Provision for impairment	Expected credit loss rate (%)	Basis for Provision
Customer 9	49,524	1,690	3.41	Involved in Legal proceedings, based on the valuations report
Customer 3	11,255	11,255	100.00	Company bankruptcy
Customer 8	45,380	626	1.38	In connection with Legal proceedings, based on the valuations report
Total	106,159	13,571		

Provision for impairment on a group basis:

Project on a group basis: group of contract assets on service concession projects

	June 30, 2026 (Unaudited)			December 31, 2025		
	Contract assets	Provision for impairment	Expected credit loss rate (%)	Contract assets	Provision for impairment	Expected credit loss rate (%)
Not past due	121,815	1,185	0.97	137,461	1,118	0.81
Within 1 year						
1 to 2 years						
2 to 3 years						
3 to 4 years						
4 to 5 years						
Over 5 years						
Total	121,815	1,185	0.97	137,461	1,118	0.81

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Contract Assets (Continued)

(2) Provision for impairment of contract assets (Continued)

Provision on a group basis: Group of contract assets on EPC projects

	June 30, 2026 (Unaudited)			December 31, 2025		
	Contract assets	Provision for impairment	Expected credit loss rate (%)	Contract assets	Provision for impairment	Expected credit loss rate (%)
Within 1 year	3,379,367	35,814	1.06	3,877,776	41,216	1.06
1 to 2 years	3,426,156	72,292	2.11	3,197,779	67,515	2.11
2 to 3 years	1,531,262	54,819	3.58	151,214	5,409	3.58
3 to 4 years	138,826	16,729	12.05	221,101	26,650	12.05
4 to 5 years						
Over 5 years						
Total	8,475,611	179,654	2.12	7,447,870	140,790	1.89

4. Long-term equity investments

	June 30, 2026 (Unaudited)			December 31, 2025		
Item	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	1,686,204		1,686,204	1,407,181		1,407,181
Investment in joint ventures						
Investment in associates	279,417	2,926	276,491	279,619	2,155	277,464
Total	1,965,621	2,926	1,962,695	1,686,800	2,155	1,684,645

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

4. Long-term equity investments (Continued)

(1) Investment in subsidiaries

Investee	December 31, 2025	Increase in the period	Decrease in the period	June 30, 2026 (Unaudited)	Impairment provision in the period	Closing balance of impairment provision
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	66,000			66,000		
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.	224,000	6,930		230,930		
Shanxi Shan'an Maode Electricity Supply Co., Ltd.	20,000			20,000		
Shanxi Shan'an Lide Environmental Technology Company Limited* (山西山安立德環保科技有限公司)	53,167			53,167		
Shanxi Shan'an Biquan Haimian City Technology Co., Ltd.	76,437			76,437		
Shanxi Ningyang Energy Co., Ltd.	30,824			30,824		
Lingchuan Shan'an Construction Development Co., Ltd.	49,241			49,241		
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	42,486			42,486		
Shanghai Shan'an Construction Engineering Co., Ltd.	40,000			40,000		
Shanxi Zhuo'an Materials Trading Co., Ltd.	3,100			3,100		
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	54,835			54,835		
Guangdong Shan'an Construction Engineering Co., Ltd.	6,000			6,000		
Changzhi Shan'an Construction Development Co., Ltd.	36,000			36,000		
Xinjiang Shan'an Waterwork Management Co., Ltd.	77,643			77,643		
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	64,090			64,090		
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	107,438			107,438		

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

4. Long-term equity investments (Continued)

(1) Investment in subsidiaries (Continued)

Investee	December 31, 2025	Increase in the period	Decrease in the period	June 30, 2026 (Unaudited)	Impairment provision in the period	Closing balance of impairment provision
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	79,632	5,015		84,647		
Liulin Shan'an Bluesky Heating Co., Ltd.	7,250			7,250		
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	23,954			23,954		
Linfen Shan'an Waterwork Development Co., Ltd.	17,824			17,824		
Australia Shan'an Construction Engineering Pty Limited	2,784			2,784		
Son Tay Viet Nam Construction Co., Ltd.	969			969		
Yangquan Shan'an Construction Development Co., Ltd.	26,000			26,000		
Qinshui Shan'an Construction Development Co., Ltd.	136,691			136,691		
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	14,700			14,700		
Yuanping Shan'an Biquan Waterwork Development Limited	12,250			12,250		
Wenshui Shan'an Biquan Waterwork Development Limited	10,494			10,494		
Shan'an Runxing New Energy (Lvliang) Co., Ltd.	5,100			5,100		
Shanxi Installation Xiaoyi Construction Engineering Co., Ltd.	7,550	2,650		10,200		
Charhar Youyi Houqi Shan'an Heat and Electricity Co., Ltd.	9,200	10,800		20,000		
Siziwangqi Shan'an Thermal Power Co., Ltd.	14,700			14,700		
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	482			482		
Xiyang Shan'an New Energy Co., Ltd.	70,000			70,000		

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

4. Long-term equity investments (Continued)

(1) Investment in subsidiaries (Continued)

Investee	December 31, 2025	Increase in the period	Decrease in the period	June 30, 2026 (Unaudited)	Impairment provision in the period	Closing balance of impairment provision
Ningwu Shan'an Lide Renewable Resources Utilization Co., Ltd.	16,340	5,000		21,340		
Fu'erjia Co., Ltd.						
Shanxi Construction Investment International Investment Co., Ltd.		86,587		86,587		
Changzhi Shan'an Zhihui Green Energy Co., Ltd.		18,145		18,145		
Jincheng Shan'an Jingyu Waterwork Development Co., Ltd.		43,896		43,896		
Chongqing Shan'an Construction Engineering Co., Ltd.		100,000		100,000		
Total	1,407,181	279,023		1,686,204		

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

4. Long-term equity investments (Continued)

(2) Investment in associates and joint ventures

			Changes in the period									
Investee	December 31, 2025	Opening balance of impairment provision	Additional/ new investment	Decreased investment	Investment gain or loss recognised under equity method	Adjustment of other comprehensive income	Other change in equity interest	Distribution of cash dividend or profit declared	Impairment provision	Others	June 30, 2026 (Unaudited)	Closing balance of impairment provision
1 Associate												
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	12,990				-956						12,034	
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	19,018	1,925			599				562		19,617	2,487
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	10,260				1						10,261	
Shanxi Jiantou Cloud Data Technology Co., Ltd.	11,920				1,230						13,150	
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	22,177				34						22,211	
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	89,038				-1						89,037	
Taiyuan Xie'an Property Service Co., Ltd.	1,703	230			52				209		1,755	439
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	8,316				1						8,317	
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	12,967		5,000		11						17,978	
Shanxi Hangchan New Energy Co., Ltd.	52,502				-17						52,485	
Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	10,551										10,551	
Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.			22,008		13						22,021	
Shanxi Construction Investment International Investment Co., Ltd.	28,177				-135					-28,042		
Subtotal	279,619	2,155	27,008		832				771	-28,042	279,417	2,926
2 Joint venture												
Total	279,619	2,155	27,008		832				771	-28,042	279,417	2,926

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

5. Operating Revenue and Operating Costs

(1) Operating Revenue and Operating Costs

	January to June 2026 (Unaudited)		January to June 2025 (Unaudited)	
Item	Income	Cost	Income	Cost
Principal activities	4,176,785	3,793,202	5,180,809	4,717,963
Other activities	24,123	14,300	11,866	2,946
Total	4,200,908	3,807,502	5,192,675	4,720,909

(2) Operating revenue and operating costs by type

	January to June 2026 (Unaudited)		January to June 2025 (Unaudited)	
Major category	Income	Cost	Income	Cost
Principal activities:	4,176,785	3,793,202	5,180,809	4,717,963
1. Specialized industrial construction	3,354,313	3,107,224	4,073,550	3,758,526
– Construction income of service concession projects	18,610	16,716		
– Construction income of EPC projects	3,335,703	3,090,508	4,073,550	3,758,526
2. Specialized auxiliary construction	482,807	386,903	536,059	486,657
– Construction income of service concession projects	7,252	7,167	570	525
– Construction income of EPC projects	475,555	379,736	535,489	486,132
3. Other construction	213,468	192,158	501,012	421,070
– Construction income of service concession projects			114	85
– Construction income of EPC projects	213,468	192,158	500,898	420,985
4. Non-construction business	126,197	106,917	70,188	51,710
– Urban heating technical services income	39,058	37,107		
– Trading	8,930	1,901	23,581	17,944
– Design fee	19,245	13,544	20,393	11,346
– Labor service fees	58,964	54,365	26,214	22,420
Other activities:	24,123	14,300	11,866	2,946
– Lease	7,187	219	9,225	1,475
– Others	16,936	14,081	2,641	1,471
Total	4,200,908	3,807,502	5,192,675	4,720,909

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

5. Operating Revenue and Operating Costs (Continued)

(3) Operating revenue and operating costs by geographical location

	January to June 2026 (Unaudited)		January to June 2025 (Unaudited)	
Major operating areas	Operating revenue	Operating costs	Operating revenue	Operating costs
China	3,940,263	3,584,330	4,983,310	4,548,050
Overseas	260,645	223,172	209,365	172,859
Total	4,200,908	3,807,502	5,192,675	4,720,909

(4) Breakdown of operating revenue

Timing of revenue recognition	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Including: Recognized at a point in time	143,133	72,829
Recognized over time	4,050,588	5,110,621
Total	4,193,721	5,183,450

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

(5) Remaining performance obligations

As of June 30, 2026, the transaction price allocated to unfulfilled performance obligations was RMB31,822,775 thousand. The expected time for recognizing such amount as revenue is as follows:

Expected time for revenue recognition	January to June 2026	December 31, 2025
Within one year	9,929,952	11,853,471
After one year but within five years	21,244,883	23,936,899
After five years	647,940	746,555
Total	31,822,775	36,536,925

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

6. Investment gains

Item	January to June 2026 (Unaudited)	January to June 2025 (Unaudited)
Long-term equity investment income calculated using the cost method		90,268
Gains on long-term equity investments under equity method	832	-971
Investment gains from disposal of equity		-294
Dividends from investments in other equity instruments held	1,111	
Total	1,943	89,003

January to June 2026 (unless otherwise specified, all monetary units are in Renminbi thousand)

XVI. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring gains or losses for the current period

Item	January to June 2026 (Unaudited)	Description
Gains or losses on disposal of non-current assets, including the write-off portion of the provision for impairment of assets	249	
Government grants included in the current profit or loss, however, except for those which are closely related to the normal business of an enterprise, comply with the policies of the State, entitled in accordance with determined standards and that have a continuous impact on the Company's profit or loss	2,464	
Except for effective hedging business conducted in the ordinary course of business of the Company, gain or loss arising from the change in fair value of financial assets and financial liabilities held by a non-financial company, as well as gain or loss arising from disposal of its financial assets and financial liabilities	1,110	
Financing fee income from non-financial enterprises recorded in current profit or loss		
Gains and losses from entrusting others to invest or manage assets		
Gains or losses from external entrusted loans		
Loss of assets due to force majeure (e.g. natural disaster)		
Reversal of provision for impairment of receivables individually tested for impairment		
Gains when the investment cost of acquiring a subsidiary, an associate and a joint venture is less than the fair value of the identifiable net assets of the investee	-3,826	
Net profit or loss of a subsidiary arising from a business combination under common control for the period from the beginning of the period to the combination date		
Gain or Loss on Exchange of Non-monetary Assets		
Profit or loss from debt restructuring		
One-off expenses incurred as a result of the discontinuation of relevant operating activities, e.g. staff settlement expenses		
One-off effect on current profit or loss due to adjustments to tax and accounting laws and regulations		
One-off share-based payments recognized for cancellation and modification of equity incentive schemes		
For Cash-settled share-based payments, gains and losses arising from the change in fair value of employee remuneration payables after the vesting date		
Gains and losses from changes in fair value of investment properties subsequently measured in the fair value model	370	
Gain arising from transactions with obviously unfair transaction price		
Gains and losses on contingencies which are not related to the normal operations of the Company		
Entrusted fee income from entrusted operations		
Other non-operating income and expenditure apart from the above items	-991	
Other items falling within the definition of non-recurring profit and loss		
Total non-recurring profit or loss	-624	
Less: income tax impact of non-recurring profit or loss	-118	
Net non-recurring profit or loss	-506	
Less: Net effect of non-recurring profit or loss attributable to the Company's minority shareholders (after tax)	11	
Non-recurring profit and loss attributable to the Company's common shareholders	-517	

XVI. SUPPLEMENTARY INFORMATION (Continued)

2. Net asset yield and earnings per share

Profit for the reporting period	Weighted average return on net assets %	Basic earnings per share Earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders	2.00	0.0426	0.0426
Net profit attributable to ordinary shareholders net of non-recurring gain or loss	2.01	0.0430	0.0430

Shanxi Installation Group Co., Ltd.
August 28, 2026

DEFINITIONS

"Audit Committee"	Audit Committee of the Board
"Board"	the board of Directors of the Company
"Central SASAC"	State-owned Assets Supervision and Administration Commission of the State Council
"Corresponding Period of Last Year"	during the six months ended June 30, 2025
"CG Code"	Corporate Governance Code as contained in Appendix C1 to the Hong Kong Listing Rules
"China" or "PRC"	the People's Republic of China
"Company" or "our Company"	Shanxi Installation Group Co., Ltd. (山西省安裝集團股份有限公司) (formerly known as Shanxi Industrial Equipment Installation Company* (山西省工業設備安裝公司), Shanxi Industrial Equipment Installation Co., Ltd.* (山西省工業設備安裝有限公司) and Shanxi Industrial Equipment Installation Group Co., Ltd.* (山西省工業設備安裝集團有限公司)), a company established under the laws of the PRC on November 20, 1989 whose H shares are listed on the Hong Kong Stock Exchange
"Director(s)"	Directors of the Company
"Domestic Share(s)"	ordinary Shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"EPC" or "EPC Projects"	engineering, procurement and construction, a common form of contracting model whereby the contractor is commissioned by the project owner to carry out such project work as survey, design, procurement, construction testing and commissioning of an engineering project, or any combination of the above, either through the contractor's own labor or by subcontracting part or all of the project work, and be responsible for the quality, safety, timely delivery and cost of the project
"Group"	the Company and its subsidiaries
"H Shares"	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange and overseas listed foreign share(s) traded in Hong Kong dollars
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

* For identification purpose only

"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Latest Practicable Date"	Wednesday, September 23, 2026, being the latest practicable date prior to the publication of this interim report for the purpose of ascertaining certain information contained herein
"LNG"	liquefied natural gas
"Macau"	the Macao Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
"Nomination Committee"	the nomination committee of the Board
"PPP"	public-private partnership, a partner relationship based on a framework agreement and formed between the government and private organizations for co-construction of infrastructure projects or providing certain public goods and services
"Prospectus"	the prospectus issued by the Company dated November 10, 2023
"Reporting Period"	during the six months ended June 30, 2026
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SCIG Group"	Shanxi CIG and its subsidiaries, for the purpose of this interim report, except the Group
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shan'an Bluesky"	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 company incorporated in the PRC, whose shares are listed on the NEEQ, and a subsidiary of the Company
"Shan'an Lide"	Shanxi Shan'an Lide Environmental Technology Company Limited* (山西山安立德環保科技有限公司) (formerly known as "Shanxi Shan'an Lide Energy Reservation Technology Company Limited (山西山安立德節能科技有限公司)), a company incorporated in the PRC and a wholly-owned subsidiary of the Company

* For identification purpose only

"Shanxi CIG"	Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司), a state-owned company established under the laws of the PRC and our Controlling Shareholder
"Shanxi SASAC"	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)
"Share(s)"	comprising Domestic Shares and H Shares
"Shareholders"	shareholder(s) of the Company, including holder(s) of Domestic Shares and holder(s) of H Shares
"treasury shares"	has the meaning ascribed to it by the Hong Kong Listing Rules
"2026 Interim Report"	the interim report of the Group for the six months ended June 30, 2026
"%"	Percentage

* For identification purpose only

山西建投
SHANXI CIG

山西安装