



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

2025

ANNUAL REPORT

年度報告



CONTENTS

2	Corporate Information
4	Chairman's Statement
7	Financial Highlights
8	Management Discussion and Analysis
23	Biographical Details of Directors and Senior Management
33	Corporate Governance Report
54	Report of the Board of Directors
76	Independent Auditor's Report
82	Consolidated and Company Balance Sheet
85	Consolidated and Company Income Statement
88	Consolidated and Company Statement of Cash Flows
90	Consolidated Statement of Changes in Shareholders' Equity
92	Statement of Changes in Shareholders' Equity of the Company
94	Notes to the Consolidated Financial Statements
310	Definitions



CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. REN Rui (Chairman)
Mr. ZHANG Yan

Non-executive Directors

Mr. XU Guanshi
Mr. ZHANG Hongjie
Mr. MU Jianwei
Mr. FENG Cheng

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

Grant Thornton (Special General Partnership)
5th Floor, Scitech Plaza
22 Jianguomenwai Street
Chaoyang District, Beijing
PRC

Authorized Representatives

Mr. Ren Rui
Mr. ZHANG Xiaodong

Company's Website

<http://www.sxaz.com.cn>

Investor Relations Contact

Mr. ZHANG Xiaodong
Email: azjtssb@sx cig.com
Telephone: (86) 0351-5679309

Headquarter and Registered Office

No. 8 Xinhua Road
Tanghuai Industrial Park
Shanxi Transformation and Comprehensive Reform
Demonstration Zone
Shanxi Province
The People's Republic of China

Principal Place of Business in Hong Kong

Room 1919
19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Legal Advisers to the Company

Beijing Jia Yuan Law Offices (as to PRC law)
Jia Yuan Law Office (as to Hong Kong law)

Principal Bankers

Bank of Communications Co., Ltd.
Taiyuan Economic and Technological
Development Zone Branch
18 Longsheng Street
Economic and Technological
Development Zone
Xiaodian District
Taiyuan, Shanxi Province
PRC

China Guangfa Bank Co., Ltd.
Taiyuan Branch
89 Jinyang Street
Taiyuan, Shanxi Province
PRC

Hua Xia Bank Co., Limited
Taiyuan Tiyunan Road Branch
69 Xutanxi Street
Xiaodian District
Taiyuan, Shanxi
PRC

Compliance Adviser

Shanxi Securities International Capital Limited

Stock Code

02520

CHAIRMAN'S STATEMENT

Dear shareholders, investors and partners,

2025 was a year brimming with challenges and opportunities. Against a complex and volatile macro backdrop and profound industry-wide transformation, Shanxi Installation Group Co., Ltd. stayed true to its course amid uncertainty, built core competencies amid shifting trends, and pursued growth amid mounting pressure.

On behalf of the Board, I would like to extend my sincere gratitude to all shareholders, investors and partners for your long-standing care and support for the Group's development. **Looking back on 2025, we focused our efforts on the following priorities:**

– Staying Steadfast in Strategic Focus Amid Change

The engineering services sector is undergoing profound restructuring driven by energy transition, industrial upgrading and technological iteration. Faced with a complex external environment, the Group has unwaveringly adhered to our “One Core, Two Wings” strategic layout, continuously refined our “Five-in-One” full-industry-chain development model, and steered the Company from scale expansion to high-quality development under the guidance of “business segmenting and organizational clustering”.

This year, we not only sustained growth but also optimized our business structure.

New contracts signed for traditional businesses increased steadily and maintained the growth momentum; the scale of new contracts signed in markets outside the province continued to expand, accounting for more than half of the total for four consecutive years, marking that the “Going Global” strategy has formed a stable pattern. We also made breakthroughs in overseas markets: we won new projects including the nickel-cobalt hydroxide project in Indonesia and the liquefied natural gas (LNG) auxiliary project in Nigeria, and established a strategic partnership with Électricité de France (EDF) of France, further strengthening our international competitiveness.

In the renewable energy sector, newly signed contracts contributed steadily throughout the year, and we won bids for key projects such as the 100MW wind power project in Nitun Town, Yangqu County, and the 400MW/800MWh grid-side electrochemical energy storage project (EPC) in Tai'an City. The low-carbon environmental protection investment business continued to expand in areas such as solid waste disposal, wastewater treatment, and clean heating, resulting in a more balanced industrial portfolio.

Behind these achievements lies our accurate assessment of industry trends and our steadfast commitment to long-term value creation.

– Reshaping Competitiveness through Management and Technology

Scale growth is not our sole objective. We place greater emphasis on operational quality and risk control.

In 2025, the Group systematically advanced the construction of a “Grand Business Management System”, strengthening cost control and performance capabilities. The application rate of guided prices for five major professional construction disciplines reached 96%, 246 projects completed final settlement, and 81 long-term uncompleted projects were finalized for acceptance. The average on-schedule contract performance rate increased by 8% year-on-year, while the customer complaint rate decreased by 11% year-on-year. During the year, we received 72 letters of commendation and silk banners from clients. This represents not merely an improvement in data, but an evolution in organizational capability.

We are fully aware that the competition for future engineering enterprises will center not only on resources, but also on technological and digital capabilities. Throughout the year, 190 technology projects were initiated. The “Research and Engineering Demonstration of Key Technologies for Direct Green Power Connection and Smart Operation in Industrial Parks” was selected as a “Reveal the List and Lead the Mission” project by the Provincial Department of Science and Technology. The integrated digital and intelligent control platform was officially launched, with the “BIM + Three Major Platforms” operating stably, and the BIM + digital intelligence construction model gradually maturing. Technology and digitalization are becoming our foundational capabilities for navigating market cycles.

– Parallel Advancement of Governance Upgrading and Capital Empowerment

As a Hong Kong-listed company, we have always regarded standardized governance and transparent operations as the cornerstone of our long-term development.

In 2025, the Group was included as a subsidiary under the state-owned assets and enterprise reform pilot programme of the Shanxi SASAC, as well as a grassroots contact point for the deepening and enhancement initiative. The completion rate of the benchmarking against world-class enterprises initiative reached 97%, while that of the state-owned enterprise reform deepening and enhancement initiative stood at 99%. The reform of the Board of Supervisors was fully completed, and the corporate governance system was further optimised.

On the capital front, the H-share “full circulation” proposal has been submitted for regulatory approval, while the issuance of RMB1.35 billion corporate bonds is progressing steadily. The listing platform is increasingly becoming a key driver in empowering business upgrading.

We believe that standardized governance and a healthy capital structure are key to earning the market's long-term trust.

Looking Ahead: Committed to Becoming a Company Worthy of Long-term Holding

2026 marks the first year of the “15th Five-Year Plan” and a critical phase for Shanxi Installation to transition towards higher-quality development.

We will continue to deepen our market presence. In the provincial market, we will drive the upgrading from “construction contracting” to “integrated services”. In the markets outside the province, we will focus on our advantageous sectors, including chemicals, new energy, and low-carbon environmental protection, to achieve scalable project acquisition. In the overseas markets, we will adhere to the strategy of “leveraging investment as a driver, coordination through platforms, and achieving breakthroughs in key areas” to promote deep cultivation in target regions.

We will establish stable growth drivers. In the chemical sector, we will strengthen our “design-led + construction-integrated” capabilities. In the new energy sector, we will consolidate our foundational position while actively expanding into new business formats such as green electricity parks, source-grid-load-storage integration, and new-type power systems. Leveraging our low-carbon environmental protection platform company, we will deepen the “integrated investment, construction and operation” model to cultivate businesses with sustainable cash flow.

We will forge core competencies. We will build a full-chain cost reduction and efficiency improvement system, strengthen the transformation of scientific achievements, accelerate the construction of digital platforms, and establish an open and collaborative business system.

Chairman's Statement

More importantly, we will adhere to the concept of long-term market capitalization management. We will continue to enhance the quality of information disclosure, improve corporate governance, and maintain a long-term and stable dividend policy, and so as to reward shareholders with authentic and sustainable business results.

Dear investors and friends from all walks of life:

The true value of an enterprise is not only reflected in its current performance, but also in its ability to create value on a sustained basis.

Shanxi Installation is standing at a critical juncture of industrial upgrading and energy transition. We have a clear strategic path, continuously strengthened organizational capabilities, a more standardized and transparent governance structure, and firm confidence in the future.

We look forward to establishing a more sustainable, stable and mutually trusting relationship with the capital market and strive to become a modern engineering service enterprise worthy of long-term attention and holding.

Thank you for your trust and support.

By order of the Board
Shanxi Installation Group Co., Ltd.
REN Rui
Chairman and Executive Director

FINANCIAL HIGHLIGHTS

	2025 RMB'000	For the year ended December 31,			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Operating results					
Revenue	10,531,096	12,243,159	10,971,109	12,844,822	13,278,369
Gross profit	1,201,629	1,520,669	1,399,225	1,842,046	1,747,928
Profit for the year	193,260	209,799	205,558	200,436	188,034
Net profit attributable to equity holders of the Company	138,432	153,678	154,942	150,882	124,830
Profitability					
Gross profit margin	11.4%	12.4%	12.8%	14.3%	13.2%
Profit margin for the year	1.8%	1.7%	1.8%	1.6%	1.4%
Earnings per share (RMB)					
Earnings per share – basic	0.10	0.11	0.15	0.15	0.14
Earnings per share – diluted	–	–	–	–	–

	2025 RMB'000	As of December 31,			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	26,022,226	24,124,181	23,522,431	21,447,024	17,574,961
Total liabilities	22,531,684	20,780,847	20,396,627	19,214,104	15,560,888
Non-controlling Interest	587,226	579,138	515,662	423,604	338,528
Equity interest attributable to equity holders of the Company	2,903,316	2,764,196	2,610,142	1,809,316	1,675,545
Equity-liability ratio (net liability/total capital)	64.33%	53.96%	55.27%	64.28%	61.55%

MANAGEMENT DISCUSSION AND ANALYSIS

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

Summary of Overall Results

As the final year of the “14th Five-Year Plan” period and the foundational year for the Group’s strategy of “business segmenting and organizational clustering,” 2025 saw Shanxi Installation strive forward amidst complex and severe internal and external conditions. The Company steadily enhanced its comprehensive strength while deepening reform and restructuring, delivering effective market expansion strategies and continuously improving internal controls. These efforts enabled the Company to advance high-quality development in an all-round way and achieve sound operating results. In 2025, the Company recorded operating revenue of RMB10,531,096,000 and a total profit of RMB200,380,000. Basic earnings per Share amounted to RMB0.10, and net asset value per Share reached RMB2.54. The Board recommends the payment of a final dividend of RMB0.2038 per 10 Shares for the year 2025.

In 2025, the Group continued to optimize its market strategy, playing a significant role in driving growth, with several standout achievements. First, its professional foundation has been continuously consolidated. In the chemical engineering sector, it won the bid for the EPC project of an annual 1.2 million-ton PBAT plant with a contract value of RMB5.5 billion, setting a new record for the value of a single chemical engineering contract. In the heating sector, it secured heating projects in multiple regions including Inner Mongolia, Taiyuan and Qin County with a total contract value of RMB830 million. In the rail transit sector, it won the bid for Shanghai Rail Transit Line No. 21. Second, the “going global” strategy has delivered remarkable results, with the Group winning bids for projects including the procurement, construction and installation engineering for the ammonia synthesis and methanol facilities as part of the old factory relocation and transformation and new materials upgrading project (first phase) of Henan Jinkai Chemical Industry Investment Holding Group Co., Ltd., and the general contracting for the PC engineering of the 1 × 50,000-kilowatt backpressure unit combined heat and power project in Xiajin, Dezhou. Third, in the overseas market, the Group secured projects such as the Indonesia nickel-cobalt hydroxide project and the Nigeria LNG supporting facilities project, while establishing a strategic partnership with French international investment giant EDF to explore the Central Asian market. Fourth, the new energy business continued to strengthen, winning bids for projects such as the 100MW Wind Power Project in Yangqu County’s Nitun Town and the 400MW/800MWh Grid-Side Electrochemical Energy Storage Project (EPC) in Tai’an City. Fifth, the investment business achieved multiple breakthroughs. In the field of solid waste disposal, the Group actively advanced the “one-network” initiative for construction waste management across the province, covering five key urban projects and launching the province’s first comprehensive utilization project for new energy solid waste. In the wastewater treatment sector, the Group successfully secured the Shanxi lanhua wastewater zero-discharge BOO project, marking its first coal chemical wastewater treatment project. In areas such as clean heating and distributed energy, various projects progressed steadily, further expanding the low-carbon environmental protection business layout.

Industry in which the Company Operates

In 2025, the overall scale of China’s construction industry remained stable with notable resilience. 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 2025, new energy industry projects in China entered the “deep water zone” of high-quality development. The “wind-solar-storage-hydrogen” sectors advanced synergistically, driven by both policy incentives and technological innovation. Structural optimization was achieved amidst scale expansion, with intense competition catalyzing more breakthrough results. As the inaugural year of the implementation of the Energy Law, the new energy sector also encountered new opportunities for law-based development. The Energy Law's clear definition of hydrogen's energy attribute and the legal status of green electricity certificates effectively activated market vitality. Emerging business forms such as new-type energy storage and smart microgrids received precise policy support. Concurrently, national efforts focused on the layout of major works, concentrating on key areas like new energy bases in desert, gobi, and wasteland regions. This promoted the construction of cross-regional green power transmission channels and established an integrated “source-grid-load-storage” new energy supply and consumption system, providing a solid foundation for project implementation. The development of the entire industry also solidified the energy foundation for achieving the “3060” dual carbon goals. 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.

In 2025, national investment in renewable energy works continued to intensify, with projects flourishing across key areas. Centralized wind and solar works upgraded towards larger scales and higher parameters. Distributed photovoltaics (PV) maintained high growth in many regions, deeply integrating with urban and rural construction. By the end of 2025, the nation's cumulative installed power generation capacity reached 3.89 billion kilowatts (kW), a year-on-year increase of 16.1%. Among this, the cumulative grid-connected installed capacity of wind and photovoltaic power exceeded 1.8 billion kW for the first time, reaching 1.84 billion kW (accounting for 47.3% of the total national installed power generation capacity). Wind power installed capacity reached 640 million kW, a year-on-year increase of 22.9%, while solar (PV) power generation installed capacity reached 1.20 billion kW, a year-on-year increase of 35.4%.

The energy storage industry experienced rapid development in 2025. The cumulative installed capacity of domestic electric energy storage reached 213.3 GW, a year-on-year increase of 54%. Among this, the cumulative installed capacity of new-type energy storage reached 144.7 GW, a year-on-year increase of 85%, accounting for over two-thirds of the cumulative installed capacity. In 2025, China newly added 66.43 GW/189.48 GWh of new-type energy storage in operation, with power scale and energy scale increasing by 52% and 73% year-on-year respectively. Globally, the market concentration of residential energy storage installations was significant. The combined installations of the four major markets – Germany, the United States, Australia, and Japan – accounted for 57% of the global total in 2025, reflecting the dominant position of mature markets in global demand.

Management Discussion and Analysis

In terms of policy support, regions across the country, based on their own resource endowments and industrial foundations, introduced targeted measures to implement national new energy development plans and promote industrial quality and efficiency improvement. Regions generally deepened the market-oriented reform of new energy feed-in tariffs, established scientific settlement mechanisms, standardized the development, construction, and grid-connection services for distributed PV, and increased support for new business forms such as new-type energy storage, smart microgrids, and direct green power connection. Simultaneously, they optimized layouts based on regional characteristics: eastern regions focused on promoting the deep integration of distributed PV with urban-rural construction and industrial sectors, improving supporting policies for green power consumption; western regions concentrated on the construction of large-scale wind and solar bases, strengthening supporting measures for cross-regional green power transmission channels. Multiple measures were taken to activate market vitality and ensure project implementation.

Shanxi Province, closely following national new energy development plans, achieved historic breakthroughs in new energy development. By the end of 2025, the installed capacity of new and clean energy reached 90.48 million kW, accounting for 55% of the province's total electric power installed capacity of 164 million kW, marking a symbolic "reversal" in the power source structure. Electricity market reform led the nation, with the province taking the lead in officially operating the electricity spot market; spot trading volume during the "14th Five-Year Plan" period exceeded 1.65 trillion kWh. Key efforts focused on advancing the construction of large-scale bases, with national and provincial large-scale wind and solar bases being implemented orderly. The "standard land" model was innovatively applied to related works. Pilot projects for 13 provincial-level green power industrial parks were launched to explore new direct green power connection models. New models for distributed PV grid connection were promoted, and multiple integrated development works were planned. A tiered energy storage development pattern was established, promoting the coordinated development of pumped storage and new-type energy storage. In 2025, 17 million kW of new wind and PV power were connected to the grid, providing support for the industry's green transformation.

Chemical Industry Works

Chemical industry works are primarily divided into four sectors: coal chemicals, natural gas chemicals, petrochemicals, and fine chemicals. 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 2025, guided by the "New Energy Security Strategy" and the "dual carbon" goals, China's coal chemical industry achieved a critical leap from "scale expansion" to "quality enhancement." This transformation was driven by precise policy empowerment, technological innovation breakthroughs, and synergistic upgrades across the industrial chain, establishing it as a core vehicle for the clean and efficient utilization of coal and an important support for the transformation and development of the national economy. The industry's total annual output value exceeded RMB1.5 trillion, representing a year-on-year increase of 10.2%, with the growth rate accelerating by 1.8% compared to the previous year. Segmented sectors exhibited differentiated growth trends: traditionally advantageous industries such as coal-to-olefins and coal-to-ethylene glycol achieved quality and efficiency improvements, with consumption rates per unit decreasing by 8% year-on-year. Emerging sectors like coal-to-hydrogen and coal-based new materials rose rapidly, with year-on-year production growth rates reaching 25% and 35% respectively, becoming new engines for industry growth.

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

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 2025, 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.

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 2025, driven by demand growth, technological breakthroughs, and international market expansion, these areas are becoming important engines driving the growth of the fine chemical industry.

The Chinese government actively supports the petrochemical industry in accordance with policy directions outlined in proposals such as the Petrochemical Industry Planning and Layout Plan (《石化產業規劃佈局方案》). It is projected that by 2027, the total market size of China’s petrochemical industry engineering will reach RMB2,688.4 billion.

In line with the policies directions outlined by the Chinese Government, and according to the “14th Five-Year Plan for Industrial Development of Shanxi Province” (《山西省「十四五」產業發展規劃》) and the “Implementation Plan for Accelerating the Development of New Materials Industry in Shanxi Province” (《山西省加快推進新材料產業發展實施方案》), the carbon neutral policy is expected to promote the petrochemical industry in Shanxi to develop towards initiatives including low-carbon emission, green, high-end and differentiated proposition. In view of the policies directions of zero-carbon emission, the development of carbon-based materials for emerging industries such as carbon fiber and graphene serve as an important foothold for the transformation and development of the petrochemical industry in the Shanxi Province. Going forward, propelled by the gradual transformation towards high-end petrochemical production, the market size of petrochemical industry engineering in the Shanxi Province is expected to reach RMB103.1 billion by 2027

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 generally plays a significant role in the development of infrastructure construction. With (i) the rapid progress of urbanization in China over the past few years, and (ii) the continuous increase in the Chinese government’s investment in fixed assets for specialized auxiliary construction, the total output value of specialized auxiliary construction in the PRC is expected to continue growing.

Driven by (i) government policies promoting the renovation of old urban areas, particularly the upgrading of public utilities such as gas, electricity, drainage, heating, and other supporting infrastructure; (ii) intensive investment in infrastructure development in Shanxi Province; and (iii) large-scale projects (such as the south-to-north water diversion project, with an estimated investment of approximately RMB500 billion, passing through six provinces including Shanxi), the total output value of specialized auxiliary construction in Shanxi Province has increased significantly. Supported by the government’s vigorous promotion of urbanization, the demand for related infrastructure and the output value of municipal utility projects will correspondingly rise.

Management Discussion and Analysis

1. *Clean Heat Supply*

The demand in the heating market is substantial. With the development of urbanization, the urban heating area is expanding year by year. Decentralized heating causes severe environmental pollution and significant energy waste. Replacing decentralized heating with centralized heating can save approximately 30% of energy. Centralized heating is an inevitable requirement for improving urban environmental quality and establishing a positive city image. Centralized heating systems feature large boiler capacities, relatively complete dust removal equipment, and the use of high-efficiency dust collectors, resulting in higher dust removal rates and effectively reducing urban pollution. Centralized heating offers significant economic and environmental benefits. According to relevant national policies, future development priorities will include reducing the energy consumption of urban heating units, promoting centralized heating using industrial waste heat, accelerating the construction and renovation of heating pipeline networks, and advancing clean energy heating.

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%. In contrast, while China's construction industry is in a period of rapid development, its construction waste recycling rate is less than 10%.

With the continuous improvement of relevant laws and standard systems for the construction waste recycling industry, China has achieved breakthroughs in areas such as processing equipment, production technology, standards and specifications, product quality, and demonstration applications for construction waste resource utilization. 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*

Vigorously developing renewable energy has become a major strategic direction and concerted action for global energy transition and climate change response. Accelerating the development of renewable energy, implementing renewable energy substitution actions, actively exploring energy transition solutions, and constructing comprehensive energy bases with a high proportion of renewable energy development are key measures for achieving the carbon peak and carbon neutrality goals and building a modern energy system during the "14th Five-Year Plan" period. These are also important pathways and strategic initiatives for adhering to Xi Jinping Thought on Ecological Civilization, deeply implementing the new energy security strategy, and consolidating efforts to build a socialist society with Chinese characteristics in the new era.

During the “14th Five-Year Plan” period, Shanxi Province will focus on promoting the base-oriented and large-scale development of wind and PV power in the northern and western regions of the province, optimizing the promotion of local and nearby development of wind and PV power in the southeastern region, steadily advancing the diversified development of biomass energy, and actively promoting the large-scale development of geothermal energy. By focusing on both strengthening and expanding centralized projects and refining and specializing distributed projects, the province will continuously increase the installed capacity and proportion of renewable energy. According to the Notice on the Three-Year Action Plan to Promote the Development of Distributed Renewable Energy in Shanxi Province (2023–2025) issued by Shanxi Provincial People’s Government, by 2025, the total installed capacity of distributed renewable energy power in the province is targeted to reach approximately 10 million kW. The power generation from distributed renewable energy is expected to double compared to 2022, with the utilization rate of distributed renewable energy maintained at a reasonable level. Various application scenarios will flourish. The pilot demonstration projects have been completed and are delivering results.

4. *Water Environment Management*

In accordance with the directives of the Secretary of the Shanxi Provincial Party Committee, the Notice of the General Office of the Shanxi Provincial People’s Government on Issuing the Project Plan for “Diverting Clear Water into the Yellow River” (Jin Zheng Ban Fa [2023] No. 14) (《山西省人民政府辦公廳關於印發「一泓清水入黃河」工程方案的通知》(晉政辦發[2023] 14號)), and the local implementation plans for the “Diverting Clear Water into the Yellow River” project issued by various cities and prefectures, future market project development trends include: ecological restoration and treatment constructions for rivers and lakes; comprehensive ecological environment treatment projects such as those for black and odorous water bodies and river basin comprehensive governance; construction, quality improvement, and efficiency enhancement constructions for sewage treatment facilities; and constructions for the advanced treatment of industrial park wastewater and the utilization of reclaimed water.

5. *Urban Renewal*

In 2025, urban renewal emerged as an important tool for expanding domestic demand, with China accelerating its urban renewal efforts. Shanxi Province focused on implementing the renovation of old residential communities, the construction of complete communities, and urban health examinations, aiming to build livable, resilient, and smart cities. Concurrently, plans are underway to advance 15 practical initiatives related to people’s livelihoods, including the construction and renovation of community elderly care service facilities, the establishment of standardized community canteens, the installation of elevators in residential buildings, the construction of new boarding primary and secondary schools, and the maintenance of rural water supply projects, all aimed at further enhancing residents’ quality of life.

Furthermore, China will intensify the construction of platforms such as county-level industrial agglomeration areas and innovation and entrepreneurship parks, optimize the allocation of urban and rural public resources, and promote the construction of new-type urbanization with county towns as important carriers. Shanxi Province will also undertake the renovation of “three districts and one village”, improve municipal infrastructure, and advance the rerouting of national and provincial highways passing through county towns. With the deepening penetration of industry, consumption, and digital services into county-level areas, the policy direction supporting the county economy and rural revitalization is becoming increasingly clear. The focus of future urbanization will shift towards county towns, opening up broader market opportunities for construction enterprises.

Management Discussion and Analysis

Overseas Construction Market Ushers in New Development Opportunities

Over the past two years, international bilateral cooperation under the “Belt and Road” Initiative has continued to deepen, and Chinese construction engineering enterprises are steadily accelerating their pace of “going global.” According to statistics from the Ministry of Commerce, in 2025, the completed turnover of China’s overseas contracted projects reached RMB1,277.29 billion, a year-on-year increase of 8.1%; while the value of newly signed contracts amounted to RMB2,065.87 billion, a year-on-year increase of 8.5%. Among them, the value of newly signed engineering contracts of Chinese enterprises in countries along the “Belt and Road” reached RMB1,842.73 billion, a year-on-year increase of 11.2%; while the completed turnover reached RMB1,090.22 billion, a year-on-year increase of 9.6%. Currently, within the global infrastructure landscape, Southeast Asia, the Middle East, and Africa are emerging as core growth poles. Leveraging their advantages in technology, capital, and the entire industrial chain, Chinese engineering enterprises are deeply cultivating key fields such as transportation infrastructure, new energy, and smart cities, constantly innovating cooperation models, and continuously building a new paradigm for high-quality joint construction of the “Belt and Road”.

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	2025	Percentage of revenue %	2024	Percentage of revenue %	Change
Specialized industrial construction	7,573,193	71.92	9,091,213	74.25	-1,518,020
Specialized auxiliary construction	1,141,421	10.84	904,378	7.39	237,043
Other construction	815,302	7.74	1,264,455	10.33	-449,153
Non-construction business	927,053	8.80	939,125	7.67	-12,072
Other business	74,127	0.70	43,988	0.36	30,139
Total	10,531,096	100.00	12,243,159	100.00	-1,712,063

Our operating revenue during the Reporting Period amounted to RMB10,531,096,000, representing a decrease of 13.98% as compared with RMB12,243,159,000 for the year ended December 31, 2024, mainly due to the decrease in operating revenue derived from specialized auxiliary construction and other construction.

Specialized Industrial Construction Business

Our specialized industrial construction business mainly includes projects related to the following fields: power engineering (thermal power generation, new energy wind power generation, new energy 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 RMB7,573,193,000 (2024: RMB9,091,213,000), representing a year-on-year decrease of 16.70%. Such decrease was mainly due to the decrease in project revenue derived from power engineering and petrochemical engineering projects of such segment in 2025.

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 RMB1,141,421,000 (2024: RMB904,378,000), representing a year-on-year increase of 26.21%. Such increase was mainly due to the increase in revenue derived from drainage and environmental protection engineering projects of 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 RMB815,302,000 (2024: RMB1,264,455,000), representing a year-on-year decrease of 35.52%. Such decrease was mainly due to the science, education, culture and health building construction projects that were under construction in the previous year entering the final stage of construction during the year, and a decrease in revenue from major residential construction projects.

Management Discussion and Analysis

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 RMB927,053,000 (2024: RMB939,125,000), representing a year-on-year decrease of 1.29%. Such decrease was mainly due to the decrease in PPP operations income, LNG sales income and concrete sales income during the year.

Cost of sales

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

Our cost of sales for 2025 amounted to RMB9,329,467,000, representing a decrease of 12.99% from RMB10,722,490,000 for the Corresponding Period. It was mainly due to the decrease in costs corresponding to the decrease in revenue.

Gross profit and gross profit margin

Our gross profit for 2025 amounted to RMB1,201,629,000, representing a decrease of 20.98% as compared to RMB1,520,669,000 for the Corresponding Period. It was mainly due to the decrease in gross profit from specialized industrial construction and non-construction segments.

Our gross profit margin for 2025 was 11.41% (2024: 12.42%) and the change in gross profit margin was mainly due to the decrease in gross profit margin of specialized industrial construction and non-construction segments.

Taxes and surcharges

Our taxes and surcharges for 2025 amounted to RMB37,201,000, representing an increase of 20.42% as compared with RMB30,892,000 for the Corresponding Period, which was mainly due to the increase in stamp duty.

Selling expenses

Our selling expenses principally consist of sales and transportation fees of LNG, employee compensation, travel expenses, depreciation expenses, advertising fees and others.

Our selling expenses for 2025 amounted to RMB890,000, representing a decrease of 32.01% as compared with RMB1,309,000 for the Corresponding Period.

Management expenses

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

Our management expenses for 2025 amounted to RMB467,548,000, representing a decrease of 0.68% as compared with RMB470,734,000 for the Corresponding Period, which was mainly due to the decrease in office expenses and others during the Reporting Period.

Research and development expenses

Our research and development expenses for 2025 amounted to RMB220,745,000, representing a decrease of 62.80% from RMB593,406,000 for the Corresponding Period, which was mainly due to the decrease in the Company's research and development projects and research and development budget 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.

Our finance expenses for 2025 amounted to RMB92,946,000, representing a decrease of 9.19% as compared with RMB102,349,000 for the Corresponding Period, which was mainly due to the decrease in interest expenses on bank borrowings during the current period.

Other gains

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

Our other gains for 2025 amounted to RMB10,851,000, representing an increase of 17.66% as compared with RMB9,222,000 for the Corresponding Period.

Investment gains (losses are expressed in “-”)

Our investment gains for 2025 amounted to RMB3,261,000, representing an increase of RMB5,908,000 as compared with RMB-2,647,000 for the Corresponding Period. The increase in investment gains was mainly due to the higher share of profit of associates.

Gains on change in fair value

For 2025, we recorded gains on change in fair value of RMB1,267,000, representing an increase of RMB350,000 as compared with RMB917,000 for the Corresponding Period, which was mainly attributable to the appreciation of investment properties valuation.

Credit impairment losses

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

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

In 2025, we had credit impairment losses of RMB134,224,000, representing an increase of RMB57,029,000 from RMB77,195,000 for the Corresponding Period.

Management Discussion and Analysis

Impairment losses on assets

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

In 2025, our impairment losses on assets amounted to RMB64,706,000, representing an increase of RMB36,970,000 from RMB27,736,000 for the Corresponding Period.

Total profit

In 2025, our total profit amounted to RMB200,380,000, representing a decrease of 10.96% from RMB225,038,000 for the Corresponding Period, which was mainly due to the decrease in revenue from construction engineering.

Income tax expense

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

In 2025, our income tax expense was RMB7,120,000, representing a decrease of RMB8,119,000 from RMB15,239,000 for the Corresponding Period, which was mainly due to the reduction in current income tax expenses during the Reporting Period.

Net profit

In 2025, we recorded a net profit of RMB193,260,000, representing a decrease of 7.88% from RMB209,799,000 for the Corresponding Period.

Total comprehensive income attributable to shareholders of the parent company

In 2025, total comprehensive income attributable to our equity holders was RMB144,518,000, representing a decrease of RMB11,416,000 from total comprehensive income attributable to equity holders of the Company of RMB155,934,000 for the Corresponding Period.

Liquidity and capital resources

In 2025, the Group's net current assets was RMB852,063,000 (as at December 31, 2024: RMB312,563,000) consisting of current assets of approximately RMB18,952,059,000 (as at December 31, 2024: RMB17,189,449,000) and current liabilities of approximately RMB18,099,996,000 (as at December 31, 2024: RMB17,502,012,000), representing a current ratio of approximately 1.0.

In 2025, the Group had cash and bank balances (including restricted pledged bank deposits) of approximately RMB1,823,399,000 (as at December 31, 2024: RMB2,626,858,000). In 2025, the Group had cash and bank balances (excluding restricted pledged bank deposits) of approximately RMB1,548,345,000 (as at December 31, 2024: RMB2,200,863,000).

In 2025, the Group's borrowings amounted to RMB7,843,747,000 (as at December 31, 2024: RMB6,118,923,000), which were mainly borrowings in RMB. The increase in borrowings of the Group was mainly used for daily operating liquidity.

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

Capital expenditures

The Group's capital expenditures relate primarily to construction and equity investment. In 2025, the total amount of capital expenditures contracted by the Group but not yet incurred was RMB2,262,302,000 (as at December 31, 2024: RMB1,261,801,000).

Gearing ratio and quick ratio

Gearing ratio represents net debt divided by total capital. Net debt represents total borrowings (including, among other things, short-term borrowings, long-term borrowings due within one year and long-term borrowings) less cash balance presented in the statement of cash flow. Total capital represents the sum of shareholders' equity and net debt presented in the consolidated balance sheet. Total shareholders' equity includes equity attributable to shareholders of the parent company and minority interests. Our gearing ratio in 2025 was 64.33% (as at December 31, 2024: 53.96%).

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

Contingent liabilities

In 2025, the Group did not have any significant contingent liabilities.

Long-term equity investments

In 2025, the Group's long-term equity investments amounted to RMB277,464,000, representing an increase of 31.97% as compared with the balance of RMB210,245,000 as at December 31, 2024. The increase in the Group's long-term equity investments was mainly due to the increase in investment in associates by the Company.

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

Material acquisitions and disposals of subsidiaries, associates and joint ventures

In 2025, the Group did not conduct any material acquisition and disposal.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT OF THE COMPANY

(1) Future Prospects

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:

Management Discussion and Analysis

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 hard competitive strength

In terms of cost competitiveness, we will establish a full-chain, systematic cost reduction and efficiency enhancement system. We will strengthen source control by “calculating profitability before taking action” during the business planning phase, promote the reshaping of the centralised procurement system, and derive benefits from refined management, while continuously reducing non-production costs.

In terms of technological competitiveness, we will accelerate the development of new productive forces. We will concentrate efforts on tackling key challenges in our core businesses, strengthen the design-led approach and the orientation of “technology value creation”, establish mechanisms for the commercialization of scientific and technological achievements, and promote the formation of replicable product systems from achievements such as skid-mounted equipment and bulk solid waste conversion. We will accelerate the construction of digital platforms, with the goal of “institutionalizing management, standardizing systems, proceduralizing standards, informationizing processes, and digitizing information”, empowering management through data to enhance operational efficiency.

In terms of market competitiveness, we will build an open, collaborative, and responsive business system. We will promote the transition from “doing projects” to “managing customers”, implement customer feedback mechanisms, deepen collaborations with financial institutions, design firms, equipment manufacturers, and research institutes, and create a symbiotic and win-win ecosystem. We will strengthen contract performance management, accelerate the development of our own teams and skilled workers, strictly implement the incentive and constraint special action plan, and fully implement the “six 100%” requirements, laying a solid foundation for the smooth implementation of projects.

In terms of capital operation capability, we will leverage the advantages of our listed platform to empower the development of our six business segments. We will strengthen market value management and investor relations management, enhancing the quality of information disclosure and market transparency. Based on the development needs of the six business segments, we will explore differentiated capital support pathways and actively explore diversified capital operation methods such as equity cooperation, industrial funds, and asset securitization, revitalizing existing assets, optimizing the capital structure, and enhancing sustainable growth capabilities.

Fourth, the Group will maintain regular market value management

We will strengthen top-level design to deeply integrate market value management into the corporate development strategy, ensuring the steady enhancement of the Company’s investment value. We will continuously improve the quality of information disclosure, enhance corporate governance, consistently maintain a long-term and stable dividend policy, and repay shareholder trust with tangible investment returns and stock 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 specialised industrial construction, specialised 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.

Management Discussion and Analysis

Market Risks

The Company is exposed to market risks primarily from the Company's major customers and key suppliers. Market uncertainties caused by reforms in 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 law 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 may be restricted 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.

EVENTS AFTER THE REPORTING PERIOD

Explanation of Significant Non-adjusting Events after the Balance Sheet Date

Item	Content	The number of impacts on financial condition and operating results
Issuance of shares and bonds	26SACF01	Bonds payable increased by RMB500 million

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%.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. REN Rui

Mr. REN Rui (任銳), aged 45, is the secretary of the Party Committee, chairman and executive Director of the Company. Mr. REN was appointed as a Director in February 2018 and was subsequently redesignated as an executive Director in March 2022. He was appointed by the Board of Directors as the chairman of the Company and the chairman of the Nomination Committee in May 2025. Mr. REN oversees the overall work of the Party Committee and the Board of Directors, and is responsible for accounts receivable and other related matters. He supervises the Audit and Risk Control Department, and the Equity Management Center.

Mr. REN has around 25 years of experience in the construction industry. Mr. REN worked for Shanxi Sijian Group Company Limited* (山西四建集團有限公司, “Shanxi Sijian”) since October 2000 and was promoted to be a deputy manager of the Ventilation and Air-conditioning Installation Branch Company (通風空調安裝分公司) of Shanxi Sijian in March 2012. Mr. REN joined the Group in June 2014 as the manager of our Municipal Engineering Branch Company before he was promoted to be a deputy general manager of the Company in July 2017. He was further promoted to be a Director in February 2018 while continuing to serve as one of our deputy general managers and was subsequently appointed as the deputy secretary of the Communist Party Committee of the Company in February 2021. Mr. REN served as the general manager of the Company from February 2021 to May 2025. He resigned from the position of general manager in May 2025 and was appointed by the Board of Directors as the chairman of the Company. Concurrently, he was also appointed as the secretary of the Communist Party Committee of the Company.

Mr. REN obtained a bachelor’s degree in Civil Engineering from Chongqing University in January 2017 through correspondence courses and obtained a master’s degree in International Relations in Economy and Trade from Flinders University in Australia in April 2023. He attended the Tenth Youth Cadre Development Program organized by the Party School of Shanxi Province (Shanxi Academic of Governance) in November 2019. He attended a training program on “Strengthening Ideological and Political Construction for Provincial Enterprises” at the School of Humanities, Shanghai Jiao Tong University in August 2025. He attended a special training program on “Enhancing Political Quality and Performance Capability for Young Cadres and Business Backbones of Provincial Enterprises in Shanxi” in October 2025.

Mr. REN was appointed by Shanxi CIG (known as Shanxi Construction Engineering (Group) Corporation* (山西建築工程(集團)總公司, at the relevant time) as an engineer in October 2014; and was recognized as a senior engineer in heating, ventilation and air conditioning engineering by the Human Resources and Social Security Bureau of Shanxi Province, which was approved by Shanxi Construction Profession Senior Engineer Evaluation Committee, in November 2020; On 30 November 2025, he was recognized as a senior engineer in heating, ventilation and air conditioning engineering, upon approval by the Shanxi Provincial Senior Engineer Evaluation Committee, and was recognized by the Human Resources and Social Security Bureau of Shanxi Province.

Mr. REN was named as one of the “2013 Outstanding Project Manager of Shanxi Construction Enterprises” by the Shanxi Construction Industry Association in January 2014. Mr. REN was named as the “Outstanding Person of 2016–2017 in the Standardization of the Safety and Quality in Construction Engineering of China” (2016–2017年度中國工程建設安全質量標準化先進個人) by the Construction Safety Professional Committee of the China Association for Engineering Construction Standardization (中國工程建設標準化協會施工安全專業委員會) in 2017 and the “Outstanding Leader in Quality Management” (質量管理卓越領導者) by Beijing ZhongJianXie Certification Centre Co., Ltd. (北京中建協認證中心有限公司) in 2019, respectively, and was awarded the “Third Prize of the 2020–2021 Science and Technology Progress Award of China Installation Association (2020–2021年度中國安裝協會科學技術進步獎三等獎)” by the China Installation Association in June 2021.

Biographical Details of Directors and Senior Management

Mr. ZHANG Yan

Mr. ZHANG Yan (張琰), aged 54, is the vice president and executive Director of the Company. He is a member of the Remuneration and Appraisal Committee. Mr. ZHANG was appointed as a Director in September 2013 and was subsequently redesignated as an executive Director in March 2022. Mr. ZHANG is responsible for organizational affairs, talent management, human resources, publicity, trade unions, mass work, letters and visits, general administration, and logistics and property management. He assists the secretary of the Party Committee in overseeing Party-building efforts. He supervises the Party Committee Work Department (Youth League Committee), Human Resources Department, Trade Union, General Office, Shan'an Training Center, Digital Intelligence Media Center, and Logistics Service Center.

Mr. ZHANG has over 31 years of experience in the construction industry. Before joining the Group, Mr. ZHANG had been an officer in the second branch company of Shanxi Sijian from July 1993 to December 1995 and subsequently served as a secretary, deputy chief officer and chief officer of the general office of Shanxi Sijian. In September 1998, Mr. ZHANG became the head of the Administration Department of Shanxi Sijian. In November 2000, he was appointed as the deputy chief economist of Shanxi Sijian. In January 2003, Mr. ZHANG joined Shanxi Construction Engineering (Group) Corporation and served as the secretary of the general office until he joined the Company. Mr. ZHANG joined the Company in June 2011 as the secretary of the Communist Party Committee. He was elected as the chairman of labors' union of the Company in February 2018 while he continued to be the full-time secretary of the Communist Party Committee. Currently, Mr. ZHANG is a member of the Communist Party Committee, a full-time deputy secretary of the Communist Party Committee of the Company and chairman of the labor union of the Company.

Mr. ZHANG obtained a bachelor's degree in Chinese Literature from Shanxi University in July 1993 and he completed the master's program in Legal Theory in the Party School of the Central Committee of C.P.C (National Academy of Governance) in July 2019.

Mr. ZHANG was recognized as a senior economist in enterprise management by the Human Resources Bureau of Shanxi Province in November 2003. Mr. ZHANG was named as one of the "Outstanding Workers for the Communist Party's Matters in Shanxi" (山西省優秀黨務工作者) in June 2016 and the "Outstanding Labor Union Cadre (優秀工會幹部)" by the Shanxi Construction Industry Labor Union Federation (山西省建築業工會聯合會) in December 2022.

Non-executive Directors

Mr. XU Guanshi

Mr. XU Guanshi (徐官師), aged 53, was appointed as an outside Director in October 2021 and was subsequently redesignated as a non-executive Director in March 2022.

Mr. XU has around 27 years of experience in the construction industry. He started his career by joining Shanxi Fifth Construction Engineering Company Limited* (山西省第五建築工程公司, "Shanxi Fifth Construction") in July 1996. He has been serving as deputy chief officer and chief officer of the general office, assistant to the general manager and subsequently the deputy general manager, a director and a member of the Communist Party Committee of Shanxi Fifth Construction during the period from April 2004 to November 2020. Mr. XU has served as the chief officer of the office of Shanxi CIG since November 2020.

Mr. XU obtained a bachelor's degree in Economic Management from Shanxi Economic Management College in July 1996.

Mr. XU was recognized as a senior engineer in construction engineering by the Human Resources and Social Security Bureau of Shanxi Province in November 2013.

Biographical Details of Directors and Senior Management

Mr. ZHANG Hongjie

Mr. ZHANG Hongjie (張宏杰), aged 47, was appointed as an outside Director in October 2021 and was subsequently redesignated as a non-executive Director in March 2022.

Mr. ZHANG has around 25 years of experience in finance and accounting. Mr. ZHANG has served as an accountant in the Capital Management Center of Shanxi Sijian from September 2002 to March 2010. After that, he served as the chief officer of the Finance Section of the second branch company of Shanxi Sijian until July 2011. Then, he was appointed as the deputy manager of a subsidiary of Shanxi Sijian in July 2011. In May 2016, Mr. ZHANG joined Shanxi Construction Engineering (Group) Corporation and took a position in the Capital Management and Settlement Center and was subsequently promoted to deputy chief officer and chief officer in April 2017 and April 2020 respectively. Mr. ZHANG was the head of the Capital Management Department of Shanxi CIG from November 2020 to October 2024, and he has been the head of the Finance and Asset Department of Shanxi CIG since October 2024.

Mr. ZHANG obtained a master's degree in Business Administration from Shanxi University of Finance and Economics in July 2017.

Mr. ZHANG was recognized as a senior accountant by the Human Resources and Social Security Bureau of Shanxi Province in December 2020.

Mr. MU Jianwei

Mr. MU Jianwei (慕建偉), aged 54, was appointed as an outside Director in March 2022 and was subsequently redesignated as a non-executive Director in March 2022.

Mr. MU has over 26 years of experience in the Communist Party's building work. From July 1995 to August 1998, Mr. MU was the secretary of the Youth League Committee of Xizhuang Village of Yangqu County of Taiyuan City. Then he served as a clerk in the Organization Department of the Communist Party's Committee of Yangqu County until November 2000 when he was assigned to be a clerk and subsequently the deputy officer clerk in June 2004 in the Organization Department of the Communist Party's Committee of Taiyuan City. He was afterwards promoted to work in the Inspection Team of the Communist Party's Committee of Shanxi Province in December 2004 till immediately before joining the Group and he has been acting as an inspector (deputy director grade) of the Provincial Committee Inspection Team, deputy manager of Talent Office, deputy director of Cadres Education Division and inspector (director grade) of the Provincial Committee Inspection Team during such period. Mr. MU acted as the head of the Communist Party's Propaganda Department in Shanxi CIG from February 2022 to March 2025, and has been acting as an officer of the Communist Party's Inspection Office in Shanxi CIG since March 2025.

Mr. MU completed a higher diploma program in Politics and Law from Party School of Shanxi Province (he graduated from Shanxi Academic of Governance) in July 2002 through correspondence courses and he also completed the bachelor program in Law from the Party School of the Central Committee of C.P.C (National Academic of Governance) in December 2005 also through correspondence courses.

Biographical Details of Directors and Senior Management

Mr. FENG Cheng

Mr. FENG Cheng (馮成), aged 53, was appointed as an outside Director in October 2021 and was subsequently re-designated as a non-executive Director in March 2022. He is a member of the Audit Committee.

Mr. FENG has over 31 years of experience in accounting. Mr. FENG served as section chief in the Finance Department of Shanxi Fifth Construction from August 1993 to October 2003. He then joined Shanxi Construction Engineering (Group) Corporation in October 2003, initially as an officer in the Audit Department and subsequently as the deputy head of the Capital Management Department. He was relocated to Shanxi Fifth Construction Group Co., Ltd. (山西五建集團有限公司) in October 2015 as the chief accountant. Mr. FENG has served as the role of deputy head of the Audit Department of Shanxi CIG since September 2016.

Mr. FENG obtained a college diploma in Accounting from Shanxi University of Finance and Economics in December 1999 and he graduated from the University of International Business and Economics with a bachelor's degree in Finance in July 2005 through correspondence courses.

Mr. FENG was recognized as an accountant by the Ministry of Finance of the PRC in May 1997.

Independent Non-executive Directors

Mr. WANG Jingming

Mr. WANG Jingming (王景明), aged 64, was appointed as an independent non-executive Director in March 2022, taking effect on November 1, 2023. He is the chairman of the Remuneration and Appraisal Committee, a member of each of the Audit Committee and Nomination Committee.

Mr. WANG has over 41 years of experience in enterprise management, over 21 years of experience in financial management and has been acting as senior management for enterprises for over 21 years. Mr. WANG started his career as an accountant in Datong Power Station* (大同發電總廠) in September 1981. From July 1985 to October 1998, he served as the deputy chief and then the chief of the finance section and finally the deputy chief accountant of Yongji Power Station* (永濟熱電廠). Mr. WANG served as the manager of the Audit Department of Shanxi Zhangze Electricity Co., Ltd.* (山西漳澤電力股份有限公司) before he joined Chalco Shanxi New Materials Co., Ltd* (中鋁山西新材料有限公司) (previously known as Shanxi Huaze Aluminum Battery Company Limited* (山西華澤鋁電有限公司)) as deputy general manager in January 2004. Since October 2018, Mr. WANG served SPIC Hebei Power Company Limited* (國家電投集團河北電力有限公司) and Shijiazhuang Dongfang Energy Co., Ltd.* (石家莊東方能源股份有限公司) as a deputy general manager and the chief financial officer for both companies. Since January 2018, Mr. WANG has been acting as a director or a supervisor in various subsidiaries of State Power Investment Corporation Limited (國家電力投資集團有限公司) (retired in May 2022), including SPIC Xinjiang Electricity Power Company Limited* (國家電力投資集團新疆電力有限公司) (retired in September 2021), SPIC Henan Electricity Power Company Limited* (國家電力投資集團河南電力有限公司) (retired in January 2022), SPIC Jilin Electricity Power Company Limited* (國家電力投資集團吉林電力有限公司) (retired in January 2022), SPIC North-East Electricity Power Company Limited* (國家電力投資集團東北電力有限公司) (retired in November 2020) and SPIC Beijing Electricity Power Company Limited* (國家電力投資集團北京電力有限公司) (retired in January 2022). Mr. WANG has also been a director of Chaoyang Jinda Titanium Co., Ltd. (朝陽金達鈦業股份有限公司) since July 2022, and an independent director of Hebei Cangzhou Xinchang Corporation (河北滄州信昌股份有限公司) since November 2023.

Mr. WANG completed a postgraduate course in Accounting from Capital University of Economics and Business in December 2000.

Biographical Details of Directors and Senior Management

Professor WU Qiusheng

Professor WU Qiusheng (吳秋生), aged 63, was appointed as an independent non-executive Director in March 2022 taking effect on November 1, 2023. He is the chairman of the Audit Committee. Professor WU is currently level 2 professor and PhD tutor of Shanxi University of Finance and Economics and is a leading researcher in state audit and internal control. Over the years, Professor WU has received various awards, such as Shanxi Provincial 1331 Project Outstanding Teacher Award (省1331工程立德樹人好老師), Shanxi Provincial Outstanding Backbone Talent Award (三晉英才拔尖骨幹人才) and Shanxi Provincial Teaching Achievement Awards (First Class in 2013 and Grand Prize in 2019) (省級教學成果一等獎(2013)和特等獎(2019)), for his contributions to education. He has also been named as Principal of National Level First Class Professional Accounting (國家級一流專業會計學負責人) and Principal of National Level First Class Auditing Course (國家級一流專業會計學和國家級一流課程審計學負責人). Professor WU has also been a standing executive director of China Audit Society since 2020 and an academic director of the Audit Research Center of the PRC Government (中國政府審計研究中心).

Professor WU has published over 150 professional articles, over 10 teaching materials and 3 books. Professor WU has been an independent director of Jinlihua Electric Co., Ltd. (金利華電氣股份有限公司) (Shenzhen Stock Exchange stock code 300069) since April 2020, an independent director of Shanxi Coal International Energy Group Co., Ltd. (山煤國際能源集團股份有限公司) (Shanghai Stock Exchange stock code: 600546) since April 2022, an independent director of Shanxi Dayu Biological Functions Co., Ltd.* (山西大禹生物工程股份有限公司) (NEEQ stock code: 871970) since February 2021. He was an external supervisor of Shanxi Bank Co., Ltd.* (山西銀行股份有限公司) from April 2020 to December 2025. He has been an independent director of Daqin Railway Co., Ltd. (大秦鐵路股份有限公司) (Shanghai Stock Exchange stock code 601006) from May 2011 to March 2016 and an independent director of Shanxi Lu'an Environmental Energy Development Co., Ltd. (山西潞安環保能源開發股份有限公司) (Shanghai Stock Exchange stock code 601699) from November 2012 to May 2016.

Professor WU obtained his PhD degree in Accounting from Tianjin University of Finance and Economics in 2006.

Ms. SHIN Chuck Yin

Ms. SHIN Chuck Yin (單焯然), aged 52, was appointed as an independent non-executive Director in March 2022 taking effect on November 1, 2023. Ms. SHIN is a member of the Nomination Committee. Ms. SHIN has over 22 years of experience in the finance and investment banking industry. Ms. SHIN has been the managing director in the investment banking department of Minerva Advisory Global Capital Limited since July 2024. On June 5, 2024, Ms. SHIN was appointed as an independent director of Qingdao Wendatong Technology Co., Ltd, a company listed on the National Equities Exchange and Quotations (stock code: 430516). Ms. SHIN was the managing director in the investment banking department of Diligent Capital Limited from October 2023 to June 2024. From July 2022 to October 2023, she served as an executive director in the Investment Banking Department of TFI Capital Limited. From May 2019 to May 2022, she served as an executive director in the Investment Banking Department of Sunfund Capital Limited. From June 2017 to May 2019, she served as an executive director in the Investment Banking Department of LY Capital Limited. From May 2014 to June 2017, she served as a director in the Investment Banking Department of Orient Capital (Hong Kong) Limited. From April 2011 to April 2014, she served as the vice president of the Corporate Finance Department at China Merchants Securities (HK) Co., Ltd. From June 2009 to April 2011, she served as an associate director of the Corporate Finance Department at South China Capital Limited. Ms. SHIN has served as the senior manager in the Corporate Finance Department at Guotai Junan Capital Limited, Shenwan Hongyuan Capital (H.K.) Limited and Evolution Watterson Securities Limited during the period from November 2001 to February 2009.

Biographical Details of Directors and Senior Management

Ms. SHIN obtained a bachelor's degree in Business Administration from the University of Hong Kong in 1995.

Ms. SHIN has been a Chartered Financial Analyst since 2006, a Certified Public Accountant since 1999 and a member of The Hong Kong Institute of Certified Public Accountants since 1999.

Mr. GUO He

Mr. GUO He (郭禾), aged 63, was appointed as an independent non-executive Director in October 2022 taking effect on November 1, 2023. He is a member of both the Remuneration and Appraisal Committee and Nomination Committee.

Mr. GUO obtained his bachelor's degree in Semiconductor Physics from Nanjing University (南京大學) in July 1982. He has been engaged in technical work in the design and manufacture of integrated circuits and semiconductor devices in Nanjing Semiconductor Factory (南京半導體總廠). Mr. GUO obtained a second bachelor's degree in Intellectual Property Law from Renmin University of China (中國人民大學) in 1989 and has been teaching at the university since graduation. In 2000, he obtained a doctorate in law from Renmin University of China.

Mr. GUO has been engaged in the teaching and research of intellectual property law for more than 31 years. He is currently a full-time professor at Renmin University of China, and concurrently serves as the vice president of the China Intellectual Property Research Association (中國知識產權研究會), the executive vice chairman of the Intellectual Property Law Research Association of the China Law Society (中國法學會知識產權法學研究會) and the vice chairman of the China Writer's Association (中國文學著作權協會). Mr. GUO is also an independent director of BOE TECHNOLOGY GROUP CO., LTD. (京東方科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000725).

Senior Management

Mr. YUAN Yongfeng

Mr. YUAN Yongfeng (袁永鋒), aged 47, serves as the deputy general manager of the Company. He is responsible for market development, corporate qualifications, overseas business, and foreign affairs. He supervises the international operations sector, as well as the Market Development Department and the Market Expansion Center.

Mr. YUAN joined the Overseas Department of Shanxi Construction Engineering (Group) Corporation in July 1998. From June 2011 to August 2016, he served as the chief accountant of the Overseas Department of Shanxi Construction Engineering (Group) Corporation and concurrently held the positions of director and chief accountant of Shanxi International Economic and Technical Cooperation Co., Ltd.* (山西國際經濟技術合作有限公司) during such period. From August 2016 to February 2018, he served as a member of the Party Committee of China Shanxi International Economic Cooperation Co., Ltd. From February 2018 to April 2021, he served as a director of Shanxi International Economic and Technical Cooperation Co., Ltd., concurrently holding the positions of chief accountant, deputy general manager, and Party Committee member, while also serving as a member of the Party Committee of China Shanxi International Economic and Technical Cooperation Co., Ltd. until November 2020. From August 2021 to April 2025, he served as a director and general manager of Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司), and as a director and general manager of Shanxi CIG (Hong Kong) Limited. In April 2025, he was appointed as the deputy general manager of the Company by resolution of the Board of Directors. Currently, Mr. YUAN is a member of the Communist Party Committee of the Company.

Mr. YUAN holds a master's degree from Shandong University and has the qualification of senior accountant.

Biographical Details of Directors and Senior Management

Mr. WANG Jianjun

Mr. WANG Jianjun (王建军), aged 43, is a deputy general manager and the chief safety officer of the Company and leads the overall work of the management team and is responsible for production safety, centralized procurement of materials, cost control, budget and final accounts, and new energy business, among other tasks. He supervises the construction sector, as well as the Safety and Environmental Protection Department, the Engineering Management Department, and the Business Management Center.

Mr. WANG has around 22 years of experience in the construction industry. Mr. WANG joined the Group in June 2002 and was appointed as a deputy manager of the first branch office of the Company in December 2013. In July 2017, he was further promoted to be the general manager of the first branch office of the Company, the assistant to the general manager of the Company in April 2020 and the general manager of our New Energy Department in November 2020. He has been a deputy general manager of the Company since April 2021 and chief safety officer of the Company since September 2021. Currently, Mr. WANG is a member of the Communist Party Committee of the Company.

Mr. WANG graduated with a diploma in Construction Project from Shanxi Engineering Vocational College* (山西工程職業技術學院) in January 2009 through correspondence courses. He also obtained a bachelor's degree in Electrical Engineering and Automation from Taiyuan University of Science and Technology in January 2016 through correspondence courses.

Mr. WANG was recognized as an associate constructor in electromechanical engineering by the Human Resources and Social Security Bureau of Shanxi Province in June 2011 and as a senior engineer in construction engineering implementation by the Human Resources and Social Security Bureau of Shanxi Province in November 2020. Mr. WANG was recognized by the Human Resources and Social Security Bureau of Shanxi Province as a senior professorate engineer in construction engineering management on November 30, 2025. Mr. WANG was named as the "Responsible Cadre for 2021 (2021年度擔當作為幹部)" by the Organization Department of the Shanxi Provincial Party Committee in October 2022.

Mr. LIANG Bo

Mr. LIANG Bo (梁波), aged 51, is the chief engineer of the Company and is responsible for technology and quality, technical qualifications, excellence initiatives, standards implementation, liaison with industry associations, compliance regulation, legal affairs, and the development of the "Four-in-One" risk control system, among other tasks. He supervises the Technology and Quality Department, the Legal and Compliance Department, the Chemical Industry Division and Management Supervision Center.

Mr. LIANG has about 28 years of experience in the construction industry. Mr. LIANG joined the Group in September 1997 initially as a project technician and he has taken several roles in the Group, including an electrical engineer in our branch company and a technical officer for our direct investment projects before he was appointed as the head of our Technical Centre in July 2008. In March 2014, Mr. LIANG also took the role of the head of our Technical and Quality Department. Mr. LIANG was appointed as a deputy chief engineer of the Company in June 2014, was promoted to an acting chief engineer in January 2015 and was further promoted to the chief engineer of the Company in March 2018. Currently, Mr. LIANG is a member of the Communist Party Committee of the Company.

Mr. LIANG graduated with a diploma in Industrial Electrical Automation from Luoyang Industry Vocational College* (洛陽工業高等專科學校, the predecessor of Luoyang Institute of Science and Technology (洛陽理工學院)) in June 1997. In July 2009, he completed the bachelor's program in Electrical Engineering and Automation from Shandong University of Technology (山東理工大學) through correspondence courses. He also obtained a master's degree in Project Management Engineering from China Three Gorges University (三峽大學) in December 2017.

Biographical Details of Directors and Senior Management

Mr. LIANG was recognized as a senior engineer in electrical construction by the Housing and Urban-Rural Development Bureau of Shanxi Province in December 2017 and awarded the title of one of the Top Ten Innovative Entrepreneurs in Shanxi Province (山西省十大創新創業人物) in 2018. Mr. LIANG was named a “Shanxi Province Outstanding Scientific and Technological Workers” by the Shanxi Provincial Science and Technology Association in December 2019.

Ms. ZHOU Saimei

Ms. ZHOU Saimei (周賽梅), aged 46, is the chief accountant of the Company and is in charge of work including financial management, assets management, capital management, investor relations management, cross-border capital coordination and compliant operation of cross-border transaction funds. She assists in overseeing accounts receivable work and co-supervises the Equity Management Center. She also supervises the Finance and Assets Department, the Fund Management Department, and the Financial Share Service Centre.

Ms. ZHOU has around 18 years of experience in finance. Ms. ZHOU joined the Company in July 2004 as a cashier and has served as an accountant in our First Branch Company, an accountant in our Finance Department and our Fund Centre since August 2005 before she became a deputy head of our Finance Department in July 2014. She was appointed as the head of our Fund Centre in January 2015 and then the head of the Finance and Assets Department in February 2016. During the period from March 2020 to April 2021, she worked as the deputy head of our Finance Share Service Centre. Ms. ZHOU was re-appointed as the head of our Finance and Assets Department in April 2021. She started to serve as the chief accountant of the Company in September 2022.

Ms. ZHOU obtained a bachelor's degree in Economics and Accounting (double degree) from Shanxi University of Finance and Economics in July 2004.

Ms. ZHOU was recognized as a senior accountant by the Human Resources and Social Security Bureau of Shanxi Province in August 2014.

Mr. TANG Hao

Mr. TANG Hao (唐浩), aged 40, is the deputy general managers of the Company. He is responsible for reform and development, strategic planning, prefabricated construction, operations and maintenance, among other tasks. He supervises the component manufacturing sector and the operations and maintenance sector, as well as the Planning and Development Department.

Mr. TANG has over 10 years of experience in the construction industry. Mr. TANG joined the Company in February 2014. He served as deputy head of the general office in February 2015, and was subsequently served as the head of the general office from April 2017. From February 2018 to August 2025, he held positions including deputy secretary of the Party Branch, secretary of the Party Branch, and manager of the Labor Branch Company. Concurrently, from April 2019 to November 2025, he served as general manager, executive director, and secretary of the Party Branch of Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd. Since July 2025, he has served as deputy secretary of the Party Branch and general manager of the Company's Operation, Maintenance and Guarantee Division. In March 2026, he was appointed as deputy general manager of the Company.

Mr. TANG obtained a master's degree in Philosophy from Shanxi University in July 2013.

Mr. TANG was recognized as a senior engineer in building electrical engineering by the Human Resources and Social Security Bureau of Shanxi Province in November 2021.

Biographical Details of Directors and Senior Management

Mr. GUO Xiaobing

Mr. GUO Xiaobing (郭小兵), aged 54, is an assistant to the general manager of the Company and is responsible for investment and construction management, among other tasks. He assists in overseeing legal affairs (including related administrative matters). He also supervises the investment and construction sector.

Mr. GUO has around 31 years of experience in finance. Mr. GUO started his career as a finance staff member at Shanxi Sijian in August 1994. From March 1998 to August 2003, Mr. GUO worked at Shanxi Yinghuang Engineering Consulting Co., Ltd.* (山西引黃工程諮詢有限公司) as the head of finance. He then became a lecturer at Shanxi University of Finance and Economics and an analyst of Shanxi Securities Co., Ltd.. Mr. GUO joined the Group in May 2014 and became a deputy officer in our Capital Department in August 2014. He subsequently became the deputy chief accountant of the Company and a deputy general manager of our Construction Investment Business Department in June 2015. In January 2019, Mr. GUO was appointed as the chief investment officer of the Company and was further promoted to be the general manager of our Construction Investment Business Department in April 2021. Since August 2021, Mr. GUO has been appointed as an assistant to the general manager of the Company.

Mr. GUO graduated with a diploma in Finance from Shanxi Finance and Taxation Vocational College* (山西省財政及稅務專科學校) in July 1994. In June 2004, he obtained a master's degree in Economics from Shanxi University of Finance and Economics. In June 2012, Mr. GUO also obtained a doctoral degree in History of Economic Thoughts from Wuhan University (武漢大學).

Mr. GUO was recognized as a senior economist by the Human Resources and Social Security Bureau of Shanxi Province in November 2014.

Biographical Details of Directors and Senior Management

Joint Company Secretaries

Mr. ZHANG Xiaodong

Mr. ZHANG Xiaodong (張曉東), aged 42, is the secretary to the Board and one of the joint company secretaries of the Company. He is responsible for asset securitization, corporate listing, market value management, information disclosure, corporate governance, scientific and technological innovation, transformation of technological achievements, design consultation, network informatization, etc. He also supervises the design consultation sector and the office of the Board. Mr. ZHANG joined the Group in August 2005 by initially working in our fifth and sixth Branch Companies and in the Finance and Assets Department of the Company. From February 2016 to January 2019, Mr. ZHANG served as a director and chief accountant of Shan'an Bluesky. From August 2017 to March 2020, he served as the head of the Listing Preparation Office responsible for overall management of the preparation of the proposed listing of Shan'an Bluesky on the National Equities Exchange and Quotations and was again appointed as the standing deputy director of the Listing Preparation Office in April 2021 for the Listing. Mr. ZHANG has also served as a deputy manager of the Construction and Investment Department of the Company from November 2019 to March 2021. Mr. ZHANG has served as the secretary to the Board since December 2021.

Mr. ZHANG graduated with a diploma in Computerized Accounting from Shanxi Finance and Taxation College in July 2005 and he completed the bachelor's program in Accounting from the Central Tele-broadcast University* (中央廣播電視大學, now known as The Open University of China) in July 2009. Mr. ZHANG registered as a mid-level accountant in October 2014 and passed the International Certified Management Accountant Association certificate in the International Certified Management Accountant Qualification in August 2016. He was certified as a senior accountant by the Human Resources and Social Security Bureau of Shanxi Province in July 2022.

Ms. CHAN Sze Ting

Ms. CHAN Sze Ting (陳詩婷) is one of the joint company secretaries of the Company. Ms. CHAN is a director of the company secretarial services division of Tricor Services Limited (a member of Vistra Group), which is a global professional services supplier specializing in integrated business, corporate and investor services. Ms. CHAN has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. CHAN is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. CHAN holds a bachelor's degree in law from the University of London, Britain.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in this annual report (the “**Corporate Governance Report**”).

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 the shareholders of the Company (the “**Shareholders**”) and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Hong Kong Listing Rules (as in effect from time to time) as the basis of the Company’s corporate governance practices. The Board considers that during the Reporting Period, the Company has complied with all the code provisions set out in Part 2 of the CG Code and has substantially met the requirements of the vast majority of the recommended best practice provisions. The Board will continue to review and monitor the Company’s corporate governance practices so as to maintain a high standard of corporate governance.

Directors’ Securities Transactions

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 of 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 were in strict compliance with the standards as set out in the Model Code during the year ended December 31, 2025 and up to the date of this annual report.

Board of Directors

The Company is headed by an effective Board which oversees the Company’s businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from a director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The terms of reference of the committees under the Board specify that the Directors may invite experts, scholars, intermediary agencies and relevant personnel to attend the meetings to explain and describe the issues to be discussed at the meetings if necessary. Such invitations are at the Company’s expense to ensure that the Directors are given independent views and opinions. The Board has reviewed these mechanisms to ensure their effective implementation.

Corporate Governance Report

The executive Directors of the Company earnestly perform the dual responsibilities of decision-making and implementation, actively implement the decisions of the Shareholder's meeting and the Board, and effectively play the role of a bond between the Board and the management. The non-executive Directors of the Board supervise the Board and the senior management and provide different perspectives on matters presented to the Board. The independent non-executive Directors of the Company carefully study the development strategy and business strategy of the Company, and provide independent opinion and judgement to the Board.

During the Reporting Period, the independent non-executive Directors of the Company contributed significantly to improving the Company's corporate governance structure and protecting the interests of the Company's minority shareholders.

Board Composition

During the Reporting Period and up to the date of this annual report, the composition of the Board is as follows:

Executive Directors

Mr. REN Rui (Chairman)

Mr. ZHANG Yan

Mr. WANG Limin (former Chairman) (resigned on 22 May 2025)

Non-executive Directors

Mr. XU Guanshi

Mr. ZHANG Hongjie

Mr. MU Jianwei

Mr. FENG Cheng

Independent non-executive Directors

Mr. WANG Jingming

Professor WU Qiusheng

Ms. SHIN Chuck Yin

Mr. GUO He

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Except for the relationships between the Directors set forth in the respective Director's biography under the section headed "Biographical Details of Directors and Senior Management", the Directors do not have financial, business, family or other material/relevant relationships with one another.

Independent Non-executive Directors

During the year ended December 31, 2025, the Board at all times fulfilled the requirements of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Directors (including executive Directors and independent non-executive Directors) shall be elected at the Shareholder's meeting for a term of three years. Directors shall be eligible for re-election upon expiry of their term of office.

Corporate Culture

Corporate vision: "To become the most competitive modern engineering service provider in China"

Interpretation: We uphold the development vision of Shanxi CIG, inherit the spirit of the Long March, and shape the century-old character of Shan'an's sacrifice and contribution.

Competitiveness: It represents having the most agile market expansion capability, the highest quality product and service provision capability, the strongest social resource integration capability, the most complete industry chain operation capability, and the most advanced technology and digital assurance capability.

Modernization: Modernized management philosophy based on innovative business models, modernized management organization based on open platforms, modernized management control based on core competence, modernized management strategies based on information and digital technologies.

Engineering service provider: Become a "Five in One" full life cycle provider with competitive edge in specialised areas including design and consulting, investment and construction, building construction, component manufacturing, as well as operation and maintenance.

Corporate mission: "Dedication to excellence and building the future"

Dedication to excellence: Serve the community with dedication to excellence in engineering. Uphold the spirit of being responsible for customers as well as ourselves, strive for excellence in terms of design, construction, operation and maintenance, provide excellent quality and thoughtful service, with dedication to high-quality engineering services for the community and set a role model for the industry.

Building the future: Build a better future by taking action today. Promote green and low-carbon environmental protection and energy-saving projects which are vital to the national economy and people's livelihood for generations. Today's hard work will certainly be rewarded with customer satisfaction, people's happiness as well as social harmony and stability, building a better and happier future.

Corporate core values: "Integrity, pragmatism and perseverance"

Integrity and pragmatism: Keep promises, be loyal to the enterprise, work sincerely, and report performance truthfully without misrepresentation of data or covering up of facts; exercise pragmatism: being down-to-earth, practical and reasonable, hold an attitude that is upright and serious, propose projects that are practical and feasible, and plans must be executed fully and thoroughly.

Perseverance: In the process of development, there are always many uncertainties. Do not give up because of short-lived difficulties or frustrations. Regardless of the place and time, the objective will finally be met if a goal can be clearly identified, followed by a great deal of confidence and persistent focus on the relevant tasks.

Corporate Governance Report

Corporate spirit: “The spirit of the Long March”

Interpretation: Succeed to the spirit of the “Long March” formed in the early years of Shanxi Installation when the Great Hall of the People was constructed, that is, dedication and selfless contribution to the country, taking responsibility in critical times and making commitments to accomplish missions, with the innovative spirit of making continuous improvements, achieving excellent agility and demonstrating immense courage to achieve perfection and exceptional craftsmanship.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company’s affairs.

The Board directly, or indirectly through its committees, leads and provides direction to senior management by laying down strategies and overseeing their implementation, monitors the Company’s operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company’s expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflicts of interest), financial information, appointment of directors and other significant operational matters of the Company. The management is responsible for implementing the decisions of the Board, guiding and coordinating the daily operation and management of the Company.

Permitted Indemnity Provision

The Company has arranged appropriate insurance coverage on Directors’ and senior management’s liabilities in respect of any legal actions taken against Directors and senior management arising from the Company’s activities since the Listing Date.

Continuous Professional Development of Directors

Each newly appointed Director will receive a comprehensive, formal and tailor-made induction programme upon his/her first appointment to ensure that he/she has a proper understanding of the Company’s business and operations and is fully aware of his/her responsibilities and obligations under the Hong Kong Listing Rules and relevant regulatory requirements.

The Company provides lectures, seminars and online training as well as reading materials on relevant topics for the Directors. During the year ended 31 December 2025, all Directors have attended training courses on Directors' responsibilities. In addition, the Company has provided the Directors with relevant reading materials such as the latest legal and regulatory information for their reference and study.

The record of continuous professional development relating to the Directors' duties and regulatory and business development that have been received by the Directors for the year ended December 31, 2025 is summarized as follows:

Directors	Types of training ^{Notes}	Training contents	Training hours
Executive Directors			
Mr. REN Rui	A, B	Directors' duties, continuing disclosure obligations under the Listing Rules, corporate governance, Directors' liability insurance, monthly regulatory news and case studies	33.5
Mr. ZHANG Yan	A, B	Directors' duties, continuing disclosure obligations under the Listing Rules, corporate governance, Directors' liability insurance, monthly regulatory news and case studies	17
Non-executive Directors			
Mr. XU Guanshi	A, B	Directors' duties, continuing disclosure obligations under the Listing Rules, corporate governance, Directors' liability insurance, monthly regulatory news and case studies, capital operations and legal & compliance for Chinese enterprises going global, ESG regulation and its correlation with financial information, investor relations and proactive value management	49.5
Mr. ZHANG Hongjie	A, B	Directors' duties, continuing disclosure obligations under the Listing Rules, corporate governance, Directors' liability insurance, monthly regulatory news and case studies, ESG regulation and its correlation with financial information, investor relations and proactive value management	33
Mr. MU Jianwei	A, B	Directors' duties, continuing disclosure obligations under the Listing Rules, corporate governance, Directors' liability insurance, monthly regulatory news and case studies	17
Mr. FENG Cheng	A, B	Directors' duties, continuing disclosure obligations under the Listing Rules, corporate governance, Directors' liability insurance, monthly regulatory news and case studies, capital operations and legal & compliance for Chinese enterprises going global, ESG regulation and its correlation with financial information, investor relations and proactive value management	49.5

Corporate Governance Report

Directors	Types of training ^{Notes}	Training contents	Training hours
Independent non-executive Directors			
Mr. WANG Jingming	A, B	Directors' duties, continuing disclosure obligations under the Listing Rules, corporate governance, Directors' liability insurance, monthly regulatory news and case studies	17
Professor WU Qiusheng	A, B	Directors' duties, continuing disclosure obligations under the Listing Rules, corporate governance, Directors' liability insurance, monthly regulatory news and case studies	17
Ms. SHIN Chuck Yin	A, B	Directors' duties, continuing disclosure obligations under the Listing Rules, corporate governance, Directors' liability insurance, monthly regulatory news and case studies, compliance and regulation of connected transactions	30
Mr. GUO He	A, B	Directors' duties, continuing disclosure obligations under the Listing Rules, corporate governance, Directors' liability insurance, monthly regulatory news and case studies	17

Notes:

Types of Training

A: Attending training sessions, including but not limited to talks, seminars and online training

B: Reading relevant training materials, news alerts, newspapers, journals, magazines and relevant publications

The Board Performance Appraisal

The Company will conduct at least one formal Board performance evaluation within the next two years and plans to carry out such evaluations on a biennial basis thereafter.

The Board's skill matrix

Skill-related field	Description	Materiality (see Notes)	Adequacy	Plans to complement each other's strengths/skills
Strategies	Be able to identify strategic opportunities and threats, and at the same time can formulate and implement plans to achieve corporate goals	E	E	E
Leadership	Be able to lead the Company's teams and implement plans and policies	E	E	E
Industry knowledge and experience	Be familiar with the Company's daily business operation, market development, competitors, technology and innovation	E	E	E
Financial knowledge/ business sensibility	Be able to read and understand the Company's accounts, financial information and financial reporting requirements	E	E	E
Risk management and compliance	Be able to and have experience to implement, manage or monitor the risk management and internal control system involving legal and regulatory compliance	E	E	E
Personnel management experience	Executive experience in personnel management and successful implementation of reforms	E	E	E
Diversity (such as age, gender, culture, etc.)	Contributions to the Board diversity in terms of age, gender and cultural background	E	E	E
Emerging issues (such as AI)	Having knowledge and cognition about emerging issues to ensure the Company's forward-looking thinking	A/D	A/D	A/D
Qualifications	Having formal qualifications in accounting/finance, economy/commerce, law and other related fields that can assist the Board in making decisions	E	E	E

Notes:

"E" = The skills that the Board must have at present

"F" = New skills necessary to have in the future/under the projected circumstances

A/D = Non-essential skills, but be a plus or more preferential if available

Corporate Governance Report

Board Diversity Policy

The Board has adopted a board diversity policy (“**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance its effectiveness. Pursuant to the Board Diversity Policy, diversity in our Board is achieved through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. The Company recognises and believes strongly in the benefits of a diverse board of directors and sees increasing diversity, including gender diversity, at the board level as a key factor in maintaining the Company’s competitive edge, enhancing its ability to attract a diverse range of talent as well as retaining and motivating employees. We have also taken and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management.

The Directors have a balanced mix of knowledge and skills, including in management, strategic and business development, research and development, sales and marketing, legal compliance and corporate finance. They obtained degrees in various areas and have experience from different industries and sectors.

As at the date of this annual report, the Board consists of 10 Directors, including 4 independent non-executive Directors. The ages of our Directors range from 45 to 64 years old, and we have both male and female representatives on the Board. The Nomination Committee will review and assess the composition of the Board and make recommendations to the Board on the appointment of members of the Board. At the same time, our Nomination Committee will consider the benefits of all aspects of diversity, including, but not limited to, professional experience, skills, knowledge, educational background, age, gender, culture, ethnicity, as well as length of service, in order to maintain an appropriate weighting and balance of talents, skills, experience and diversity of perspectives on the Board.

An analysis of the Board’s current composition based on the measurable objectives is set out below:

Gender

Male: 9 Directors
Female: 1 Director

Designation

Executive Directors: 2 Directors
Non-executive Directors: 4 Directors
Independent Non-executive Directors: 4 Directors

Nationality

Chinese: 10 Directors

Age Group

41–50: 2 Directors
51–60: 5 Directors
61–70: 3 Directors

Educational Background

Business Administration: 4 Directors
Account and Finance: 3 Directors
Legal: 3 Directors

Business Experience

Construction Industry: 3 Directors
Account and Finance: 4 Directors
Others: 3 Directors

The Nomination Committee is of the view that the current Board fully demonstrates diversity in terms of skills, experience, knowledge, independence, gender, age, etc., and the Board satisfies the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness.

The Company will continue to take measures to promote gender diversity at all levels of the Company, including but not limited to the Board of Directors and senior management. The Company will encourage current Board members, particularly members of the Nomination Committee, to recommend female Director candidates and take other actions to help achieve greater Board diversity, such as inviting selected outstanding mid-to-senior level female employees to attend and observe Board meetings. This will enable the Board to gain a better understanding of potential female candidates before nominating them to the Board and provide opportunities for potential female candidates to prepare for directorship roles.

The Company will also continue to ensure gender diversity in the recruitment of mid-to-senior level employees, so as to cultivate female senior management and potential successors for the Board in due course, thereby ensuring gender diversity on the Board. The Group will continue to place emphasis on the training of female talent and provide long-term development opportunities for female employees, including but not limited to business operations, management, accounting and finance, legal and compliance. Therefore, we believe that the Board will have opportunities to identify capable mid-to-senior level female employees to nominate as Directors in the future and will have a pipeline of female candidates.

Nomination Policy

The Company has adopted a nomination policy which sets out the objectives, selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Directors. Any Shareholders individually or jointly holding more than 1% of the shares of the Company may, by way of a written proposal, put forward to the Shareholders' meeting the nomination of candidates for Directors, and the nominators shall provide the biographical details and basic information of the candidates for Directors (such as educational background, work experience, relationship with the Company and its Controlling Shareholders and de facto controllers, shareholding of the Company, and whether they have been disciplined by relevant government departments). In accordance with the relevant laws, administrative regulations, regulatory documents of China, the listing rules of the stock exchange where the Company's securities are listed and the relevant regulatory rules and the Articles of Association, the personal information of the nominated candidates for Directors shall be disclosed in due course for the Shareholders' consideration and voting at the Shareholder's meeting.

Board Independence Evaluation

The Company has established a Board independence evaluation mechanism ("**Independence Evaluation Mechanism**") during the Year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board to effectively exercise independent judgment to better safeguard the Shareholders' interests.

The objectives of the evaluation are to improve board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board's performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review of its independence. The board independence evaluation report ("**Independence Evaluation Report**") will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended December 31, 2025, all Directors have completed the independence evaluation in the form of a questionnaire individually. The Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

Corporate Governance Report

During the year ended December 31, 2025 the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Board Committees

The Board has established 3 committees, namely, the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee, which are responsible for specific affairs of the Company respectively, and provide consultation or recommendations in relation to decision-making of the Board.

All Board Committees of the Company are established with specific written terms of reference which define clearly with their authority and duties. The terms of reference of the Board Committees, last updated on October 24, 2025, are posted on the Company's website and HKEX's website and are available to Shareholders.

Audit Committee

The Audit Committee consists of 1 non-executive Director, namely Mr. FENG Cheng, and 2 independent non-executive Directors, namely Mr. WANG Jingming and Professor WU Qiusheng. Professor WU Qiusheng is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The Audit Committee is responsible for the review of the Company's financial information and its disclosure, supervision and evaluation of internal and external audit as well as internal control. The following matters shall be submitted to the Board of Directors for examination, subject to the approval of the majority of all members of the Audit Committee: (I) disclosure of financial information and internal control evaluation report in financial and accounting reports and periodic reports; (II) engagement or dismissal of the accounting firm in charge of the accounting matters of the Company; (III) engagement or dismissal of the chief financial officer of the Company; (IV) changes in accounting policies and accounting estimates or correction of major accounting errors for reasons other than changes in accounting standards; (V) other matters prescribed by laws, administrative regulations, the provisions of the CSRC, and the Articles of Association.

During the Reporting Period, the Company held five Audit Committee meetings to communicate with the auditor regarding the 2025 audit work plan. The meetings reviewed multiple proposals, including the annual results and annual report for the year ended December 31, 2024, the interim results and report for the six months ended June 30, 2025, the 2024 profit distribution proposal, fund management of proceeds from the listing, the 2026–2028 continuing connected transactions, and the Audit Committee's 2024 work report. The attendance records of the Audit Committee members at the Audit Committee meetings are set out under the section headed "Attendance Record of Directors and Committee Members".

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of 1 executive Director, namely Mr. ZHANG Yan, and 2 independent non-executive Directors, namely Mr. WANG Jingming and Mr. GUO He. Mr. WANG Jingming is the chairman of the Remuneration and Appraisal Committee.

The terms of reference of the Remuneration and Appraisal Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The Remuneration and Appraisal Committee is responsible for formulating appraisal standards for Directors and senior management members and conducting appraisals, formulating and reviewing remuneration policies and plans for Directors and senior management members, including but not limited to remuneration determination mechanisms, decision-making processes, payment and clawback arrangements, and making recommendations to the Board of Directors on the following matters: (I) remuneration of Directors and senior management members; (II) formulating or modifying equity incentive plans or employee stock ownership plans, and the fulfillment of conditions for grantees to be granted rights or to exercise rights; (III) arrangements for Directors and senior management members to participate in shareholding plans in subsidiaries intended to be spun-off; (IV) other matters stipulated by laws, administrative regulations, provisions of the CSRC and the Articles of Association.

During the Reporting Period, one Remuneration and Appraisal Committee meeting was held for considering and recommending to the Board the remuneration and other benefits paid by the Company to the Directors and senior management and related matters including the Remuneration and Appraisal Committee's work report. The attendance records of the Remuneration and Appraisal Committee members to the Remuneration and Appraisal Committee meetings are set out under the section headed "Attendance Record of Directors and Committee Members".

Details of the remuneration of the senior management by band for the year ended December 31, 2025 are set out below:

Remuneration band (RMB)	Number of person(s)
Nil to 400,000	10
400,001 to 600,000	5
600,001 to 1,000,000	3

Corporate Governance Report

Nomination Committee

The Nomination Committee consists of 1 executive Director (namely Mr. REN Rui in replacement of Mr. WANG Li Min with effect from May 22, 2025), and 3 independent non-executive Directors, namely, Ms. SHIN Chuck Yin (appointed with effect from June 26, 2025), Mr. WANG Jingming and Mr. GUO He. Mr. REN Rui is the chairman of the Nomination Committee with effect from May 22, 2025.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The Nomination Committee is responsible for formulating the selection criteria and procedures for Directors and senior management members, screening and reviewing candidates for Directors and senior management members and their qualifications, and making recommendations to the Board of Directors on the following matters: (I) nominating or appointing/removing Directors; (II) employing or dismissing senior management members; (III) other matters stipulated by laws, administrative regulations, provisions of the CSRC and the Articles of Association.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee shall expand and discuss on measurable objectives for achieving diversity on the Board every year, monitor the progress of achieving such measurable objectives, and recommend them to the Board for adoption to ensure the continuous effectiveness of the diversity policy and the Board.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's gender, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

The Nomination Committee has reviewed the structure, size and composition (including the skills, knowledge and experience) and diversity policy of the Board and considered an appropriate balance of diversity perspectives of the Board is maintained.

During the Reporting Period, two Nomination Committee meetings were held to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, the diversity of the structure, size and composition of the Board and the 2024 annual performance report of the Nomination Committee as well as to review the proposal on the appointment of the Company's deputy general manager. The attendance records of the Nomination Committee members to the Nomination Committee meeting are set out under the section headed "Attendance Record of Directors and Committee Members".

Attendance Record of Directors and Committee Members

The attendance record of each Director during their tenure of office at the Board meetings, Board Committee meetings and the Shareholders' meeting of the Company during the Reporting Period is set out in the table below:

Name of Director	Attendance/number of meetings entitled to attend				
	Board	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Shareholders' meeting
Executive Directors					
Mr. WANG Limin (resigned with effect from May 22, 2025)	2/3	–	–	2/2	1/1
Mr. REN Rui	15/15	–	–	–	3/4
Mr. ZHANG Yan	14/15	–	1/1	–	4/4
Non-executive Directors					
Mr. XU Guanshi	13/15	–	–	–	2/4
Mr. ZHANG Hongjie	10/15	–	–	–	2/4
Mr. MU Jianwei	13/15	–	–	–	3/4
Mr. FENG Cheng	14/15	4/5	–	–	3/4
Independent non-executive Directors					
Mr. WANG Jingming	15/15	5/5	1/1	2/2	4/4
Professor WU Qiusheng	12/15	4/5	–	–	3/4
Ms. SHIN Chuck Yin	15/15	–	–	–	4/4
Mr. GUO He	14/15	–	1/1	2/2	4/4

Note: Where a Director's actual attendance at Board and/or committee meetings is less than the required attendance indicates that the Director did not attend in person but appointed another Director as a proxy to attend on his/her behalf.

During the Reporting Period, the Chairman of the Board and the independent non-executive Directors met once without the presence of other Directors to discuss the future strategic planning of the Company.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

For the year ended December 31, 2025, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this corporate governance report.

Corporate Governance Report

Risk Management and Internal Controls

The Company recognizes that risk management is critical to the success of our business. The major operational risks faced by the Company in the course of its business are described in the “Management Discussion and Analysis” section of this annual report. To address these challenges, our Audit Committee is responsible for reviewing the Company’s financial control, internal control and risk management systems.

The Company has established an effective comprehensive risk management system and mechanism to improve the level of risk mitigation and management standard, as well as to clarify the collection, collation and reporting of events with significant operational risks to safeguard the stable operation and sustainable development of the Company.

In 2025, the Company strictly complied with systems related to internal control, such as the Measures on Internal Control Assessment and Management of Shanxi Installation Group Co., Ltd. and the Implementation Rules for Internal Control Management of Shanxi Installation Group Co., Ltd., and conducted continuous promotion, using this as the base for standardizing the implementation of internal control works.

The Company organizes a company-wide risk assessment exercise each year to determine the risk situation in the following year.

Internal Control

The Board of Directors is responsible for establishing and maintaining an effective internal control system. During the Reporting Period, we regularly reviewed and strengthened our internal control system. The following is a summary of the internal control policies, measures and procedures that we have implemented or plan to implement:

We have adopted a number of measures and procedures for various aspects of our operations, such as environmental protection and occupational health and safety. Regular training on these measures and procedures is provided to employees as part of their training programs. We also regularly monitor the implementation of these measures and procedures at every stage of the service delivery process through our on-site internal control team.

The Board, with the assistance of our legal advisers, will regularly review our compliance with relevant laws and regulations.

We have established the Audit Committee, which is responsible for reviewing our financial control, internal control and risk management systems on a regular basis. In 2025, five meetings of the Audit Committee were convened in total to consider relevant matters.

We have appointed Shanxi Securities International Capital Limited as our compliance adviser to advise the Directors and the management team on Hong Kong Listing Rules matters.

We require all Directors, senior management and employees to act honestly and ethically at all times, to the extent permitted by applicable law, and to comply fully with our Code of Conduct. The Code of Conduct outlines prohibited types of behaviour and imposes strict rules on charitable donations and sponsorships and hospitality expenses to minimize the risk of corruption.

We will continue to seek advice from law firms in other jurisdictions in which we currently operate, or may operate in the future, in order to keep abreast of applicable local laws and regulations. We will continue to arrange for various trainings to be provided from time to time by our external legal advisers and/or any appropriate accredited organizations to keep our Directors, senior management and relevant employees up-to-date with the laws and regulations of the jurisdictions in which we currently operate or may operate in the future.

The Company has formulated its disclosure policy to provide general guidelines to the Directors, senior management and relevant employees of the Company in handling confidential information, monitoring disclosure of information and whistleblowing protocols.

The Board recognizes its responsibility for the risk management and internal control systems and reviews the effectiveness of these risk management and internal control systems. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has established internal audit and risk prevention and control functions with the objective of helping the Company to achieve its objectives by adopting a systematic and disciplined approach to evaluate and improve the effectiveness of the Company's risk management and internal control system and to address significant internal control deficiencies. The Board has reviewed the effectiveness of the Company's internal audit system and risk management and internal control system, including the adequacy of the Company's resources, staff qualifications and experience in the above systems and the Company's accounting, internal audit and financial reporting functions, as well as the adequacy of staff training programs and budget.

The Audit Committee attaches great importance to the Company's internal control management, promotes the effective implementation of internal control measures by all departments and subsidiaries of the Company, and ensures that the Company will carry out the internal control review tasks satisfactorily for the proper execution of the Company's production and operation activities. The Company conducts annual reviews and evaluations of its risk management and internal control system during the Reporting Period.

The Audit Committee has carefully reviewed the evaluation report on internal control and communicated with the auditors on matters in relation to internal audit, and has not found any material and significant deficiencies with respect to the Company's internal control.

During the Reporting Period, the Board considered that the Company's risk management and internal control systems were effective and adequate after reviewing all material controls over finance, operation and compliance for the year ended December 31, 2025. The Board will review the Company's risk management and internal control system annually.

Gender Diversity and Equal Opportunities Policy

We respect the gender, age and ethnicity of each person. As of December 31, 2025, approximately 28% of our full-time employees (including senior management) were female. We will continue to focus on embracing diversity within the Company and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. To this end, we have adopted policies on compensation, dismissal, equal opportunities, diversity and anti-discrimination. Accordingly, the Company gives each job applicant an equal job opportunity and we have an internal policy in place to ensure that there is no discrimination as to gender, age and ethnicity. In addition, we have stipulated in our internal guidelines that decisions in relation to human resource management, which include but are not limited to promotion, salary increment and dismissal within the Company would be based solely on the employee's performance, experience and capability. While we strive to provide equal career opportunities for everyone, we will also continue to promote work-life balance and create a happy culture in our workplace for all of our employees.

Corporate Governance Report

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Board	10%(1)	90%(9)
Senior management	11%(1)	89%(8)
Other employees	28%(980)	72%(2,567)
Overall workforce	28%(981)	72%(2,575)

The Board had targeted to achieve and had achieved at least 10% (1) of female Directors, 10% (1) of female senior management and 28% (981) of female employees of the Group and considers that the above current gender diversity is satisfactory.

We will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management. We will encourage current Board members, particularly members of the Nomination Committee, to recommend female Director candidates and take other actions to help achieve greater Board diversity, such as inviting some of our talented mid- and senior-level female employees to attend and observe Board meetings. This will enable the Board to learn more about female candidates before they are nominated to the Board, and provide potential female candidates with the opportunity to prepare for directorships.

We will also continue to ensure that gender diversity exists in the recruitment of middle and senior level employees so that we can provide female senior management and potential successors to the Board at the proper timing to ensure gender diversity on the Board. The Group will continue to emphasise the training of female talents and provide long-term development opportunities for female employees, including but not limited to business operations, management, accounting and finance, legal and compliance. As such, we believe that the Board will have the opportunity to identify capable middle and senior level female employees for future nomination as Directors and will be able to make available a list of female candidates for such purpose.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025.

To the knowledge of the Directors, there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report.

Auditors' Remuneration

The following table sets forth the types of services provided by and the fees for the domestic and international external auditors of the Group in 2025:

Services rendered by Grant Thornton (Special General Partnership)	Fees paid/ payable RMB'000
Audit services	2,550
Total	2,550

Joint Company Secretaries

Mr. Zhang Xiaodong and Ms. Chan Sze Ting act as joint company secretaries of the Company. For their respective biography, please refer to the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Ms. Chan Sze Ting, the director of the company secretarial services division of Tricor Services Limited (a member of Vistra Group), was appointed as one of the joint company secretaries of the Company. The key contact person between Ms. Chan Sze Ting and the Company is Mr. Zhang Xiaodong. During the Reporting Period, Ms. Chan Sze Ting and Mr. Zhang Xiaodong have both complied with Rule 3.29 of the Hong Kong Listing Rules by taking no less than 15 hours of the relevant professional training.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices related matters.

Shareholders' Rights

To safeguard Shareholders' interests and rights, all resolutions put forward at Shareholders' meeting will be voted on by poll pursuant to the Hong Kong Listing Rules and poll results will be posted on the websites of the Company and HKEX after each Shareholder's meeting.

Convening Shareholder's Meeting

Annual shareholders' meetings shall be convened once a year and shall be held within six months from the end of the preceding accounting year. Under any of the following circumstances, the Company shall convene an extraordinary shareholders' meeting within two months from occurrence of the event:

- the number of directors is less than the number provided for in the Company Law or less than two thirds of the number prescribed in the Articles of Association;
- the Company's losses which have not been made up attain one-third of the total paid up share capital;
- upon requisition by a shareholder who holds 10% or more of the Company's shares singly or jointly (the number of shares held by the shareholders shall be counted based on the date of the written request);
- the board of directors deems necessary;
- upon requisition by the Audit Committee; and
- other circumstances as specified by laws, administrative regulations and the Articles of Association.

Corporate Governance Report

The chairman of the Board of Directors shall chair the Shareholders' meetings. Where the chairman is unable to perform his/her duties or does not perform his/her duties, the deputy chairman shall chair the meetings (if the Company has two or more vice chairmen, the vice chairman nominated by more than half of the Directors shall preside over the meeting); where the deputy chairman is unable to perform his/her duties or does not perform his/her duties, a Director nominated by more than half of the Directors shall chair the meetings. The convener of the Audit Committee shall chair a Shareholders' meeting convened by the Audit Committee. Where the convener of the Audit Committee is unable to perform his/her duties or does not perform his/her duties, a member of the Audit Committee nominated by more than half of the members of the Audit Committee shall chair the meeting. In the case of a Shareholders' meeting convened by Shareholders, the convener or its representative shall chair the meeting. When the Shareholders' meeting is held and the chairman of the meeting violates the Articles of Association which makes it difficult for the Shareholders' meeting to continue, a person may be elected at the Shareholders' meeting to chair the meeting, subject to the approval of more than half of the Shareholders having the voting rights who are present at the meeting.

Putting Forward Proposals at Shareholders' Meeting

Shareholders individually or jointly holding at least 1% of the shares of the Company may submit extempore proposals in writing to the convener 10 days prior to the date of Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting and make a public announcement of the contents of such extempore proposal within two days after receipt of the proposal and submit the temporary proposals to the Shareholders' meeting for consideration, unless the temporary proposal is in violation of the provisions of laws, administrative regulations or the Articles of Association, or does not fall within the scope of authority of the Shareholders' meeting.

Except as provided in the Articles of Association, the convener shall not make any changes to the proposals set forth in the notice of the Shareholders' meeting or add any new proposals once the notice and announcement of the Shareholders' meeting have been issued.

Any proposals which are not stated in the notice of Shareholders' meeting or not in compliance with these Articles of Association shall not be voted and passed as resolutions at the Shareholders' meeting.

Contact Details

Shareholders may send their enquiries or requests to the Company at Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong (For the attention of the Board/Company secretary).

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Communication with Shareholders and Investors/Investor Relations

The Company recognises that communication with its Shareholders and the market is essential to ensure that Shareholders have access to the information they reasonably require to make an informed assessment of the Company's strategy, operations and financial performance. The Company is committed to maintaining effective and timely communication of the Company's information to its Shareholders and the market.

The Company endeavours to maintain an ongoing dialogue with Shareholders, in particular through Shareholders' meeting which provide an opportunity for communication between Shareholders and the Board.

The Company's Shareholder Communication Policy has been developed to ensure that Shareholders, including individual and institutional Shareholders and, where appropriate, the investment community, have timely access to comprehensive, equal and easy to understand information about the Company (including overviews on financial performance, strategic objectives and plans, significant developments, governance and risks), in order to enable Shareholders to exercise their rights in an informed manner and to allow Shareholders and the investment community to engage actively with the Company.

General Policy

1. The Board shall maintain an ongoing dialogue with Shareholders and the investment community, and will regularly review this policy to ensure its effectiveness.
2. The main channels through which the Company communicates information to Shareholders and the investment community are: the Company's financial reports (quarterly (if any), interim and annual reports); the annual Shareholder's meeting and other Shareholders' meeting that may be convened; and the publication of all disclosures submitted to Hong Kong Stock Exchange, as well as the Company's newsletters and other corporate publications on the Company's website.
3. The Company will at all times ensure that information is communicated to Shareholders and the investment community in an effective and timely manner. Any queries on this policy should be directed to the joint company secretaries of the Company.

Communication Channels

Shareholders' Enquiries

Shareholders should address any questions regarding their shareholdings to the Company's share registrar and transfer office. Shareholders and the investment community may at any time request access to publicly available information of the Company.

The Company shall provide Shareholders and the investment community with a designated contact person, email address and enquiry channel of the Company to facilitate any enquiry they may have about the Company.

Shareholders may send such enquiries or requests to:

Address: No. 8 Xinhua Road, Tanghuai Industrial Park, Shanxi Transformation and Comprehensive Reform Demonstration Zone, the People's Republic of China
Postcode: 030032
Telephone/Fax: 0351-5679309

Shareholders are required to deposit and send the original of the signed written request, notice, statement, or enquiry (as the case may be) to the above address, giving their full names, contact details and identities to enable the Company to respond. Shareholders' information may be disclosed as required by law.

Corporate Governance Report

Corporate Communication

Corporate communication refers to any document which is issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to, the report of the Board of Directors and annual accounts together with the auditor's report, interim report, notice of meeting, circular and proxy form.

Corporate communications to Shareholders are prepared in plain language in both Chinese and English to facilitate Shareholders' understanding of the contents of the communications. Shareholders have the right to choose the language (either English or Chinese) in which they wish to receive the corporate communications or the means of receipt (paper version or electronic form).

Shareholders are advised to provide the Company with, inter alia, their email addresses to facilitate the provision of timely and effective communications.

Company Website

A dedicated "Investor Relations" section is available on the Company's website (www.sxaz.com.cn). The information posted on the website is updated regularly.

Information released by the Company on the website of HKEX is also posted on the Company's website immediately. Such information includes financial statements, results announcements, circulars, notices of Shareholders' meeting and relevant explanatory documents.

Shareholders' Meeting

Shareholders are encouraged to participate in Shareholders' meeting and if they are unable to attend, they may appoint a proxy to attend and vote on their behalf.

Appropriate arrangements should be made for annual Shareholders' meeting to encourage Shareholders' participation.

The Company shall monitor and regularly review the proceedings of Shareholders' meeting and make changes where necessary to ensure that they meet the needs of Shareholders.

Board members, in particular, the chairmen of Board Committees or their delegates, appropriate executive management and the external auditors shall attend the annual Shareholder's meeting to answer questions from Shareholders.

Shareholders are encouraged to attend Shareholders' events organised by the Company to keep abreast of the Company's developments, including updates on strategic planning, products and services.

Investment market communications

The Company organises various activities, including briefings and individual meetings with investors/analysts, local and/or international promotional tours, media interviews and investor outreach activities, as well as organises/participates in industry thematic forums, etc., as it deems appropriate to facilitate communication between the Company and its Shareholders and the investment community.

Directors and employees of the Company are subject to the disclosure obligations and requirements under the Company's policy on disclosure of inside information whenever they have contacts or dialogues with investors, analysts, the media or other outside related parties.

Shareholders' Privacy

The Company understands the importance of protecting Shareholders' privacy and will not disclose Shareholders' information without their consent, except as required by law.

The Board has reviewed the above policy and believes that Shareholders have sufficient means and channels to express their opinions to the Company, and the Company's shareholders' communication policy was effectively implemented and executed during the Reporting Period.

Changes to the Articles of Association

On November 21, 2025, the Company made certain amendments to the Articles of Association to abolish the board of supervisors (with its powers transferred to the Audit Committee of the Board) and to align with revisions to the Company Law, the Guidelines for Articles of Association for Listed Companies (amended in 2025), and other applicable PRC laws and regulations. The Company also made corresponding amendments to certain corporate governance rules, including the Rules of Procedures of the Shareholders' Meeting, the Rules of Procedures for Meetings of the Board, and the Management Rules for Connected Transactions.

An up-to-date version of the Articles of Association is available on the Company's website and HKEX's website. Save as disclosed above, there had been no significant change in the Articles of Association throughout the Reporting Period.

Dividend Policy

The Company has adopted a dividend policy in respect of the payment of dividends. The Company does not have any predetermined dividend payout ratio. In accordance with the dividend policy, the Board shall take into account the following factors when considering the declaration and payment of dividends:

- the actual and expected financial performance of the Group;
- the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- the Group's financial position;
- general economic conditions, the business cycles of the Group's operation and external factors that may affect the Group's future business and financial performance and position;
- Shareholders' interests;
- any restrictions on dividend payments; and
- other factors that the Board considers relevant.

The Board will review the dividend policy from time to time, and reserves the right to update, amend, modify and/or cancel this policy at any time in its sole and absolute discretion.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors hereby presents the annual report and the audited financial statements (the “**Financial Statements**”) of the Group for the Reporting Period to Shareholders.

Composition of the Board of Directors

During the Reporting Period and up to the date of this annual report, the composition of the Board is as follows:

Executive Directors

Mr. REN Rui (Chairman)

Mr. ZHANG Yan

Mr. WANG Limin (former Chairman) (resigned on 22 May 2025)

Non-executive Directors

Mr. XU Guanshi

Mr. ZHANG Hongjie

Mr. MU Jianwei

Mr. FENG Cheng

Independent Non-executive Directors

Mr. WANG Jingming

Professor WU Qiusheng

Ms. SHIN Chuck Yin

Mr. GUO He

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. For further information on the principal business of the Company, please refer to the section “Business Review” of this annual report.

Business Review

A review of the Group’s business during the year ended December 31, 2025, which includes a discussion of the principal risks and uncertainties faced by the Company, an analysis of the Company’s performance using financial key performance indicators, particulars of important events affecting the Company during the year ended December 31, 2025, and an indication of likely future developments in the Company’s business, could be found in the sections headed “Chairman’s Statement”, “Management Discussion and Analysis” and “Corporate Governance Report” in this annual report. The review and discussion form part of this Report of the Board of Directors.

Compliance with relevant laws and regulations

As far as the Board and management are aware, the Group has complied with relevant laws and regulations that have significant impact on the Group’s business and operation in all material aspects during the Reporting Period. For the year ended December 31, 2025, the Group did not violate or breach any applicable laws and regulations in material aspects.

Major Customers and Suppliers

In the Reporting Period, the Company's customers consist of local governments, listed companies, large state-owned groups and private enterprises. In the Reporting Period, revenue from the largest customer accounted for 5.45% of the Company's total revenue. Revenue from the Company's five largest customers accounted for an aggregate of 21.49% of the Company's total revenue.

In the Reporting Period, the Company's suppliers consist of both state-owned and non-state construction raw material and labor cost suppliers. In the Reporting Period, purchases from the Company's largest suppliers accounted for 8.28% of the Company's total purchases. Purchases from the Company's five largest suppliers accounted for an aggregate of 21.40% of the Company's total purchases.

None of the Directors or any of their close associates (as defined under the Hong Kong Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Company's five largest suppliers or the Company's five largest customers.

Final Dividend and Closure of Register of Members

The Board recommends the declaration of a final dividend of RMB0.20380 (inclusive of tax) per 10 Shares (representing an aggregate amount of RMB28.0 million (inclusive of tax) calculated based on the total issued Shares as at the date of this annual report) for the year ended December 31, 2025 (the "Final Dividend").

The aforesaid proposal is subject to the consideration and approval at the annual Shareholders' meeting of the Company. In accordance with the provisions of the Articles of Association, the Company will complete the dividend distribution within two months after the 2025 profit distribution plan is approved by the general meeting of Shareholders, and no later than the end of August 2026. The Company will issue an announcement in due course regarding the record date for the H share dividend distribution, the closure of register of members, and the expected dividend payment date.

Financial Statements

The financial statements of the Group for this financial year are set out on pages 82 to 93 of this annual report.

Five-year Financial Summary

A summary of the results and assets and liabilities of the Group for the most recent five years is set out in the section headed "Financial Highlights" of this annual report.

Fixed Assets

Details of the movements in fixed assets of the Group for this financial year are set out in Note V.13 to the consolidated financial statements.

Report of the Board of Directors

Construction-in-progress

Details of the changes in the Group's construction-in-progress for this financial year are set out in Note V.14 to the consolidated financial statements.

Loan and Guarantee Provided to Directors, Senior Management, Controlling Shareholders of the Company and their Respective Associates

Save as disclosed in note X.5 to the consolidated financial statements, the Company had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders of the Company or their respective associates.

Share Capital

As of December 31, 2025, the total share capital of the Company was RMB1,373,486,000, divided into 1,373,486,000 Shares of RMB1.00 each. Details of movements in the share capital of the Company during the year ended December 31, 2025 are set out in Note V.35 to the consolidated financial statements.

On November 21, 2025, the Board has considered and approved the proposed implementation of conversion of 1,000,000,000 domestic Shares of the Company (the "**Domestic Shares**") held by certain Shareholders of the Company into H Shares (the "**H Share Full Circulation**"), representing approximately 72.81% of the total issued share capital of the Company as at the date of this annual report. The number of Domestic Shares to be applied for the H Share Full Circulation will be subject to the filing with the CSRC and approvals from the Hong Kong Stock Exchange. Upon obtaining all relevant approvals (including the filing with the CSRC) and having complied with all applicable laws, rules and regulations, such Domestic Shares will be converted into H Shares and the Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, such H Shares on the Main Board of the Hong Kong Stock Exchange (the "**Conversion and Listing**"). In early December 2025, the Company has submitted the application documents to the CSRC for the H Share Full Circulation, and the relevant application is proceeding in an orderly manner. In accordance with the Articles of Association and applicable PRC laws, no Shareholder's meeting of the Company is required to be convened to approve the H Share Full Circulation and the Conversion and Listing. The Company will make further announcement(s) on the progress of the H Share Full Circulation and the Conversion and Listing in accordance with the requirements of the Hong Kong Listing Rules and/or the Inside Information Provisions of the SFO as and when appropriate. For details, please refer to the announcement of the Company dated November 21, 2025.

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

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

Debentures in Issue

We did not have any debentures in issue as at December 31, 2025.

On February 9, 2026, the Company successfully completed the issuance of the 2026 Corporate Bonds Publicly Offering to Professional Investors (First Tranche) within China. The offering scale was RMB500 million, with a par value of RMB100 each and an offering price of RMB100 per unit. The coupon rate was 2.49%, and the interest commencement date of the bonds was February 9, 2026. The proceeds from the bonds will be used to repay the Company's maturing debts. For details, please refer to the Company's relevant announcements dated January 7, 2026, February 5, 2026, and February 9, 2026.

Equity-linked Agreements

For the Reporting Period, we did not enter into any equity-linked agreement, nor did we have any equity-linked agreement.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

Tax Relief

Tax Relief or Exemption on Dividend Income of Holders of Listed Securities

(1) Individual Investors

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), dividend and bonus income received by overseas resident individual shareholders from the issuance of shares in Hong Kong by domestic non-foreign invested enterprises shall be subject to the payment of individual income tax according to the item of "interest, dividend and bonus income", which shall be withheld by the withholding agents according to the law. The overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties signed between the countries where they reside and the PRC and the tax arrangements between the Mainland China and Hong Kong (Macau SAR). The relevant dividend tax rate under the relevant tax treaties and tax arrangements is generally 10%. For the purpose of simplifying tax administration, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends and bonuses, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for residents from countries under treaties to be entitled to tax rates lower than 10%, in accordance with the Administrative Measures for Non-resident Taxpayers to Enjoy Treatments under Tax Treaties (Announcement of the State Administration of Taxation [2019] No. 35) (《非居民納稅人享受協定待遇管理辦法》(國家稅務總局公告2019年第35號)), if the individual H shareholders are residents from countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, such individual H shareholders shall voluntarily submit statements to the companies in order to enjoy the agreed treatment, and keep relevant materials for inspection. If the information provided is complete, the companies shall withhold the tax in accordance with the provisions of the PRC tax laws and treaties; (2) for residents of countries which have entered into tax treaties with the PRC stipulating a tax rate of more than 10% but less than 20%, the withholding agents shall withhold the individual income tax at the agreed effective tax rate when distributing dividends and bonuses, and are not obligated to file an application for approval; (3) for residents of countries without tax treaties or under other circumstances, the withholding agents shall withhold the individual income tax at a rate of 20% when distributing dividends and bonuses.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (Guo Shui Han [2006] No. 884) (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》(國稅函[2006]884號)) signed on August 21, 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall not exceed 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds at least 25% of the equity interests in the PRC company, such tax shall not exceed 5% of the gross amount of dividends payable by the PRC company.

Report of the Board of Directors

Pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (根據《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Tax Policies Related to the Pilot Programme of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends and bonuses received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the H-share companies shall withhold individual income tax at the rate of 20%.

(2) *Enterprises*

Pursuant to the provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) effective on January 1, 2008, a non-resident enterprise is subject to enterprise income tax at the rate of a 10% on PRC-sourced income, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but the dividends and bonds received have no real connection with such establishment or premise. The withholding tax may be reduced or exempted under an applicable double taxation treaty. Any H Shares registered under the names of non-individual Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organizations and groups are deemed to be held by non-resident enterprise Shareholders. The Company will distribute the final dividend to such non-individual Shareholders after withholding the enterprise income tax at a rate of 10%.

Pursuant to the Notice on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (Guo ShuiHan [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the State Administration of Taxation, a PRC resident enterprise, a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares.

For dividends and bonuses received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, individual income tax shall be levied in accordance with the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (Cai Shui [2014] No. 81) (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)). For dividend and bonus income received by domestic enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the H-share companies shall not withhold income tax on dividends and bonuses, and the tax payable shall be declared and paid by the enterprises themselves.

For the non-resident enterprise Shareholders of the Company, pursuant to the provisions of the Enterprise Income Tax Law of the People's Republic of China amended in 2018 and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China amended in 2019 (“**EIT Law**”) and other relevant laws and regulations, from January 1, 2008, where a PRC domestic enterprise distributes dividends to non-resident enterprise shareholders (i.e. legal person shareholders) for accounting periods beginning on January 1, 2008, the enterprise income tax shall be withheld and paid by the payer as the withholding agent. In respect of all H Shareholders whose names appear on the H Share register of members as at the record date who are not registered as individuals (including HKSCC Nominees Limited, other corporate nominees or trustees, and other groups or organizations, which are all considered as non-resident enterprise Shareholders), the Company shall distribute the 2025 final dividend after deducting 10% income tax.

Shareholders shall pay relevant taxes and/or enjoy tax relief in accordance with the above provisions.

Reserves

Changes in the Group's and the Company's reserves during the year are set out in the “Consolidated Statement of Changes in Shareholders' Equity” and the “Statement of Changes in Shareholders' Equity of the Company” attached to the consolidated financial report in this annual report, respectively. Pursuant to the Company Law, upon deducting statutory surplus, the undistributed profit could be distributed as dividend. As at December 31, 2025, the undistributed profit of the parent company is RMB79,601,000.

Sufficiency of Public Float

During the Reporting Period and up to the date of this annual report, based on information available to the Company and to the best of the Directors' knowledge, the Company's public float met the minimum requirements of the Hong Kong Listing Rules. The Company has issued 1,373,486,000 ordinary Shares, comprising 373,486,000 H Shares (accounting for 27.19% of the total number of Shares) and 1,000,000,000 Domestic Shares (accounting for 72.81% of the total number of Shares). Except for 1,000,000,000 Domestic Shares of the Company held by the Controlling Shareholder, SCIG Group, and its close associates, representing 72.81% of the total number of Shares, the remaining Shareholders of the Company are all H-Share public shareholders, holding an aggregate of 373,486,000 H Shares, representing 27.19% of the total number of Shares. For information on holders with interests notifiable to the Company pursuant to Divisions 2 and 3 of Part XV under the SFO, please refer to the section headed “Report of the Board of Directors – Substantial Shareholders' Interests and Short Position” of this annual report.

Compliance with the CG Code

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 33 of this annual report.

Environment, Policies and Performance

The Company is highly aware of the importance of environmental protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment.

The Company has established detailed internal rules and policies regarding environmental protection, in particular, the discharge of air, water and solid waste and noise control.

Report of the Board of Directors

The Company has established a three-tier ESG governance structure, comprising “the Board in charge of overall leadership, the ESG Committee in charge of organizing the implementation, and the ESG executive team in charge of implementation”, who are fully responsible for evaluating and supervising the environmental, social and governance operation of the Company. The Board is the highest responsible and decision-making body for ESG matters, taking overall responsibility for the Group’s ESG strategy and reporting, assessing and determining ESG risks and opportunities, regularly hearing and reviewing the report of ESG Committee on the progress of ESG work, and comprehensively supervising and managing ESG-related matters of the Company; hold periodic meetings every year to discuss ESG management strategies and important issues, evaluate the materiality of ESG issues, and put forward reasonable suggestions on the formulation of ESG management policies and strategies. During the year, the Board has participated in the identification, evaluation, prioritization and management of the Company’s ESG key issues, defined the annual work priorities, and completed the formulation of the Company’s ESG indicators and goals. According to the Company’s ESG-related rules, all departments have strictly performed their responsibilities and conducted self-evaluation on the satisfaction of ESG indicators and the achievement of goals of each segment in 2025. At the same time, the Board regularly reviewed the progress towards the specified goals to ensure the achievement of them. The Group will continue to increase the Board’s mechanism about ESG engagement, continue to implement the Group’s ESG governance-related work, and promote the continuous improvement of ESG governance level of the Company.

For further details of the Company’s environmental policies and performance, please refer to the Environmental, Social and Governance Report of the Company published on the Company’s website and website of the Hong Kong Stock Exchange on April 24, 2026.

Biographical Details of Directors and Senior Management

Biographical details of the Directors and senior management of the Company as at the date of this annual report are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report.

Due to work adjustments, Mr. Wang Limin resigned as an executive Director, the chairman of the first session of the Board and the chairman of the Nomination Committee with effect from May 22, 2025.

Mr. REN Rui resigned as the vice president and general manager of the Company due to work adjustments with effect from May 22, 2025 and was elected as the chairman of the Board and the chairman of the Nomination Committee in place of Mr. WANG Limin with effect from May 22, 2025 until the date of establishment of the second session of the Board.

Pursuant to Rule 13.51(B) of the Hong Kong Listing Rules, there is no other change in the information of Directors or the chief executive of the Company except as disclosed in this annual report.

Directors’ Service Contracts

The Company has entered into a contract with each of our Directors in respect of, among other things, (i) compliance with relevant laws and regulations; and (ii) observance of the Articles of Association.

Save as the above, none of the Directors has entered into any service contract with the Company or any of its subsidiaries, excluding contracts expiring or determinable by the Company within one year without payment of compensation, other than statutory compensation.

Remuneration of Directors and Senior Management

The remuneration of Directors and senior management is determined with reference to factors including the salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions of other positions in our Company and the desirability of performance-based remuneration. Remuneration is determined based on the principle of linkage between performance and remuneration, taking into account various aspects such as job responsibilities, comprehensive quality and results of performance appraisal.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Company are set out in Note XIV.3 to the consolidated financial statements.

During the Reporting Period, no emoluments were paid by the Company to any Directors or any of the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended December 31, 2025.

Except as disclosed above, no other payments have been made or are payable, during the Reporting Period, by the Company to or on behalf of any of the Directors.

Arrangements for Purchase of Shares or Debentures

None of the Company, its holding company or any of its subsidiaries has entered into any arrangement at any time during the Reporting Period, so that the Directors would benefit from the purchase of Shares or debt securities (including debentures) of the Company or any other body corporate.

Contract with Controlling Shareholders

Save as disclosed in this annual report and contracts for transactions involved in the section headed "Related Parties and Related Party Transactions" in note XI to the consolidated financial statements as stated in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of their respective subsidiaries during the Reporting Period, and no contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of their respective subsidiaries was entered into during the Reporting Period.

Directors' Interests in Contracts, Agreements or Transactions

No transaction, arrangement, or contract of significance to the business of the Company which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted during the Reporting Period.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into by the Company or in existence during the Reporting Period.

Continuing disclosure obligations pursuant to the Hong Kong Listing Rules

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21, and 13.22 of the Hong Kong Listing Rules.

Report of the Board of Directors

Directors' Interest and Short Position in Shares, Underlying Shares and Debentures

As of December 31, 2025, none of our Directors has any interest and/or short position in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which will be 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 interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company, once the Shares are listed on the Hong Kong Stock Exchange.

Substantial Shareholders' Interests and Short Position

As at December 31, 2025, 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 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 shareholders	Nature of interest	Number and class of shares	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%
Hainan Tiankun Private Equity Fund Management Co., Ltd.* (海南天堃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%

Report of the Board of Directors

Name of shareholders	Nature of interest	Number and class of shares	Approximate percentage of Shares in relevant class of Shares	Approximate percentage of the Company's issued share capital
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%

Report of the Board of Directors

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.. As of the end of the Reporting Period, Shanxi SASAC collectively held 90% shares in Shanxi CIG through SSCO (direct ownership). 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 Fund Investment Management Co., Ltd. is deemed to be interested in the Shares held by this 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 this 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 this 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 this partnership.

Retirement Benefits Scheme

The employees of the Company's subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The Group is obliged to make specified contributions to the retirement benefit scheme.

Details of the pension obligations of the Company are set out in Notes V.26 and 33 of the consolidated financial statements in this annual report.

During the Reporting Period, no forfeited contributions may be used or had been used by the Company to reduce the existing level of contributions.

Connected Transactions

During the Reporting Period and up to the date of this annual report, the Company entered into the following transactions with persons who are regarded as "connected persons" pursuant to Chapter 14A of the Hong Kong Listing Rules.

One-off Connected Transactions

Formation of Joint Venture

On October 22, 2025, Shanxi Sanjian Group Co., Ltd.* (山西三建集團有限公司) (“**Shanxi Sanjian**”), Huaneng Power International, Inc. (華能國際電力股份有限公司) (“**Huaneng Power**”) and the Company entered into a cooperation agreement (the “**Cooperation Agreement**”) in relation to, among others, the formation of a joint venture company, whereby Shanxi Sanjian, Huaneng Power and the Company agreed to contribute RMB65 million, RMB25 million and RMB10 million, respectively, accounting for 65%, 25% and 10% of the registered capital of 山西建華能源有限公司 (Shanxi Jianhua Energy Co., Ltd.) (the “**JV Company**”). The JV Company is established to serve as the project company for the Shanxi Qinshui Pumped Storage Power Station Project (山西沁水抽水蓄能電站項目).

Shanxi CIG is the Controlling Shareholder and a connected person of the Company. Shanxi Sanjian is a subsidiary of Shanxi CIG and is therefore an associate of Shanxi CIG and a connected person of the Company. Accordingly, the entering into of the Cooperation Agreement and the formation of the JV Company constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Continuing Connected Transactions

The Company has conducted the following continuing connected transactions which are required to be disclosed in the annual report under the Hong Kong Listing Rules during the year ended December 31, 2025.

Design Services Framework Agreement

Description

On November 3, 2023, the Company entered into a framework agreement for the provision of design services (the “**Design Services Framework Agreement**”) with Shanxi CIG commencing from the Listing Date and ending on December 31, 2025, pursuant to which, the Company and relevant members of SCIG Group who need the Company’s design services will enter into separate contract for detailed scope of work. Shanxi CIG is the Controlling Shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions between the Company and Shanxi CIG under the Design Services Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Annual Cap

The annual cap of service fee for the year ended December 31, 2025, as revised on August 13, 2024, is RMB7.3 million.

Historical Transaction Amount during the Reporting Period

For the year ended December 31, 2025, the Group received approximately RMB2.9 million from Shanxi CIG as service fee.

Reasons for Transaction

The Company possesses comprehensive design qualifications and excellent design capabilities, which have consistently generated business opportunities. The Board believes that the design capabilities of the Company puts itself in a favourable position to fully seize the growing demand for related design services to be provided by the Group to Shanxi CIG.

Renewal

In view of the expiration of the Design Services Framework Agreement, on December 4, 2025, the Company entered into a new design service framework agreement with Shanxi CIG commencing from January 1, 2026 to December 31, 2028 with annual caps of RMB5.0 million, RMB5.4 million and RMB5.6 million for the three years respectively.

Report of the Board of Directors

Property Management Framework Agreement

Description

On November 3, 2023, the Company entered into a property management framework agreement (the “**Property Management Framework Agreement**”) with Xie’an Property commencing from the Listing Date and ending on December 31, 2025, pursuant to which, Xie’an Property will provide property management services (including property management, facilities and equipment maintenance, food and beverage services, gardening services and cleaning services) to the Group. Xie’an Property is a non-wholly-owned subsidiary of Shanxi CIG, the Controlling Shareholder of the Company, and an associate of Shanxi CIG and hence a connected person of the Company. Accordingly, the transactions between the Company and Xie’an Property constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Annual Cap

The annual cap of service fee for the year ended December 31, 2025 is RMB14 million.

Historical Transaction Amount during the Reporting Period

For the year ended December 31, 2025, the Group paid approximately RMB0.8 million to Xie’an Property as service fee.

Reasons for Transaction

Our Directors are of the view that as SCIG Group has been serving the Group for years, it is beneficial to the Group to continue to engage SCIG Group in terms of price, efficiency, quality and reliability in the provision of such services.

Renewal

In view of the expiration of the Property Management Framework Agreement, on December 4, 2025, the Company entered into a new property management framework agreement with Shanxi CIG commencing from January 1, 2026 to December 31, 2028 with annual caps of RMB10.0 million, RMB10.0 million and RMB10.0 million for the three years respectively.

Sales Framework Agreement

Description

On November 3, 2023, the Company entered into a sales framework agreement with Shanxi CIG (the “**Sales Framework Agreement**”), pursuant to which SCIG Group will purchase certain construction materials, including but not limited to, ready-mixed concrete and pre-cast concrete parts from the Group commencing from the Listing Date and ending on December 31, 2025. Shanxi CIG is the Controlling Shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions between the Company and Shanxi CIG constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Annual Cap

The annual cap for the total purchases from the Group by SCIG Group under the Sales Framework Agreement for the year ended December 31, 2025 is RMB250.0 million.

Historical Transaction Amount during the Reporting Period

The total amount received by the Group from SCIG Group in relation to sales of construction materials for the year ended December 31, 2025 was RMB6.8 million.

Reasons for Transaction

The main products we have been selling to SCIG Group are concrete-related products. As the production facility of Shan'an Lide, a subsidiary of the Group, commenced trial production in April 2021, Shan'an Lide commenced to sell ready mixed concretes and pre-cast concrete products to SCIG Group who has stable needs for concrete products for its construction business. Our Directors consider that sales to SCIG Group would allow us to benefit from the revenue generated from the sales of concrete-related products. Other than the concrete products produced by Shan'an Lide, the Group has also supplied moulds, fence panels and other construction materials to SCIG Group occasionally in the past.

Renewal

In view of the expiration of the Sales Framework Agreement, on December 4, 2025, the Company entered into a new sales framework agreement with Shanxi CIG commencing from January 1, 2026 to December 31, 2028 with annual caps of RMB33.0 million, RMB43.0 million and RMB53.0 million for the three years respectively.

Report of the Board of Directors

Financial Services Framework Agreement

Description

On November 3, 2023, the Company entered into a financial services framework agreement (the “**Financial Services Framework Agreement**”) with Shanxi CIG (for itself and on behalf of its subsidiaries), pursuant to which relevant members of SCIG Group will provide comprehensive credit facility services, settlement services, finance lease services and other financial services (collectively, the “**Financial Services**”) to the Group under the Financial Services Framework Agreement commencing from the Listing Date and ending on December 31, 2025.

Historical amount during the Reporting Period

The transaction amount for the year ended December 31, 2025 was as follows:

	For the financial year ended December 31, 2025 (RMB million)
Maximum daily balance of comprehensive credit facility services	274.7
Fees for settlement services, finance lease services and other financial services	3.5

Annual cap

The annual cap under the Financial Services Framework Agreement is as follows:

	Annual Cap (RMB million) For the financial year ended December 31, 2025
Maximum daily balance of comprehensive credit facility services	500.0
Fees for settlement services, financial lease services and other financial services	7.0

Reasons for the transaction

We have been obtaining financial services from certain members of SCIG Group in the ordinary and usual course of our business in the past. Having considered that (i) the interest rates on loans and facilities offered by relevant members of SCIG Group to the Group will be no less favorable than those offered by independent commercial banks and financial institutions in the PRC for similar amount and period; (ii) the financial service providers in SCIG Group have obtained necessary licenses (if required) in connection with the provision of the Financial Services to the Group; and (iii) the financial service providers in SCIG Group have better understanding of operations of the Group, so that they can develop practical financing solutions that closely align with our funding needs to provide credit facilities and loans to the Group in efficient manner, our Directors consider that the financial services contemplated under the Financial Services Framework Agreement will be able to meet the daily operation needs of the Group.

Renewal

In view of the expired Financial Services Framework Agreement, on December 4, 2025, the Company entered into a new financial services framework agreement with Shanxi CIG commencing from January 1, 2026 to December 31, 2028 with the caps for the maximum daily balance of the comprehensive financial services of RMB500 million, RMB500 million and RMB500 million, and the annual caps of fees for Comprehensive Financial Services of RMB5.0 million, RMB5.0 million and RMB5.0 million for the three years respectively.

Bilateral Construction Services Framework Agreement

Description

On November 3, 2023, the Company entered into a bilateral construction services framework agreement (the “**Bilateral Construction Services Framework Agreement**”) with Shanxi CIG, pursuant to which the Group may engage members of SCIG Group to provide construction services while SCIG Group may engage members of the Group to provide construction services (including industrial equipment installation) as and when required commencing from the Listing Date and ending on December 31, 2025.

Historical amounts

The total amount paid by the Group to SCIG Group for the construction services provided to the Group for the year ended December 31, 2025 was RMB99.1 million.

The total amount received by the Group from SCIG Group for the construction services provided to SCIG Group for the year ended December 31, 2025 was RMB568.6 million.

Annual Cap

The annual cap for the construction services based on contract value under the Bilateral Construction Services Framework Agreement for the year ended December 31, 2025 is as follows:

	Annual Cap (RMB million) for the financial year ended December 31, 2025
Contract value for construction services to be provided by SCIG Group to the Group	110.0
Contract value for construction services to be provided by the Group to SCIG Group	850.0

Report of the Board of Directors

Reasons for the transaction

We have been providing construction services to SCIG Group in the ordinary and usual course of our business in the past. The services provided by the Group to SCIG Group involved specialized industrial construction works, specialized auxiliary construction works and other construction works. Our Directors consider that the provision of construction services to SCIG Group would benefit the Group for the reasons that (i) the Group, as a member of SCIG Group, has established a stable business relationship with SCIG Group and understand the business operations, construction requirements, quality control and other requirements of SCIG Group, which enable smooth cooperation and reducing operational costs; (ii) by providing construction services to SCIG Group's engineering projects, the Group has the opportunity to expand its portfolio of construction of large-scale projects; (iii) we are the only subsidiary of Shanxi CIG which possesses both Premium Grade Qualifications of General Contracting for Petrochemical Engineering Construction and Municipal Public Engineering Construction; (iv) given the close proximity, we are able to provide construction services to SCIG Group when SCIG Group does not have enough capacity to carry out the works; and (v) the price and terms of providing construction services to SCIG Group are no less favorable to us than those offered by us to Independent Third Parties. As for the SCIG Group, it can leverage the Group's experience and expertise to increase construction efficiency as the Group may have more experience and expertise than SCIG Group in certain construction fields. We have also subcontracted construction works to SCIG Group in the ordinary and usual course of our business in the past.

We have subcontracted certain works such as geotechnical survey, design, and testing; foundation construction; construction quality inspection and testing; water conservancy well drilling and construction project supervision, etc. to SCIG Group. Our Directors consider that the subcontracting of construction work to SCIG Group would benefit the Group for the reasons that (i) there is a stable business relationship between SCIG Group and the Group; (ii) SCIG Group is familiar with the Group's specifications, standards and requirements and therefore the Group has confidence in the quality of the subcontracting services provided by SCIG Group; (iii) SCIG Group has the relevant licenses, qualifications, expertise and experiences for a wide range of works and thus the Group can ensure that the relevant works and requirements undertaken from our customers can be conducted in a satisfactory manner; (iv) SCIG Group also has sufficient resources so that we will be able to subcontract excessive work loads to it when we do not have sufficient capacity to conduct the works ourselves to optimise our resources; and (v) and the price and terms of providing construction services to us by SCIG Group are no less favorable than those offered to us by Independent Third Parties. We undertake that upon listing, we shall only subcontract construction works to SCIG Group through open tender procedures.

Renewal

In view of the expiration of the Bilateral Construction Services Framework Agreement, on December 4, 2025, the Company entered into a new bilateral construction services framework agreement with Shanxi CIG commencing from January 1, 2026 to December 31, 2028 with annual caps for contract value for provision of construction services of RMB60.0 million, RMB60.0 million and RMB60.0 million for the three years respectively; and annual caps for contract value for procurement of construction services of RMB1,000.0 million, RMB1,200.0 million and RMB1,400.0 million for the three years respectively.

Raw Materials Procurement Framework Agreement

Description

On November 3, 2023, the Company entered into a raw materials procurement framework agreement with Shanxi CIG (the “**Raw Materials Procurement Framework Agreement**”), pursuant to which the Group would purchase certain raw materials, including but not limited to, steel, and pre-cast and prefabricated parts from Shanxi CIG commencing from the Listing Date and ending on December 31, 2025.

Historical Amounts

The total amount paid by the Group to SCIG Group in relation to purchases of raw materials for the year ended December 31, 2025 was approximately RMB438.3 million.

Annual Cap

The annual cap for the purchase from SCIG Group under the Raw Materials Procurement Framework Agreement for the year ended December 31, 2025 is RMB1,400.0 million.

Reasons for the Transaction

We have been purchasing certain raw materials from SCIG Group in the ordinary and usual course of our business in the past. Our Directors consider that purchasing from SCIG Group would allow us to benefit from the lower price and more favorable terms offered by the suppliers of relevant raw materials to SCIG Group due to the bulk quantities it purchases. Even though SCIG Group would charge handling fees on top of the original prices of relevant raw materials, the overall prices could still be lower than those we obtained for similar quantities and delivery terms in the market.

Renewal

In view of the expired Raw Materials Procurement Framework Agreement, on December 4, 2025, the Company entered into a new raw materials procurement framework agreement with Shanxi CIG commencing from January 1, 2026 to December 31, 2028 with annual caps for contract value for raw materials procurement, of RMB805.0 million, RMB905.0 million and RMB1,004.6 million for the three years respectively;

Cooperation Agreement for Energy Services

Description

On August 13, 2024, the Company entered into a cooperation agreement for energy services (the “**Cooperation Agreement for Energy Services**”) with Shanxi CIG commencing from August 13, 2024 and ending December 31, 2025, pursuant to which, the Group provides (i) solar power; (ii) hot water generated from air source heat pump system; and (iii) comprehensive energy system management services (the “**Energy Services**”) to industrial parks under Shanxi CIG. Shanxi CIG is the Controlling Shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions between the Company and Shanxi CIG under the New Cooperation Agreement for Energy Services constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Historical Transaction Amount during the Reporting Period

For the year ended December 31, 2025, the Group received approximately RMB5.3 million from Shanxi CIG for the Energy Services.

Annual Cap

The annual cap of transaction amounts for Energy Services for the year ended December 31, 2025 is RMB10.145 million.

Report of the Board of Directors

Renewal

In view of the expired Cooperation Agreement for Energy Services, on December 4, 2025, the Company entered into a cooperation agreement for energy services with Shanxi CIG commencing from January 1, 2026 to December 31, 2028 with annual caps for contract value for energy services of RMB10.0 million, RMB10.0 million and RMB10.0 million for the three years respectively.

Reasons for Transaction

Due to the gradual production and operation of the industrial parks owned by the SCIG Group, the number of industrial parks for which the Group provides Energy Services has increased as compared with that prior to the Listing Date. With the continuous operation commencement of new projects in 2025 and the stable operation of projects in operation in prior years, the Board resolved to enter into the Cooperation Agreement for Energy Services to reflect the revision of annual caps and to reflect the latest business arrangements of the Group and the SCIG Group.

Save as disclosed above, during the year ended December 31, 2025, the Group had not entered into any connected transactions which are required to be disclosed in this annual report pursuant to the Hong Kong Listing Rules.

Review by and Confirmation of Independent Non-executive Directors

The independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were: (i) carried out in the ordinary and usual course of business of the Group; (ii) made on normal or better commercial terms (as defined in the Hong Kong Listing Rules); and (iii) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of the Shareholders as a whole.

External Auditor's Report on the Group's Continuing Connected Transactions

The Board confirms that the letter issued by the Company's auditor in respect of the disclosed continuing connected transactions in this annual report has covered each of the matters set out in Rule 14A.56 of the Hong Kong Listing Rules and the letter has stated that nothing has come to the auditor's attention that causes the auditor to believe that such disclosed continuing connected transactions:

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
- (c) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (d) have exceeded the annual caps as set by the Company.

Related Party Transaction

Details of the related party transactions of the Group for the Reporting Period are set out in Note XI to the consolidated financial statements of the annual report.

Save as disclosed above, the related party transactions set out in Note XI of the financial statements did not fall under the definition of “connected transactions” or “continuing connected transactions” (as the case may be) in Chapter 14A of the Hong Kong Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders’ approval requirements under the Hong Kong Listing Rules.

Non-competition Undertaking

To ensure that competition does not develop between us and other business activities and/or interests of Shanxi CIG, our Controlling Shareholder, Shanxi CIG (the “**Covenantor**”) (for itself and each member of its group, excluding members of the Group) has entered into a Non-competition Agreement in favor of the Company (for itself and as trustee for the benefit of each of its subsidiaries from time to time) on November 3, 2023, pursuant to which the Covenantor has, among other things, irrevocably and unconditionally undertaken with the Company that at any time during the relevant period, it shall not, and shall procure that its close associates (other than members of the Group) not to, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the restricted regions (as defined hereinafter) which are the same as, similar to or in competition or likely to be in competition with the restricted businesses (as defined hereinafter) carried on or contemplated to be carried on by any member of the Group from time to time. Details of the Non-compete Undertakings are set out in the section headed “Relationship with our Controlling Shareholder” in the Prospectus.

Shanxi CIG confirmed that they have complied with the non-compete undertakings during the Reporting Period. The independent non-executive Directors have conducted such review for the Reporting Period and also reviewed the relevant undertakings and are satisfied that the Non-compete Undertakings have been fully complied with.

Directors’ Interests in a Competing Business and Conflict of Interests

For the year ended December 31, 2025, none of the Directors or their respective close associates (as defined in the Hong Kong Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Company, other than being a Director of the Company and/or its subsidiaries.

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 Prospectus. The Company intends to use the unutilized net proceeds in the same manner and proportions as described in the Prospectus and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

Report of the Board of Directors

Unit: million; Currency: Hong Kong dollars

Item	Net proceeds intended to be distributed according to the prospectus	Net proceeds intended to be distributed after changing	Actual use of cumulative proceeds	Actual use of proceeds during the Reporting Period	Net proceeds unutilized as of the end of Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
For financing our future centralized photovoltaic projects	147.6	16.1	5.6		10.5	To be utilized before end of 2027
For financing our investment in existing and future distributed photovoltaic projects	73.9					
For our future investment in wind power projects in the PRC or abroad	73.9	288.7	21.8	21.8	266.9	To be utilized before end of 2027
For financing the future equity investment in and/or construction of other types of new energy projects	73.9	75.8	57.4	40.9	18.4	To be utilized before end of 2027
For financing our existing and future clean heating projects	29.5	70.6	17.7	15.8	52.9	To be utilized before end of 2027
For financing our future distributed energy projects	36.9	21.8			21.8	To be utilized before end of 2027
For financing our existing water treatment projects	36.9	36.7	20.9	20.9	15.8	To be utilized before end of 2027
For financing our future solid waste disposal projects	29.5	102.5	18.7	18.7	83.8	To be utilized before end of 2027
For paying up the registered capital of the project company and the payment of construction fee of the existing service concession project	22.2					
For making payment of the construction fee for equipment required for the existing service concession project	36.9	36.4	36.4			
For our existing and future service concession projects including the service concession project of Urban Flood Control and Drainage and Comprehensive Treatment of Ecological Environment in Zhangzi County, Changzhi City	44.3					
For financing new energy projects of upstream and downstream manufacturing industries, major expenditures including the payment used in purchase of tower production line equipment and related ancillary facilities, purchase of raw materials	73.9	30.8	13.0	7.6	17.8	To be utilized before end of 2027
For working capital and other general corporate purposes	59.1	59.1	59.1	7.7		
Total	738.5	738.5	250.6	133.4	487.9	

Litigations and/or Legal Proceedings

Save as disclosed in this annual report, during the Reporting Period, the Company was not involved in any material legal proceeding which had material adverse effect on the Group.

Compliance with Laws and Regulations

During the Reporting Period, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

Key Relationships with the Group's Stakeholders

The Group recognizes that various stakeholders including employees, customers, suppliers and others are key to the Group's success. An account of the Company's key relationships with its investors, employees, customers, suppliers, and others that have a significant impact on the Company is set out in the ESG report.

Audit Committee

The Audit Committee has reviewed, together with the management and auditor of the Company, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended December 31, 2025. The Audit Committee has reviewed the Group's financial controls, risk management and internal control systems.

Auditors

At the 2024 AGM on May 19, 2025, it was resolved to approve the re-appointment of Grant Thornton (Special General Partnership) as the auditors of the Company for the year 2025. The Company did not change its auditors in the past three years.

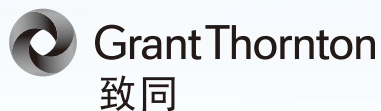
On behalf of the Board

Mr. Ren Rui

Chairman

Shanxi, the PRC, March 30, 2026

INDEPENDENT AUDITOR'S REPORT



Grant Thornton
(Special General Partnership)
5th Floor, Scitech Tower,
22 Jianguomenwai Avenue,
Chaoyang District, Beijing,
the PRC 100004
Tel +86 10 8566 5588
Fax +86 10 8566 5120
www.grantthornton.cn

Zhi Tong Shen Zi (2026) No. 140A006509

To the members of Shanxi Installation Group Co., Ltd.

I. AUDIT OPINION

We have audited the financial statements of Shanxi Installation Group Co., Ltd. (hereunder “Shanxi Installation”), which comprise the consolidated and company balance sheet as at December 31, 2025, and the consolidated and company income statement, the consolidated and company statement of cash flows, the consolidated and company statement of changes in shareholders’ equity for 2025, and notes to the relevant financial statements.

In our opinion, the attached financial statements are prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects, and give a fair view of the consolidated and company financial position of Shanxi Installation as at December 31, 2025, as well as the consolidated and company operating results and cash flow for 2025.

II. BASIS FOR AUDIT OPINION

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the section headed “Certified Accountant’s Responsibilities for the Audit of the Financial Statements” of the audit report. We are independent of Shanxi Installation in accordance with the independence requirements for audits of public interest entities under the Code of Professional Ethics and the Independence Standards for PRC Certified Public Accountants (where applicable), and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

III. KEY AUDIT MATTERS (Continued)

(I) Recognition of revenue from construction contracts

For details of relevant information disclosure, please refer to note III.24 and note V.41 to the financial statements.

1. Description

Shanxi Installation mainly sources its revenue from construction business (specialized industrial construction, specialized auxiliary construction and other construction). In 2025, Shanxi Installation realized revenue from construction business of RMB9,529,916,000, accounting for 90.49% of its operating revenue. Since the construction services provided by Shanxi Installation belong to a contractual obligation fulfilled within a period of time, the management of Shanxi Installation (hereunder referred to as the management) makes reasonable estimation for the expected total revenue and the expected total costs based on the contract budget of construction projects to determine the performance progress, and makes continuous assessment and amendments in the course of contract performance. The determination of performance progress mainly relies on the material estimation and judgement of the management. As such, we identify the recognition of revenue from construction contracts as a key audit matter.

2. Addressing in audit

We have mainly implemented the following audit procedures for the recognition of revenue from construction contracts:

- (1) understand, evaluate and test the effectiveness of the design and operation of key internal control related to construction business;
- (2) obtain and examine construction contracts for material projects, understand the key terms of major contracts, assess the reasonableness of the management's identification of individual contractual obligation and value sharing, the estimation of expected total revenue, and the appropriateness of the method of revenue recognition;
- (3) randomly select construction projects to check whether the expected total revenue and expected total costs are consistent with the construction contracts and cost budgets on which they are based, and evaluate whether the estimates made by the management are reasonable and the basis is sufficient;
- (4) randomly select construction projects and inspect the contract performance costs incurred during the year, reconcile them to supporting documents such as procurement contracts, specialized subcontracting agreements, material requisition records, and labor cost records, and perform cutoff testing on the contract performance costs.
- (5) randomly select construction projects to recalculate the performance progress at the end of the period, and verify the accuracy of recognition data;
- (6) conduct analysis procedures on the change of gross profit margin for material construction contracts;

III. KEY AUDIT MATTERS (Continued)

(I) Recognition of revenue from construction contracts (Continued)

2. Addressing in audit (Continued)

- (7) randomly select material construction projects, coupled with the confirmation letter for receivables, confirm with major customers on the amount of completed construction at the end of the period, so as to confirm the truthfulness and completeness of revenue from construction contracts;
- (8) randomly select material construction projects, undergo on-site inspection for the physical progress of the construction, inquire construction management departments, and make comparison with the performance progress as recorded in books. For differences, we would get an understanding for their reasons and make further examination.

(II) Expected credit loss for receivables and impairment provision for contract assets

For details of relevant information disclosure, please refer to note III.10 and 34 and note V.3 and 8. Notes on Items in the Consolidated Financial Statements.

1. Description

As at the end of 2025, Shanxi Installation had receivables and contract assets with carrying amount of RMB8,711,357,000 and RMB11,797,207,000, and the bad debt provision and assets impairment provision were RMB567,789,000 and RMB204,899,000, respectively. Expected credit loss for receivables and impairment provision for contract assets involve the use of material accounting estimation and professional judgement by the management, which have a significant impact on the financial statements. As such, we identify expected credit loss for receivables and impairment provision for contract assets as a key audit matter.

2. Addressing in audit

We have mainly implemented the following audit procedures for expected credit loss for receivables and impairment provision for contract assets:

- (1) understand, evaluate and test the effectiveness of the design and operation of key internal control related to expected credit loss for receivables and impairment provision for contract assets;
- (2) obtain and re-examine the credit risk mix and the impairment matrix model for bad debt provision for receivables classified by the management based on credit risk characteristics, and analyze their reasonableness;
- (3) examine relevant considerations and objective evidences for the evaluation of the expected credit loss for receivables and impairment provision for contract assets by the management, and recalculate the expected credit loss ratio at the end of the period determined by the management;
- (4) for receivables which are provided for expected credit loss on an individual basis, select samples to verify the basis and reasonableness of the management's evaluation on the cash flow estimated to be obtained in the future based on customers' financial position or creditability, historical payment rate and forecast for future economic conditions;

III. KEY AUDIT MATTERS (Continued)

(II) Expected credit loss for receivables and impairment provision for contract assets (Continued)

2. Addressing in audit (Continued)

- (5) obtain the ageing analysis statements for receivables as at the reporting date from the management, and verify the accuracy of the classification of the ages of receivables;
- (6) examine the recovery of receivables subsequent to the period and relevant documentary record, and evaluate the sufficiency of expected credit loss.

IV. OTHER INFORMATION

The management of Shanxi Installation is responsible for the other information. The other information comprises the information included in the 2025 annual report of Shanxi Installation, but does not include the financial statements and our audit report. The other information is expected to be provided to us subsequent to the date of the audit report.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Coupled with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

After we read the other information included in 2025 annual report, in case we confirm there is any material misstatement, the audit standards require us to communicate with the governing body and adopt appropriate measures thereon.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THE GOVERNING BODY FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining necessary internal control, so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Shanxi Installation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate Shanxi Installation or to cease operations, or have no realistic alternative but to do so.

The governing body is responsible for overseeing Shanxi Installation's financial reporting process.

VI. CERTIFIED ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the audit standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also conduct the following works:

- (1) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (3) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, make a conclusion on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shanxi Installation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the audit standards to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the available information up to the date of the audit report. However, future events or conditions may cause Shanxi Installation to cease to continue as a going concern.
- (5) evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Shanxi Installation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

VI. CERTIFIED ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

We communicate with the governing body regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the governing body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, relevant preventive measures.

From the matters communicated with the governing body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton
(Special General Partnership)

PRC Certified Accountant
(Project Partner)

PRC Certified Accountant

Beijing, China
March 30, 2026

CONSOLIDATED AND COMPANY BALANCE SHEET

December 31, 2025

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB'000

Item	Notes	Closing balance		Balance at the end of last year	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash	V.1	1,823,399	1,337,654	2,626,858	2,082,375
Tradable financial assets					
Bill receivables	V.2	230,677	216,479	126,061	125,732
Trade receivables	V.3, XV.1	8,143,568	7,330,182	5,960,673	5,367,027
Receivables financing	V.4	8,049	6,241	69,252	55,526
Prepayments	V.5	286,596	276,955	517,669	204,645
Other receivables	V.6, XV.2	761,737	1,648,638	751,414	1,785,833
Including: Interest receivables					
Dividend receivables		1,850	21,850	1,523	21,523
Inventories	V.7	327,859	287,716	298,113	266,851
Including: Data resources		-	-	-	-
Contract assets	V.8, XV.3	7,132,239	6,596,407	6,425,844	6,275,307
Assets held for sale					
Non-current assets due within one year					
Other current assets	V.9	237,935	102,860	413,565	148,232
Total current assets		18,952,059	17,803,132	17,189,449	16,311,528
Non-current assets:					
Investments in debentures					
Investments in other debentures					
Long-term receivables					
Long-term equity investments	V.10, XV.4	277,464	1,684,645	210,245	1,483,469
Investments in other equity instruments	V.11	154,215	154,215	147,832	147,832
Other non-current financial assets					
Investment properties	V.12	188,989	188,989	187,722	187,722
Fixed assets	V.13	1,069,331	144,297	1,077,794	151,274
Construction-in-progress	V.14	218,593	-	203,907	-
Productive biological assets					
Oil and gas assets					
Right-of-use assets	V.15	139,308	26,521	153,119	36,118
Intangible assets	V.16	187,695	64,175	174,677	64,369
Including: Data resources		152	-	170	-
Development expenditures					
Including: Data resources					
Goodwill	V.17	11,135	-	15,000	-
Long-term deferred expenses	V.18	6,874	1,759	193	67
Deferred income tax assets	V.19	186,390	116,596	179,492	90,563
Other non-current assets	V.20	4,630,173	940,647	4,584,751	888,245
Total non-current assets		7,070,167	3,321,844	6,934,732	3,049,659
Total assets		26,022,226	21,124,976	24,124,181	19,361,187

Consolidated and Company Balance Sheet

December 31, 2025

Item	Notes	Closing balance		Balance at the end of last year	
		Consolidated	Company	Consolidated	Company
Current liabilities:					
Short-term borrowings	V.22	3,130,479	3,105,456	2,400,646	2,188,854
Tradable financial liabilities		-	-	-	-
Bill payables	V.23	2,034,671	2,034,671	1,888,383	2,028,383
Trade payables	V.24	9,899,845	9,575,705	9,492,423	9,175,878
Receipt in advance		-	-	-	-
Contract liabilities	V.25	973,315	979,290	1,357,031	1,375,331
Employee remuneration payables	V.26	78,221	71,286	82,075	76,418
Tax payables	V.27	55,920	20,962	57,574	18,874
Other payables	V.28	539,746	664,634	583,415	671,294
Including: Interest payables		-	-	-	-
Dividend payables	V.28	31,678	31,678	71,678	71,678
Liabilities held for sale		-	-	-	-
Non-current liabilities due within one year	V.29	570,503	295,265	767,873	500,325
Other current liabilities	V.30	817,296	743,854	872,592	815,653
Total current liabilities		18,099,996	17,491,123	17,502,012	16,851,010
Non-current liabilities:					
Long-term borrowings	V.31	4,157,530	1,380,990	2,970,909	308,506
Bonds payables		-	-	-	-
Lease liabilities	V.32	130,761	17,837	140,084	26,192
Long-term payables		-	-	-	-
Long-term employee remuneration payables	V.33	27,660	27,660	30,280	30,280
Estimated liabilities		-	-	-	-
Deferred income	V.34	26,373	-	27,000	-
Deferred income tax liabilities	V.19	89,364	24,440	110,562	24,638
Other non-current liabilities		-	-	-	-
Total non-current liabilities		4,431,688	1,450,927	3,278,835	389,616
Total liabilities		22,531,684	18,942,050	20,780,847	17,240,626

Consolidated and Company Balance Sheet

December 31, 2025

Item	Notes	Closing balance		Balance at the end of last year	
		Consolidated	Company	Consolidated	Company
Equity of shareholders:					
Share capital	V.35	1,373,486	1,373,486	1,373,486	1,373,486
Capital reserve	V.36	650,999	620,057	650,867	620,057
Less: Treasury shares		-	-	-	-
Other comprehensive income	V.37	90,581	88,320	84,495	82,435
Special reserve	V.38	3,536	2,934	2,834	1,809
Surplus reserve	V.39	18,528	18,528	12,369	12,369
Undistributed profit	V.40	766,186	79,601	640,145	30,405
Total equity attributable to shareholders of the parent company		2,903,316	2,182,926	2,764,196	2,120,561
Minority interests		587,226	-	579,138	-
Total equity of shareholders		3,490,542	2,182,926	3,343,334	2,120,561
Total liabilities and equity of shareholders		26,022,226	21,124,976	24,124,181	19,361,187

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

2025

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB'000

Item	Notes	Amount for the period		Balance at the end of last year	
		Consolidated	Company	Consolidated	Company
I. Operating revenue	V.41, XV.5	10,531,096	9,606,711	12,243,159	11,261,313
Less: Operating costs	V.41, XV.5	9,329,467	8,652,150	10,722,490	10,023,060
Taxes and surcharges	V.42	37,201	30,729	30,892	24,407
Selling expenses	V.43	890	-	1,309	-
Management expenses	V.44	467,548	406,454	470,734	401,024
Research and development expenses	V.45	220,745	190,703	593,406	559,538
Finance expenses	V.46	92,946	203,278	102,349	173,681
Including: Interest expenses	V.46	365,914	233,898	344,381	204,063
Interest income	V.46	279,661	36,186	244,654	32,503
Add: Other gains	V.47	10,851	5,472	9,222	4,521
Investment gains (losses are expressed in “-”)	V.48, XV.6	3,261	93,235	-2,647	17,353
Including: Gains on investment in associates and joint ventures		2,861	2,861	-2,647	-2,647
Derecognized income from financial assets at amortized costs (losses are expressed in “-”)		-	-	-	-
Hedging income from net exposure (losses are expressed in “-”)		-	-	-	-
Gains on change of fair value (losses are expressed in “-”)	V.49	1,267	1,267	917	917
Credit impairment losses (losses are expressed in “-”)	V.50	-134,224	-124,363	-77,195	-72,142
Asset impairment losses (losses are expressed in “-”)	V.51	-64,706	-62,956	-27,736	-21,818
Gains on disposal of assets (losses are expressed in “-”)	V.52	2,959	2,445	1,388	1,388
II. Operating profit (losses are expressed in “-”)		201,707	38,497	225,928	9,822
Add: Non-operating revenue	V.53	144	22	301	5
Less: Non-operating expenses	V.54	1,471	562	1,191	151
III. Total profit (total losses are expressed in “-”)		200,380	37,957	225,038	9,676
Less: Income tax expenses	V.55	7,120	-23,630	15,239	-13,408
IV. Net profit (net losses are expressed in “-”)		193,260	61,587	209,799	23,084
(I) Classified by operating continuity:					
Including: Net profit from continuing operations (net loss is expressed in “-”)		193,260	61,587	209,799	23,084
Net profit from discontinued operations (net loss is expressed in “-”)		-	-	-	-

Consolidated and Company Income Statement

2025

Item	Notes	Amount for the period		Balance at the end of last year	
		Consolidated	Company	Consolidated	Company
(II) Classified by ownership:					
Including: Net profit attributable to shareholders of the parent company (net loss is expressed in "-")		138,432	61,587	153,678	23,084
Minority interests (net loss is expressed in "-")		54,828	-	56,121	-
V. Other comprehensive income, net of tax	V.37	6,086	5,885	2,256	1,279
Other comprehensive income attributable to shareholders of the parent company, net of tax		6,086	5,885	2,256	1,279
(I) Other comprehensive income that cannot be reclassified into profit or loss		5,885	5,885	1,279	1,279
1. Changes in remeasurement of defined benefit plan		459	459	-3,230	-3,230
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		5,426	5,426	4,509	4,509
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		201	-	977	-
1. Other comprehensive income that can be transferred to profit or loss under equity method		-	-	-	-
2. Fair value change of investment in other debentures		-	-	-	-
3. Amount of financial assets reclassified into other comprehensive income		-	-	-	-
4. Credit impairment provision for investment in other debentures		-	-	-	-
5. Reserve for cash flow hedge		-	-	-	-
6. Translation differences on financial statements of foreign currencies		201	-	977	-
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		-	-	-	-

Consolidated and Company Income Statement

2025

Item	Notes	Amount for the period		Balance at the end of last year	
		Consolidated	Company	Consolidated	Company
8. Difference between the disposal price and carrying value of the corresponding 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		199,346	67,472	212,055	24,363
Total comprehensive income attributable to shareholders of the parent company		144,518	67,472	155,934	24,363
Total comprehensive income attributable to minority shareholders		54,828	-	56,121	-
VII. Earnings per share		-	-	-	-
(I) Basic earnings per share	XVI.2	0.10	-	0.11	-
(II) Diluted earnings per share		-	-	-	-

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

2025

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB'000

Item	Notes	Amount for the period		Amount for the last period	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities:					
Cash received from sale of goods and rendering of services		9,175,905	8,623,064	11,749,805	10,982,374
Refund of taxes and levies received		-	-	-	-
Cash received relating to other operating activities	V.56	1,831,278	2,141,474	2,690,397	2,262,281
Sub-total of cash inflow from operating activities		11,007,183	10,764,538	14,440,202	13,244,655
Cash paid for purchase of goods and receipt of services		9,787,260	9,261,647	10,804,145	10,239,242
Cash paid to and on behalf of employees		662,831	572,654	620,922	531,531
Payments for taxes and levies		200,629	131,989	214,427	143,810
Cash paid relating to other operating activities	V.56	2,131,330	2,783,316	2,415,223	2,288,749
Sub-total of cash outflow from operating activities		12,782,050	12,749,606	14,054,717	13,203,332
Net cash flows from operating activities		-1,774,867	-1,985,068	385,485	41,323
II. Cash flows from investing activities:					
Cash received from recovery of investments		-	2	-	-
Cash received from returns on investments		1,609	91,876	1,702	1,702
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,418	2,418	76	76
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		4,027	94,296	1,778	1,778
Cash paid for acquisition and construction of fixed assets, intangible assets and other longterm assets		51,241	4,643	68,865	3,564
Cash paid for investments		76,699	202,007	20,000	75,850
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		128,309	206,650	88,865	79,414
Net cash flows from investing activities		-124,282	-112,354	-87,087	-77,636

Consolidated and Company Statement of Cash Flows

2025

Item	Notes	Amount for the period		Amount for the last period	
		Consolidated	Company	Consolidated	Company
III. Cash flows from financing activities:					
Cash received from capital contribution		6,966	-	14,370	-
Including: Cash received by subsidiaries from capital contribution of minority shareholders		6,966	-	14,370	-
Cash received from borrowings		5,428,792	4,981,244	3,887,463	3,354,230
Proceeds from issuance of bonds		-	-	-	-
Cash received relating to other financing activities		-	-	-	-
Sub-total of cash inflow from financing activities		5,435,758	4,981,244	3,901,833	3,354,230
Cash paid for repayment of debts		3,702,650	3,194,260	3,723,019	2,981,405
Cash paid for distribution of dividends and profits or payment of interest		457,645	272,368	347,184	205,160
Including: Dividends and profits paid by subsidiaries to minority shareholders		45,500	-	-	-
Cash paid relating to other financing activities	V.56	28,816	11,813	19,341	9,848
Sub-total of cash outflow from financing activities		4,189,111	3,478,441	4,089,544	3,196,413
Net cash flows from financing activities		1,246,647	1,502,803	-187,711	157,817
IV. Effect of exchange rate changes on cash and cash equivalents					
		-16	-	11	-
V. Net increase in cash and cash equivalents					
Add: Cash and cash equivalents at the beginning of period		2,200,863	1,659,813	2,090,165	1,538,309
VI. Cash and cash equivalents at the end of period					
		1,548,345	1,065,194	2,200,863	1,659,813

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

2025

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB'000

Item	Amount for the period								Total shareholders' equity
	Equity attributable to shareholders of the parent company								
	Share capital	Capital reserve	Less: treasury shares	comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interest	
I. Balance at the end of last year	1,373,486	650,867	-	84,495	2,834	12,369	640,145	579,138	3,343,334
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Correction of errors of previous periods	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the year	1,373,486	650,867	-	84,495	2,834	12,369	640,145	579,138	3,343,334
III. Increase/decrease during the year (decrease is expressed in "-")	-	132	-	6,086	702	6,159	126,041	8,088	147,208
(I) Total comprehensive income	-	-	-	6,086	-	-	138,432	54,828	199,346
(II) Capital contribution and reduction by shareholders	-	132	-	-	-	-	-	-833	-701
1. Ordinary shares from shareholders	-	-	-	-	-	-	-	6,166	6,166
2. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-	-	-
3. Others	-	132	-	-	-	-	-	-6,999	-6,867
(III) Profit appropriation	-	-	-	-	-	6,159	-12,391	-45,500	-51,732
1. Withdrawal from surplus reserve	-	-	-	-	-	6,159	-6,159	-	-
2. Appropriation to shareholders	-	-	-	-	-	-	-6,232	-45,500	-51,732
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 reserve	-	-	-	-	702	-	-	-407	295
1. Withdrawn during the period	-	-	-	-	170,919	-	-	1,505	172,424
2. Utilized during the period (decrease is expressed in "-")	-	-	-	-	-170,217	-	-	-1,911	-172,128
(VI) Others	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the year	1,373,486	650,999	-	90,581	3,536	18,528	766,186	587,226	3,490,542

Consolidated Statement of Changes in Shareholders' Equity

2025

Item	Amount for the last year								
	Equity attributable to shareholders of the parent company								
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interest	Total shareholders' equity
I. Balance at the end of last year	1,373,486	650,867	-	82,239	751	10,061	492,459	515,661	3,125,524
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Correction of errors of previous periods	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the year	1,373,486	650,867	-	82,239	751	10,061	492,459	515,661	3,125,524
III. Increase/decrease during the year (decrease is expressed in "-")	-	-	-	2,256	2,083	2,308	147,686	63,477	217,810
(I) Total comprehensive income	-	-	-	2,256	-	-	153,678	56,121	212,055
(II) Capital contribution and reduction by shareholders	-	-	-	-	-	-	-	6,370	6,370
1. Ordinary shares from shareholders	-	-	-	-	-	-	-	6,370	6,370
2. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-
(III) Profit appropriation	-	-	-	-	-	2,308	-5,992	-	-3,684
1. Withdrawal from surplus reserve	-	-	-	-	-	2,308	-2,308	-	-
2. Appropriation to shareholders	-	-	-	-	-	-	-3,684	-	-3,684
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 reserve	-	-	-	-	2,083	-	-	986	3,069
1. Withdrawn during the period	-	-	-	-	228,287	-	-	2,184	230,471
2. Utilized during the period (decrease is expressed in "-")	-	-	-	-	-226,204	-	-	-1,198	-227,402
(VI) Others	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the year	1,373,486	650,867	-	84,495	2,834	12,369	640,145	579,138	3,343,334

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

2025

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB'000

Item	Amount for the year							Total shareholders' equity
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	
I. Balance at the end of last year	1,373,486	620,057	-	82,435	1,809	12,369	30,405	2,120,561
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	-	82,435	1,809	12,369	30,405	2,120,561
III. Increase/decrease during the year (decrease is expressed in "-")	-	-	-	5,885	1,125	6,159	49,196	62,365
(I) Total comprehensive income	-	-	-	5,885	-	-	61,587	67,472
(II) Capital contribution and reduction by shareholders	-	-	-	-	-	-	-	-
1. Ordinary shares from shareholders	-	-	-	-	-	-	-	-
2. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(III) Profit appropriation	-	-	-	-	-	6,159	-12,391	-6,232
1. Withdrawal from surplus reserve	-	-	-	-	-	6,159	-6,159	-
2. Appropriation to shareholders	-	-	-	-	-	-	-6,232	-6,232
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 reserve	-	-	-	-	1,125	-	-	1,125
1. Withdrawn during the period	-	-	-	-	167,066	-	-	167,066
2. Utilized during the period (decrease is expressed in "-")	-	-	-	-	-165,941	-	-	-165,941
(VI) Others	-	-	-	-	-	-	-	-
IV. Balance at the end of the year	1,373,486	620,057	-	88,320	2,934	18,528	79,601	2,182,926

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

2025

Item	Share capital	Capital reserve	Less: treasury shares	Amount for the last year			Surplus reserve	Undistributed profit	Total shareholders' equity
				Other comprehensive income	Special reserve				
I. Balance at the end of last year	1,373,486	620,057	-	81,156	-	10,061	13,313	2,098,073	
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	-	81,156	-	10,061	13,313	2,098,073	
III. Increase/decrease during the year (decrease is expressed in "-")	-	-	-	1,279	1,809	2,308	17,092	22,488	
(I) Total comprehensive income	-	-	-	1,279	-	-	23,084	24,363	
(II) Capital contribution and reduction by shareholders	-	-	-	-	-	-	-	-	
1. Ordinary shares from shareholders	-	-	-	-	-	-	-	-	
2. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-	-	
3. Others	-	-	-	-	-	-	-	-	
(III) Profit appropriation	-	-	-	-	-	2,308	-5,992	-3,684	
1. Withdrawal from surplus reserve	-	-	-	-	-	2,308	-2,308	-	
2. Appropriation to shareholders	-	-	-	-	-	-	-3,684	-3,684	
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 reserve	-	-	-	-	1,809	-	-	1,809	
1. Withdrawn during the period	-	-	-	-	223,040	-	-	223,040	
2. Utilized during the period (decrease is expressed in "-")	-	-	-	-	-221,231	-	-	-221,231	
(VI) Others	-	-	-	-	-	-	-	-	
IV. Balance at the end of the year	1,373,486	620,057	-	82,435	1,809	12,369	30,405	2,120,561	

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 CONSOLIDATED FINANCIAL STATEMENTS

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 Construction Investment 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. As of the end of the reporting period, the business change registration had not yet been completed. Both before and after the transfer, Shanxi CIG remained the direct controlling shareholder of the Company.

The ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission of the People’s Government of Shanxi Province (山西省人民政府國有資產監督管理委員會).

The financial statements and notes to the financial statements were approved by the resolution of the 56th meeting of the first session of the Board of the Company on March 30, 2026.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are prepared in accordance with the China Accounting Standards for Business Enterprises and its application guidelines, interpretations, and other relevant provisions (collectively, the "Accounting Standards for Business Enterprises") issued by the Ministry of Finance 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 Chinese 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.

The 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 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 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 December 31, 2025, as well as the consolidated and company operating results and consolidated and company cash flows for 2025.

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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 currency adopted by the Company in preparing these financial statements is Renminbi.

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

(1) *Business combinations under common control*

For business combinations 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 under common control through multiple transactions

The assets and liabilities of the combined party acquired by the combining party in the combination are measured at the book value 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 under common control*

For business combinations not under common control, the cost of combination is the fair value of the assets given, liabilities incurred or assumed, and equity securities issued to gain control over the acquiree on the acquisition date. On the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are recognized at fair value.

The excess of the cost of combination over the fair value of the identifiable net assets of the acquiree acquired in the combination is recognized as goodwill and subsequently measured at cost less accumulated impairment provision; where the cost of combination is less than the fair value of the identifiable net assets of the acquiree acquired in the combination, the difference is recognized in profit or loss for the period after verification.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(2) *Business combinations not under common control (Continued)*

Business combinations not under common control 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 interest held in the acquiree before the acquisition date involving other comprehensive income and changes in other owners' equity is transferred to current income on the acquisition date, except for other comprehensive income arising from changes in net liabilities or net assets due to the remeasurement of the investee's defined benefit plans and other comprehensive income related to non-trading equity instrument investments previously designated at fair value through other comprehensive income.

(3) *Treatment of transaction costs in business combination*

The intermediary costs for audit, legal services, evaluation consultation and others incurred for business combination 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 of 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 evaluate whether there is control over such structured entity on such basis.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(2) *Preparation of consolidated financial statements*

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries and are prepared by the Company according to other relevant information. When preparing the consolidated financial statements, the accounting policies and accounting periods of the Company and its subsidiaries shall be consistent, and the significant inter-company transactions and balances shall be eliminated.

During the reporting period, subsidiaries and businesses added as a result of business combinations 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 controller. Their operating results and cash flows from the date they are controlled by the same ultimate controller 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.

Shareholders' equity of a subsidiary not attributable to the Company is presented separately as minority interest under shareholders' equity in the consolidated balance sheet; the share of a subsidiary's net profit or loss attributable to minority interest for the period is presented as "profit or loss of minority interest" under net profit in the consolidated income statement. Where minority shareholders' share of loss of a subsidiary exceeds their share of owners' equity in the subsidiary at the beginning of the period, the balance is still offset against minority interest.

(3) *Purchase of minority interest of 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(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. Change in other owners' equity related to the original subsidiary involving accounting 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.

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

A joint arrangement refers to an arrangement jointly controlled by two or more parties. The Company's joint arrangements are classified into joint operations and joint ventures.

(1) *Joint operation*

Joint operation refers to a joint arrangement where the Company enjoys the related assets and assumes the related liabilities of the arrangement.

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 accounting for long-term equity investments under the equity method.

8. Recognition Criteria for Cash and Cash Equivalents

Cash refers to cash on hand and deposits readily available for payment. Cash equivalents refer to short-term, highly liquid investments held by the Company that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Foreign Currency Business and Foreign Currency Statement Translation

(1) *Foreign currency business*

The Company conducts foreign currency businesses, which are translated to its accounting currency at the spot exchange rate on the transaction date.

On the balance sheet date, monetary items denominated in foreign currencies are translated using the spot exchange rate on the balance sheet date. Exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at initial recognition or on the previous balance sheet date are included in profit or loss for the period. Non-monetary items denominated in foreign currencies measured at historical cost are translated using the spot exchange rate on the transaction date. 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 "undistributed 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.

When disposing of overseas operations and losing control, the foreign currency statement translation differences related to the overseas operations presented under shareholders' equity in the balance sheet are transferred to profit or loss in the period the disposal occurs in whole or in proportion to the disposal of such overseas operations.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial Instruments

Financial instruments refer to contracts that create financial assets for one party and financial liabilities or equity instruments for another party.

(1) *Recognition and derecognition of financial instruments*

The Company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

Derecognition of financial assets occurs if one of the following conditions is met:

- 1 The contractual rights to receive the cash flows from the financial asset have terminated;
- 2 The financial asset has been transferred and meets the derecognition conditions for the transfer of financial assets below.

If the current obligation of the financial liability has been fully or partially discharged, the financial liability or part of it is derecognized. Where the Company (debtor) and the creditor have entered into an agreement to replace 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 are derecognized and the new financial liabilities are recognized simultaneously.

Regular way purchases and sales of financial assets are recognized and derecognized on the transaction date.

(2) *Classification and measurement of financial assets*

The Company classifies financial assets into the following three categories at initial recognition based on the business model for managing the financial assets and the characteristics of the contractual cash flows of the financial assets: financial assets measured at amortized 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 at initial recognition. For financial assets measured at fair value through profit or loss, the related transaction costs are directly recognized in profit or loss for the current period; for other types of financial assets, the related transaction costs are included in the amount initially recognized. Accounts receivable arising from the sale of products or provision of services which do not include or consider significant financing components are initially recognized by the Company at the amount of consideration expected to be entitled to receive.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial Instruments (Continued)

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

Financial assets measured at amortized cost

The Company classifies financial assets that meet the following conditions and are not designated as financial assets measured at fair value through profit or loss as financial assets measured at amortized cost:

- The business model of the Company for managing the financial asset aims to collect contractual cash flows;
- 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 measured at amortized cost using the effective interest method. Gains or losses arising from financial assets measured at amortized cost and not being part of any hedging relationship are recognized in profit or loss when derecognized, amortized using the effective interest method or impairment is recognized.

Financial assets measured at fair value through other comprehensive income

The Company classifies financial assets that meet the following conditions and are not designated as financial assets measured at fair value through profit or loss as financial assets measured at fair value through other comprehensive income:

- 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 amortized 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 amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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, 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.

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial Instruments (Continued)

(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 amortized 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 trading financial liabilities 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 amortized 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.

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 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial Instruments (Continued)

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

Differences between financial liabilities and equity instruments (Continued)

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.

(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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial Instruments (Continued)

(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 amortized 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, the transfer of financial assets that does not meet the derecognition criteria or those arising from continued involvement in the transferred financial assets).

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial Instruments (Continued)

(6) *Impairment of financial assets (Continued)*

Measurement of expected credit losses (Continued)

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 expected credit losses for the entire lifetime.

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 amortized cost after deducting the impairment provision from the carrying amount and the effective interest rate.

For bill receivables, 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial Instruments (Continued)

(6) Impairment of financial assets (Continued)

Bill receivables, trade receivables and contract assets

For bill receivables, 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 bill receivables, 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. Bill receivables
 - Bill receivables group 1: bank acceptance bills
 - Bill receivables group 2: commercial acceptance bills
- B. Trade receivables
 - Trade receivables group: aging group
- C. Contract assets
 - Contract assets group 1: contract assets of service concession projects
 - Contract assets group 2: contract assets of EPC projects

For the grouped bill receivables, 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 margins receivable
- 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, 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 counterparties 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 defaulting on 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 amortized 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial Instruments (Continued)

(6) *Impairment of financial assets (Continued)*

Reporting of expected credit loss provisions

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 provisions shall be included in profit or loss for the period as impairment losses or gains. For financial assets measured at amortized cost, the loss provisions are charged to 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 provisions 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*

When the Company has the legal right to offset recognized financial assets and financial liabilities, is currently able to enforce such legal right, and plans to settle them on a net basis or simultaneously realize the financial assets and settle the financial liabilities, the financial assets and financial liabilities are presented in the balance sheet at the offset amount. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting against each other.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Fair Value Measurement

Fair value refers to the price that a market participant would receive for selling an asset or would pay for transferring a liability in an orderly transaction on the measurement date.

The Company measures relevant assets or liabilities at fair value, assuming that the orderly transaction of selling assets or transferring liabilities takes place in the principal market for the relevant assets or liabilities; if there is no principal market, the Company assumes that the transaction takes place in the most favorable market for the relevant assets or liabilities. The principal market (or the most favorable market) is the trading market to which the Company has access on the measurement date. The Company adopts the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability.

For financial assets or financial liabilities that have an active market, the Company uses quotes from the active market to determine their fair value. If there is no active market for the financial instruments, the Company uses valuation techniques to determine their fair value.

For non-financial assets measured at fair value, the ability of market participants to generate economic benefits by putting the assets to the best use or by selling the assets to other market participants who can put them to the best use is considered.

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.

For the assets and liabilities measured or disclosed at fair value in the financial statements, the fair value level to which they belong is determined based on the lowest level input that is significant to the overall fair value measurement: level 1 inputs are unadjusted quotes in an active market for identical assets or liabilities that can be obtained on the measurement date; level 2 inputs are inputs other than those in level 1 that are observable for the relevant assets or liabilities, either directly or indirectly; level 3 inputs are unobservable inputs for the relevant assets or liabilities.

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

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Inventory

(1) *Inventory classification*

The Company's inventory is divided into raw materials, inventory goods, turnover materials and contract performance costs, 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) *Basis for determination and method of making provision for 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 realizable 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 under common control, the investment costs are the share of carrying amount of the owners' equity interest 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 combination costs.

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 long-term equity investments accounted for using the equity method, if the initial investment cost is greater than the share of fair value of the identifiable net assets of the investee at the time of investment, the investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the share of fair value of the identifiable net assets of the investee at the time of investment, the carrying amount of the long-term equity investment is adjusted, with the difference included in profit or loss for the period of the investment.

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Long-term Equity Investments (Continued)

(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% 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% 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) *Impairment test and impairment provision*

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

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Investment Properties

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 recognized 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Fixed Assets (Continued)

(2) Depreciation of various fixed assets

The Company adopts the straight-line method for depreciation. Depreciation of fixed assets begins when they reach the intended usable state and stops when they are derecognized or classified as non-current assets held for sale. Without considering impairment provisions, the Company determines the annual depreciation rates for various fixed assets according to the types of fixed assets, estimated useful lives and estimated residual values as follows:

Class	Useful life (years)	Residual value rate %	Annual depreciation rate %
Contractual energy management	Term of contractual revenue		
Houses and buildings	30 years	4.00	3.20
Construction machinery	8 years	4.00	12.00
Transportation and production equipment	8–20 years	4.00	12.00–4.80
Office equipment and others	5 years	4.00	19.20

Among them, for fixed assets with impairment provisions, the accumulated amount of impairment provisions for fixed assets should also be deducted to determine the depreciation rate.

- (3) The impairment test and the impairment provision for fixed assets are detailed in Note III, 20.
- (4) At the end of each year, the Company reviews the useful lives, estimated net residual values and depreciation methods of fixed assets.

If there is a difference between the estimated useful life and the original estimate, the useful life of the fixed asset will be adjusted; 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Construction in Progress

The Company's costs 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.

Provision for asset impairment for construction in progress is detailed in Note III, 20.

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 Asset expenditures have already been incurred, which include expenditures incurred in the form of cash payments, transfers of non-cash assets or assumption of interest-bearing liabilities for the purchase, construction or production of assets that are eligible for capitalization;
- 2 Borrowing costs have already been incurred;
- 3 The purchase, construction or production activities necessary to bring the asset to its intended usable or saleable state have already commenced.

(2) *Capitalization period of borrowing costs*

When the assets purchased, constructed or produced by the Company that are eligible for capitalization reach the intended usable or saleable state, the borrowing costs will cease to be capitalized. Borrowing costs incurred after the assets that are eligible for capitalization reach the intended usable or saleable state are recognized as expenses based on the amounts incurred and included in profit or loss for the period in which they are incurred.

For assets that are eligible for capitalization, if there is an abnormal interruption during the purchase, construction or production process and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; borrowing costs during normal interruptions shall continue to be capitalized.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Borrowing Costs (Continued)

(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.

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 amortized 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 method is used for amortization. Intangible assets with indefinite useful lives are not amortized.

Intangible assets with finite useful lives are amortized as follows:

Class	Useful lives	Amortization method	Remark
Land use rights	The period set out in the land use rights certificate	Straight-line method	–
Concession right	The period set out in the concession right certificate	Straight-line method	–
Software	2 years	Straight-line method	–
Patent	10 years	Straight-line method	–
Data resources	10 years	Straight-line method	–

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Intangible Assets (Continued)

(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.

19. Development expenditures

The R&D expenses of the Company are expenses directly related to the R&D activities of the Company, including the wages R&D staff, direct investment costs, depreciation expenses and long-term prepaid expenses, design expenses, equipment testing expenses, amortisation expenses of intangible assets, and outsourced R&D expenses, and other expenses. Among these, the salaries of R&D personnel are allocated to R&D expenses 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 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 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.

After meeting the above conditions and passing the technical feasibility and economic feasibility studies to become a formal project, the Company's research and development project will enter the development phase.

Capitalized development phase expenditures are presented as development expenditures on the balance sheet and are transferred to intangible assets from the date the project reaches its intended use.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 are indications of possible impairment of assets. If there are indications of impairment, the Company will estimate their recoverable amounts and conduct impairment tests. For goodwill arising from business combinations, intangible assets with indefinite useful lives and intangible assets not yet available for intended use, impairment tests are conducted annually regardless of whether there are indications 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.

21. Long-term Deferred Expenses

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

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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 the 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 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 current service costs, past service costs and settlement gains or losses. Among them, the current service costs 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 past service costs 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 reclassify it 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 undistributed profits.

(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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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. Revenue

(1) *General principles*

The Company recognizes revenue when it fulfills the performance obligation in the contract, i.e. when the customer obtains control of the related goods or services.

If the contract includes two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation based on the relative proportion of the stand-alone selling price of the goods or services committed under each individual performance obligation on the contract inception date, and measure revenue according to the transaction price allocated to each individual performance obligation.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Revenue (Continued)

(1) General principles (Continued)

When any of the following conditions are met, the Company fulfils its performance obligation over a period of time; otherwise, it fulfils its performance obligations at a point in time:

- 1 The customer obtains and consumes the economic benefits brought by the Company's performance upon performance by the Company.
- 2 The customer is able to control the goods in progress during the Company's performance process.
- 3 The goods produced during the performance of the Company have irreplaceable uses, and the Company has the right to receive payments for the cumulative performance completed to date throughout the term of the contract.

For performance obligations fulfilled over a period of time, the Company recognizes revenue based on the progress of performance during that period. When the progress of performance cannot be reasonably determined, the Company recognizes revenue based on the costs incurred that are expected to be recoverable until the progress of performance can be reasonably determined.

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

- 1 The Company has the current right to receive payment for the goods or services, i.e. the customer has the current obligation to pay for the goods.
- 2 The Company has transferred the legal ownership of the goods to the customer, i.e. the customer has the legal ownership of the goods.
- 3 The Company has transferred the physical goods to the customer, i.e. the customer physically possesses the goods.
- 4 The Company has transferred the major risks and rewards of ownership of the goods to the customer, i.e. the customer has acquired the major risks and rewards of ownership of the goods.
- 5 The customer has accepted the goods or services.
- 6 Other indications that the customer has obtained control of the goods.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Revenue (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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Revenue (Continued)

(2) *Specific methods (Continued)*

Sales of products

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Contract Costs

The contract costs include the incremental costs incurred to obtain the contract and the contract performance costs.

The incremental costs incurred to obtain the contract refer to the costs that would not have been incurred if the Company did not obtain the contract (such as sales commissions). If these costs are expected to be recoverable, the Company will treat them as contract obtaining costs and recognize them as an asset. The Company records other expenses incurred to obtain the contract, except for the incremental costs expected to be recovered, in profit or loss for the period in which they are incurred.

For costs incurred to fulfil the contract, which do not fall under the scope of other Accounting Standards for Business Enterprises such as inventory and meet all of the following conditions, the Company treats them as contract performance costs and recognize them as an asset:

- 1 The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing overhead (or similar costs), costs explicitly borne by the customer and other costs incurred solely due to the contract;
- 2 The cost increases the resources the Company will use to fulfil performance obligations in the future;
- 3 The cost is expected to be recovered.

The asset recognized for contract obtaining costs and the asset recognized for contract performance costs (hereinafter "asset related to contract costs") are amortized on the same basis as the revenue recognition of the goods or services related to the assets and included in profit or loss for the period. If the amortization period is less than one year, the costs will be included into the current profit or loss when it incurs.

When the carrying amount of an asset related to contract costs is higher than the difference between the following two items, the Company makes an impairment provision for the excess portion and recognizes it as an asset impairment loss:

- 1 The remaining consideration the Company expects to receive for the transfer of goods or services related to the asset;
- 2 The estimated cost to be incurred to transfer the related goods or services.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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, at the effective date of lease modification, the Company will reallocate the consideration of the modified contract, redetermine the lease term, and remeasure the lease liability based on the present value calculated using the modified 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Leases (Continued)

(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.

Finance leases

For finance leases, the Company records the net investment in the lease as the carrying amount of the receivable finance lease at the commencement date of the lease. The net investment in the lease is the sum of the unguaranteed residual value and the present value of the lease payments not yet received at the commencement date, discounted at the interest rate implicit in the lease. The Company, as the lessor, calculates and recognizes interest income for each period within the lease term based on a fixed periodic interest rate. The variable lease payments obtained by the Company as the lessor, which are not included in the net investment in the lease, are recognized in profit or loss for the period when they actually occur.

The derecognition and impairment of receivables finance leases are accounted for in accordance with 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 leases

The rental income from operating leases is recognized in profit or loss for the period by the Company on a straight-line basis over each period within the lease term. Initial direct costs related to operating leases should be capitalized and allocated over the lease term on the same basis as rental income recognition, and recognized in profit or loss for the period in instalments. The variable lease payments related to operating leases that are not included in the lease receipts are recognized in profit or loss for the period when they actually occur.

Lease modification

If there is a modification in operating leases, the Company will account for it as a new lease from the effective date of the modification. Any prepaid or receivable lease payments related to the lease before the modification will be considered as receipts for the new lease.

If a finance lease is modified and the following conditions are met, the Company will account for the modification as a separate lease: 1 the 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 the modification in finance lease is not accounted for as a separate lease, the Company will treat the modified lease under the following circumstances: 1 if the modification is effective on the lease commencement date and the lease is classified as an operating lease, the Company will account for it as a new lease from the effective date of the modification, using the net investment in the lease before the effective date of the modification as the carrying amount of the leased asset; 2 if the modification is effective on the lease commencement date and the lease is classified as a finance lease, the Company will account for it according to the requirements of the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments as to contract modification or renegotiation.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 Standard 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 the asset transfer in a sale and leaseback transaction does not constitute a sale, the lessee shall continue to recognise the transferred assets and shall simultaneously recognise financial liabilities equal to the transfer income, and shall apply accounting treatment to such financial liabilities in accordance with Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments; the lessor shall not recognise the transferred assets, but shall recognise financial assets equal to the transfer income, and shall apply accounting treatment to such financial assets in accordance with Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Right-of-Use Assets (Continued)

(2) Depreciation of right-of-use assets

The Company adopts the straight-line method 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 for the impairment test 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.

For the accrued safety production expenses used within the stipulated range, if they belong to expense-type expenditure, they directly offset 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.

31. Asset Securitizations

The Company securitises 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 securitised financial assets may be retained in the form of credit enhancement, subordinated tranches or other residual interests (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 securitisation 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;

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

31. Asset Securitizations (Continued)

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 recognise 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 recognise 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.

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Debt Restructuring (Continued)

(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 the debt restructuring agreement 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, including 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, etc., are measured at cost. 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, incurred before the asset is brought to its intended useable condition. The cost of intangible assets consists of the fair value of the relinquished claims and other costs directly attributable to taxes incurred to bring 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 claims and other costs directly attributable to the asset, such as taxes. 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 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.

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 restructuring 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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 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. 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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.

Development expenditures

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

34. Significant Accounting Judgments and Estimates (Continued)

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 judgement. 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. Based on 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 verify 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 estimated liabilities would be recognized based on the losing 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.

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

34. Significant Accounting Judgments and Estimates (Continued)

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 buildings in an active market and adopt assumptions primarily based on market conditions that existed at the end of previous reporting periods.

35. Changes in Significant Accounting Policies and Accounting Estimates

(1) *Changes in significant accounting policies*

Nil.

(2) *Changes in accounting estimates*

Nil.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

IV. TAXATION

1. Major types of taxes and respective tax rates

Tax type	Tax basis	Statutory tax rate %
Value-added tax (VAT)	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 surcharge	The sum of VAT actually paid	2
Corporate 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
Hubei Shan'an Construction Engineering Co., Ltd.	20
Shan'an Runxing New Energy (Lvliang) Co., Ltd.	20
Liaoning Yingkou Shan'an New Energy Co., Ltd.	20
Yuanping Shan'an Biquan Waterwork Development Limited	20
Other taxpayers other than those listed above	25

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

IV. TAXATION (Continued)

2. Tax Concessions and Approvals

(1) Apply for tax incentives for high-tech enterprises

- 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 in 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 in 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 Maode, 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 Administration of Taxation in December 12, 2022, which are eligible to pay EIT at a preferential rate of 15% for a term of three years from December 12, 2022 to December 11, 2025.
- 6 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.
- 7 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

IV. TAXATION (Continued)

2. Tax Concessions and Approvals (Continued)

(2) Additional research and development deduction tax treatment

The Company's operations in the PRC enjoy an additional research and development deduction tax treatment 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 Pursuant to the requirements of the Notice of the Ministry of Finance and the State Administration of Taxation on Tax Charge Policies on Further Supporting the Development of Small and Micro Enterprises (Cai Shui [2023] No. 13), taxable income is calculated at 25% and corporate income tax is charged at 20% per year for small and micro-profit enterprises.
- 2 The requirements of the aforesaid documents are applicable to subsidiaries of the Company, such as Chongqing Shan'an Construction Engineering Co., Ltd., Hubei Shan'an Construction Engineering Co., Ltd., Shan'an Runxing New Energy (Lvliang) Co., Ltd., Liaoning Yingkou Shan'an New Energy Co., Ltd., Shaanxi Shan'an Construction Engineering Co., Ltd., Hong'an Shan'an Construction Engineering Co., Ltd., Xiaoyi Shan'an Construction Engineering Co., Ltd., Shanxi Shan'an Maode Electricity Supply Co., Ltd. and Yuanping Shan'an Biquan Waterwork Development Limited, and concessionary tax rate was used to calculate the taxable income for 2025.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash

Item	Closing balance	Balance at the end of last year
Cash on hand	–	2
Bank deposits	1,548,345	2,200,861
Other monetary funds	275,054	425,995
Total	1,823,399	2,626,858
Including: Total overseas deposits	35,374	31,089

As of December 31, 2025, restricted monetary funds totaled RMB275,054 thousand. Breakdown of restricted monetary funds is as follows:

Item	Closing balance	Balance at the end of last year
Security deposits for bank acceptance bills	128,554	179,434
Security deposits for letter of credit	27,429	134,515
Performance security deposits	45,148	24,882
Funds frozen by court	73,923	87,164
Total	275,054	425,995

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Bill Receivables

Type of bill	Closing balance			Balance at the end of last year		
	Carrying amount	Bad debt provision	Book value	Carrying amount	Bad debt provision	Book value
Bank acceptance bills	159,484	2,198	157,286	119,187	1,570	117,617
Commercial acceptance bills	74,417	1,026	73,391	8,557	113	8,444
Total	233,901	3,224	230,677	127,744	1,683	126,061

- (1) The Company had no unpledged bill receivables at the end of the period.
- (2) *Bill receivables which have been endorsed or discounted by the Company but have not matured at the end of the period*

Types	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	–	144,087
Commercial acceptance bills	–	15,731
Total	–	159,818

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Bill Receivables (Continued)

(4) Bill receivables by classification of bad debt provision

Class	Carrying amount		Closing balance Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
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

Continued:

Class	Carrying amount		Balance at the end of last year Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis					
Bad debt provision on a group basis	127,744	100.00	1,683	1.32	126,061
Including:	-	-	-		
Bank acceptance bills	119,187	93.30	1,570	1.32	117,617
Commercial acceptance bills	8,557	6.70	113	1.32	8,444
Total	127,744	100.00	1,683	1.32	126,061

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Bill Receivables (Continued)

(4) Bill receivables by classification of bad debt provision (Continued)

Bill receivable for which bad debt provision is made on a group basis

Group item: Bank acceptance bills

Name	Closing balance			Balance at the end of last year		
	Bill receivables	Bad debt provision	Expected credit loss rate (%)	Bill receivables	Bad debt provision	Expected credit loss rate (%)
Within one year	159,484	2,198	1.38	119,187	1,570	1.32
1-2 years	-	-	-	-	-	-
2-3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Total	159,484	2,198	1.38	119,187	1,570	1.32

Group item: Commercial acceptances bills

Name	Closing balance			Balance at the end of last year		
	Bill receivables	Bad debt provision	Expected credit loss rate (%)	Bill receivables	Bad debt provision	Expected credit loss rate (%)
Within one year	74,417	1,026	1.38	8,557	113	1.32
1-2 years	-	-	-	-	-	-
2-3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Total	74,417	1,026	1.38	8,557	113	1.32

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

	Amount
Opening balance	1,683
Accrual during the period	1,541
Recovery or reversal during the period	-
Write-off during the period	-
Carry-forward during the period	-
Other	-
Closing balance	3,224

(6) The Company had no bills receivable actually written off during the current period.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Trade Receivables

(1) Disclosure by age

Age	Closing balance	Balance at the end of last year
Within one year	4,871,314	3,136,274
1 to 2 years	1,764,610	1,907,613
2 to 3 years	1,161,047	795,846
3 to 4 years	541,896	202,679
4 to 5 years	143,868	165,535
More than 5 years	228,622	196,398
Sub-total	8,711,357	6,404,345
Less: Bad debt provision	567,789	443,672
Total	8,143,568	5,960,673

(2) Disclosure by classification of bad debt provision

Type	Balance		Closing balance Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
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: Age 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

Continued:

Type	Balance		Balance at the end of last year Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	123,218	1.92	123,218	100.00	-
Bad debt provision on a group basis	6,281,127	98.08	320,454	5.10	5,960,673
Including: Age group	6,281,127	98.08	320,454	5.10	5,960,673
Total	6,404,345	100.00	443,672	6.93	5,960,673

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Trade Receivables (Continued)

(2) Disclosure by classification of bad debt provision (Continued)

Trade receivables with bad debt provision on an individual basis

Name	Balance	Bad debt provision	Closing balance	
			Expected credit loss ratio (%)	Reason for provision
Customer 1	40,902	40,902	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 2	20,222	20,222	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 3	18,206	18,206	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 4	15,489	15,489	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 5	13,081	13,081	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 6	12,472	12,472	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 7	60,472	12,609	20.85	The Company made provisions for credit losses based on the recoverability of the amount
Customer 8	11,412	11,412	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 9	205,248	2,890	1.41	The Company made provisions for credit losses based on the recoverability of the amount
Others	13,291	13,291	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Total	410,795	160,574	39.09	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Trade Receivables (Continued)

(2) Disclosure by classification of bad debt provision (Continued)

Trade receivables with bad debt provision on an individual basis (Continued)

Continued:

Name	Balance	Balance at the end of last year		Reason for provision
		Bad debt provision	Expected credit loss ratio (%)	
Customer 1	40,902	40,902	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 2	20,748	20,748	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 4	15,489	15,489	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 5	13,081	13,081	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 6	12,472	12,472	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 7	11,412	11,412	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Others	9,114	9,114	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Total	123,218	123,218	100.00	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Trade Receivables (Continued)

(2) Disclosure by classification of bad debt provision (Continued)

Trade receivables with bad debt provision on a group basis

Group item: Age group

	Closing balance			Balance at the end of last year		
	Balance	Bad debt provision	Expected credit loss rate (%)	Balance	Bad debt provision	Expected credit loss rate (%)
Within 1 year	4,664,480	64,294	1.38	3,120,750	41,115	1.32
1 to 2 years	1,740,100	63,624	3.66	1,907,613	66,969	3.51
2 to 3 years	1,161,047	78,927	6.80	794,522	58,019	7.30
3 to 4 years	475,865	57,358	12.05	202,505	27,396	13.53
4 to 5 years	143,784	27,726	19.28	165,535	36,753	22.20
Over 5 years	115,286	115,286	100.00	90,202	90,202	100.00
Total	8,300,562	407,215	4.91	6,281,127	320,454	5.10

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

Item	Amount of bad debt provision
Opening balance	443,672
Accrual during the period	124,117
Recovery or reversal during the period	–
Write-off during the period	–
Carry-forward during the period	–
Others	–
Closing balance	567,789

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

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Trade Receivables (Continued)

(5) 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 8	268,017	3.08	11,080
Customer 9	250,801	2.88	3,457
Customer 10	244,136	2.80	15,081
Customer 11	242,040	2.78	6,191
Customer 12	210,047	2.41	2,895
Total	1,215,041	13.95	38,704

4. Receivables Financing

Item	Closing balance	Balance at the end of last year
Bill receivables	8,049	69,252
Trade receivables	–	–
Sub-total	8,049	69,252
Less: Other comprehensive income – fair value changes	–	–
Fair value at the end of the period	8,049	69,252

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

At the end of the period, the Group 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 bill receivables at the end of the period.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Receivables Financing (Continued)

(2) *Bill receivables which have been endorsed or discounted by the Company but have not matured at the end of the period*

Types	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	173,006	–
Commercial acceptance bills	–	–
Total	173,006	–

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	Closing balance		Balance at the end of last year	
	Amount	percentage %	Amount	percentage %
Within 1 year	245,529	85.67	474,557	91.67
1 to 2 years	31,658	11.05	34,378	6.64
2 to 3 years	2,063	0.72	6,243	1.21
Over 3 years	7,346	2.56	2,491	0.48
Total	286,596	100.00	517,669	100.00

(2) *Significant prepayments aged over 1 year*

Name of debtor	Balance	As a percentage of total prepayments		Reason for unsettlement
		(%)	Impairment provision	
Company 1	19,661	6.86	–	The settlement node has not yet arrived
Company 2	3,823	1.33	–	The settlement node has not yet arrived
Total	23,484	8.19	–	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Prepayments (Continued)

(3) Top five entities in terms of the closing balance of prepayments by prepayment counterparties

Name of entity	Balance of prepayments at the end of the period	As a percentage of the total balance of prepayments at the end of the period %
Company 3	60,000	20.93
Company 1	19,661	6.86
Company 4	8,851	3.09
Company 5	8,453	2.95
Company 6	7,900	2.76
Total	104,865	36.59

6. Other Receivables

Item	Closing balance	Balance at the end of last year
Interest receivables	–	–
Dividend receivables	1,850	1,523
Other receivables	759,887	749,891
Total	761,737	751,414

(1) Dividend receivables

Item	Closing balance	Balance at the end of last year
Shanxi Jiantou Cloud Data Technology Co., Ltd.	1,348	1,349
Shanxi Jiantou Decoration Industry Co., Ltd.	502	102
Taiyuan Xie'an Property Service Co., Ltd.	–	72
Sub-total	1,850	1,523
Less: Bad debt provision	–	–
Total	1,850	1,523

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables (Continued)

(2) Other receivables

1 Disclosure by age

Age	Closing balance	Balance at the end of last year
Within one year	106,990	161,730
1 to 2 years	126,213	200,770
2 to 3 years	179,903	364,874
3 to 4 years	342,478	12,182
4 to 5 years	8,065	9,237
More than 5 years	56,985	53,280
Sub-total	820,634	802,073
Less: Bad debt provision	60,747	52,182
Total	759,887	749,891

2 Disclosure by nature of payment

Item	Closing balance			Amount at the end of last year		
	Balance	Bad debt provision	Carrying amount	Balance	Bad debt provision	Carrying amount
Reserve funds, deposits and security deposits	76,280	701	75,579	90,575	1,355	89,220
Amounts due from associates	10,458	475	9,983	7,986	696	7,290
Amounts due from related parties	544,582	23,234	521,348	520,432	15,874	504,558
Payment and collection clearance amounts	20,597	389	20,208	16,038	271	15,767
Other debts	168,717	35,948	132,769	167,042	33,986	133,056
Total	820,634	60,747	759,887	802,073	52,182	749,891

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN 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:

Type	Balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis	–	–	–	–
Bad debt provision on a group basis	106,990	0.92	983	106,007
– Group of reserve funds, deposits and security deposits receivables	32,697	0.92	300	32,397
– Age group	74,293	0.92	683	73,610
Total	106,990	0.92	983	106,007

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

Type	Balance	Expected credit loss rate over the entire life (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis	–	–	–	–
Bad debt provision on a group basis	666,670	4.66	31,092	635,578
– Group of reserve funds, deposits and security deposits receivables	43,583	0.92	401	43,182
– Age group	623,087	4.93	30,691	592,396
Total	666,670	4.66	31,092	635,578

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN 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

Type	Balance	Expected credit loss rate over the entire life (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis				
Entity 1	35,500	48.45	17,198	18,302
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	–
Other	2,151	100.00	2,151	–
Total	46,974		28,672	18,302

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

Type	Balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis	–	–	–	–
Bad debt provision on a group basis	161,730	0.70	1,132	160,598
– Group of reserve funds, deposits and security deposits receivables	29,494	–	–	29,494
– Age group	132,236	0.86	1,132	131,104
Total	161,730	0.70	1,132	160,598

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN 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:

Type	Balance	Expected credit loss rate over the entire life (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis	–	–	–	–
Bad debt provision on a group basis	589,787	3.47	20,494	569,293
– Group of reserve funds, deposits and security deposits receivables	61,081	2.22	1,355	59,726
– Age group	528,706	3.62	19,139	509,567
Total	589,787	3.47	20,494	569,293

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

Type	Balance	Expected credit loss rate over the entire life (%)	Bad debt provision	Carrying amount	Reason
Bad debt provision on an individual basis					
Entity 1	36,000	44.44	16,000	20,000	Provision for credit losses is made based on the recoverability of the amount
Entity 2	3,478	100.00	3,478	–	Provision for credit losses is made based on the recoverability of the amount
Entity 3	2,995	100.00	2,995	–	Provision for credit losses is made based on the recoverability of the amount
Entity 11	1,410	100.00	1,410	–	Provision for credit losses is made based on the recoverability of the amount
Entity 12	1,500	100.00	1,500	–	Provision for credit losses is made based on the recoverability of the amount
Entity 4	1,200	100.00	1,200	–	Provision for credit losses is made based on the recoverability of the amount
Entity 5	1,070	100.00	1,070	–	Provision for credit losses is made based on the recoverability of the amount
Entity 6	1,000	100.00	1,000	–	Provision for credit losses is made based on the recoverability of the amount
Others	1,903	100.00	1,903	–	Provision for credit losses is made based on the recoverability of the amount
Total	50,556		30,556	20,000	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables (Continued)

(2) Other receivables (Continued)

4 Bad debt provision made, recovered or reversed in the current period

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit- impaired)	Lifetime expected credit losses (credit- impaired)	
Opening balance	1,132	20,494	30,556	52,182
The opening balance of the current period	-1,081	1,081	-	-
- Transfer to Stage II	-1,081	1,081	-	-
- Transfer to Stage III	-	-	-	-
- Reverse to Stage II	-	-	-	-
- Reverse to Stage I	-	-	-	-
Accrual during the period	932	9,517	-1,884	8,565
Reversal during the period	-	-	-	-
Carry-forward during the period	-	-	-	-
Write-off during the period	-	-	-	-
Other Changes	-	-	-	-
Closing balance	983	31,092	28,672	60,747

5 Other receivables that are not actually written off in the current period.

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

Name of entity	Nature of amount	Closing balance of other receivables	Age	As a percentage of the total balance of other receivables at the end of the period (%)	Closing balance of bad debt provision
Entity 7	Amounts due from related parties	543,773	Within 1 year, 1 to 2 years, 2 to 3 years, 3 to 4 years	66.25	21,313
Entity 8	transaction	52,587	1-2 years	6.41	1,024
Entity 1	transaction	35,500	More than 5 years	4.33	17,198
Entity 9	transaction	16,047	Within 1 year, 1 to 2 years, 2 to 3 years	1.96	265
Entity 10	performance security deposits	9,000	Within one year	1.10	83
Total		656,907		80.05	39,883

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories

(1) Classification of inventories

Item	Closing balance			Balance at the end of last year		
	Balance	Impairment provisions/ Impairment provisions for costs of contract performance	Carrying amount	Balance	Impairment provisions for decline in value/contract performance costs	Carrying amount
Raw material	303,986	-	303,986	256,003	-	256,003
Stock goods	6,197	-	6,197	24,548	-	24,548
Costs of contract performance	17,676	-	17,676	17,562	-	17,562
Total	327,859	-	327,859	298,113	-	298,113

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

Item	Closing balance			Balance at the end of last year		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
- Contract assets on service concession projects	4,114,308	47,938	4,066,370	3,912,780	51,550	3,861,230
- Contract assets on EPC projects	7,682,899	156,961	7,525,938	7,240,641	95,323	7,145,318
Sub-total	11,797,207	204,899	11,592,308	11,153,421	146,873	11,006,548
Less: Contract assets shown in other non-current assets	4,541,149	81,080	4,460,069	4,641,788	61,084	4,580,704
Total	7,256,058	123,819	7,132,239	6,511,633	85,789	6,425,844

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract Assets (Continued)

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

Name of the client	Project name	Increase/decrease	Reason for change
Customer 15	Huaneng Wanrong Bochang Phase I 100MW photovoltaic composite power generation project construction and installation engineering	251,775	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 16	SPIC Wuling Power Xia County 100MW wind power project EPC general contracting	197,959	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 17	80MW photovoltaic project in Algeria	137,267	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 18	Phase 1.2 comprehensive energy project of 10,000-tonne lithium extraction from salt lake in Jietse Chaka, Ngari, Tibet	119,916	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 19	200MW wind power project EPC general contracting project of Three Gorges Energy Heilongjiang Zhaodong Dechang	115,697	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 20	Centralized photovoltaic power generation project of Heyuan Nongkang Tea Oil and Fruit Development Co., Ltd.	106,412	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 12	350MW low calorific value coal power generation EPC general contracting project of Hequ	79,580	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 21	General contracting for mechanical, electrical and decoration construction of No. 25 commercial complex on Miaoqian Street, Taiyuan City	62,693	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 13	Shanxi Construction Investment Group Co., Ltd. Detian (Indonesia) Coking Project Department	61,509	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Customer 22	Supply contract for the general contracting (second tender section) of the nickel cobalt hydroxide project, with an annual production of 120,000 tonnes of nickel metal equivalent, of KNI in Indonesia	59,263	Increase due to cumulative additional adjustments to revenue for completed work in the current period
Total		1,192,071	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract Assets (Continued)

(2) Impairment provision of contract assets

Class	Carrying amount		Closing balance		Book value
	Amount	Proportion (%)	Impairment provision Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	106,159	0.9	13,571	12.78	92,588
Bad debt provision on a group basis	11,691,048	99.1	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

Continued:

Class	Carrying amount		Balance at the end of last year		Book value
	Amount	Proportion (%)	Impairment provision Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis					
Bad debt provision on a group basis	11,153,421	100.00	146,873	1.32	11,006,548
Group of contract assets on service concession projects	3,912,780	35.08	51,550	1.32	3,861,230
Group of contract assets on EPC projects	7,240,641	64.92	95,323	1.32	7,145,318
Total	11,153,421	100.00	146,873	1.32	11,006,548

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract Assets (Continued)

(2) Impairment provision of contract assets (Continued)

Provision for impairment on an individual basis

Name	Carrying Amount	Provision for Impairment	Closing Balance		Basis for Provision
			Expected Credit Loss Rate (%)		
Customer 3	11,255	11,255	100.00		Company bankruptcy
Customer 7	49,524	1,690	3.41		Provision for asset impairment based on project implementation and expected settlement status
Customer 9	45,380	626	1.38		Provision for asset impairment based on project implementation and expected settlement status
Total	106,159	13,571	12.78		

Provision for impairment on a group basis:

Group item: Group of contract assets on service concession projects

	Closing balance			Balance at the end of last year		
	Contract assets	Impairment provision	Expected credit loss rate (%)	Contract assets	Impairment provision	Expected credit loss rate (%)
Not past due	3,726,638	42,286	1.13	3,647,985	48,061	1.32
Within one year	222,721	2,527	1.13	198,336	2,613	1.32
1 year to 2 years	134,848	2,285	1.69	66,459	876	1.32
2 years to 3 years	30,101	840	2.79	-	-	-
3 to 4 years	-	-	-	-	-	-
4 to 5 years	-	-	-	-	-	-
Within 5 years	-	-	-	-	-	-
Total	4,114,308	47,938	1.17	3,912,780	51,550	1.32

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract Assets (Continued)

(2) Impairment provision of contract assets (Continued)

Group item: Group of contract assets on EPC projects

	Closing balance			Balance at the end of last year		
	Contract assets	Impairment provision	Expected credit loss rate (%)	Contract assets	Impairment provision	Expected credit loss rate (%)
Within one year	3,919,872	41,963	1.07	6,694,964	88,133	1.32
1 to 2 years	3,283,132	69,318	2.11	172,882	2,278	1.32
2 to 3 years	152,635	5,459	3.58	372,795	4,912	1.32
3 to 4 years	221,101	26,650	12.05	-	-	-
4 to 5 years	-	-	-	-	-	-
More than 5 years	-	-	-	-	-	-
Total	7,576,740	143,390	1.89	7,240,641	95,323	1.32

9. Other Current Assets

Item	Closing balance	Balance at the end of last year
Credit tax available for deduction	237,669	413,503
Credit tax pending verification	229	62
Prepaid income tax	37	-
Outstanding VAT credit	-	-
Other taxes prepaid	-	-
Total	237,935	413,565

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Long-term Equity Investments

The investee	Opening balance (carrying amount)	Opening balance of impairment provision	Additional/new investment	Decreased investment	Investment gains and losses recognized under equity method	Increase or decrease in the period					Closing balance (carrying amount)	Closing balance of impairment provision	
						Adjustment to other comprehensive income	Change in other equity	Cash dividend or profit declared	Impairment provision	Others			
1 Joint ventures													
2 Associates													
Shanxi Transformation													
Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	14,019	-	-	-	-1,029	-	-	-	-	-	12,990	-	
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	233	-	-	-	-233	-	-	-	-	-	-	-	
Shanxi Jianta Comprehensive Energy Development Co., Ltd.	18,999	-	-	-	1,535	-	-	1,516	1,925	-	19,018	1,925	
Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司)	29,626	-	-	-	-1,449	-	-	-	-	-	28,177	-	
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	9,724	-	-	-	536	-	-	-	-	-	10,260	-	
Shanxi Jiantou Cloud Data Technology Co., Ltd.	8,818	-	-	-	3,102	-	-	-	-	-	11,920	-	
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	14,854	-	7,000	-	323	-	-	-	-	-	22,177	-	
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	89,056	-	-	-	-18	-	-	-	-	-	89,038	-	
Taiyuan Xie'an Property Service Co., Ltd.	1,601	-	-	-	122	-	-	20	230	-	1,703	230	
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	8,314	-	-	-	2	-	-	-	-	-	8,316	-	
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	-	-	13,000	-	-33	-	-	-	-	-	12,967	-	
Shanxi Hangchan New Energy Co., Ltd.	15,001	-	37,500	-	1	-	-	-	-	-	52,502	-	
Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	-	-	10,550	-	1	-	-	-	-	-	10,551	-	
Sub-total	210,245	-	68,050	-	2,860	-	-	1,536	2,155	-	279,619	2,155	
Total	210,245	-	68,050	-	2,860	-	-	1,536	2,155	-	279,619	2,155	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Investments in Other Equity Instruments

Item	Closing balance	Balance at the end of last year
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	1,096	1,044
Shanxi Jiantou Decoration Industry Co., Ltd.	8,100	6,959
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	89,433	86,850
Shanxi Jiantou Construction Industry Co., Ltd.	55,586	52,979
Total	154,215	147,832

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	Reason for derecognition
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	52	412	-	-	-
Shanxi Jiantou Decoration Industry Co., Ltd.	1,141	2,100	400	-	-
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	2,583	20,502	-	-	-
Shanxi Jiantou Construction Industry Co., Ltd.	2,607	9,552	-	-	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN 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	187,722	–	187,722
II. Increase or decrease in the period	–	–	–
Add: Additions	–	–	–
Transfer from fixed assets	–	–	–
Increase in business combinations	–	–	–
Less: Disposal	–	–	–
Other transfers out	–	–	–
Change in fair value	1,267	–	1,267
III. Closing balance	188,989	–	188,989

The Company's investment properties consist of three commercial properties located in Taiyuan, Datong and Jinzhong, Shanxi in Mainland China. As at December 31, 2025, the fair values of the investment properties of the Company were assessed by an independent professional qualified valuer.

As at December 31, 2025, 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	Closing balance	Balance at the end of last year
Fixed assets	1,069,331	1,077,794
Disposal of fixed assets	–	–
Total	1,069,331	1,077,794

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Fixed Assets (Continued)

(1) Fixed assets

Fixed assets

Item	Contractual energy management	Houses and buildings	Construction machinery	Transportation and production equipment	Office equipment and others	Total
I. Original carrying amount:						
1. Opening balance	366,953	728,085	11,630	473,868	71,567	1,652,103
2. Increase in the period	-	49,370	10,368	32,554	5,805	98,097
(1) Purchases	-	1,134	262	1,943	5,219	8,558
(2) Transfer from construction in progress	-	48,236	10,106	29,647	-	87,989
(3) Increase in business combinations	-	-	-	964	586	1,550
3. Decrease in the period	-	2,016	445	2,607	2,996	8,064
(1) Disposals or retirement	-	2,016	445	2,607	2,996	8,064
(2) Other decrease	-	-	-	-	-	-
4. Closing balance	366,953	775,439	21,553	503,815	74,376	1,742,136
II. Accumulated depreciation						
1. Opening balance	311,751	126,867	4,807	78,538	52,346	574,309
2. Increase in the period	45,698	23,868	5,185	23,074	7,115	104,940
(1) Accrual	45,698	23,868	5,185	22,445	6,710	103,906
(2) Increase in business combinations	-	-	-	629	405	1,034
3. Decrease in the period	-	822	438	1,954	3,230	6,444
(1) Disposals or retirement	-	822	438	1,954	3,230	6,444
(2) Other decrease	-	-	-	-	-	-
4. Closing balance	357,449	149,913	9,554	99,658	56,231	672,805
III. Impairment provision						
1. Opening balance	-	-	-	-	-	-
2. Increase in the period	-	-	-	-	-	-
(1) Accrual	-	-	-	-	-	-
(2) Other increase	-	-	-	-	-	-
3. Decrease in the period	-	-	-	-	-	-
(1) Disposals or retirement	-	-	-	-	-	-
(2) Other decrease	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-
IV. Carrying amount						
1. Carrying amount at the end of the period	9,504	625,526	11,999	404,157	18,145	1,069,331
2. Carrying amount at the beginning of the period	55,202	601,218	6,823	395,330	19,221	1,077,794

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN 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	Impairment provision	Book value	Remark
Houses and buildings	456,188	34,258	-	421,930	-

(4) *Fixed assets that are temporarily idle Nil.*
Nil.

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

Item	Book value
Houses and buildings	10,554
Construction machinery	1,242
Transportation and production equipment	155
Office equipment and others	6
Total	11,957

(6) *Fixed assets pending certificates of ownership*

Item	Book value	Reason for failure
Houses and buildings	303,850	Processing

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Construction in Progress

Item	Closing balance	Balance at the end of last year
Construction-in-progress	218,593	203,907
Engineering materials	-	-
Total	218,593	203,907

(1) *Construction-in-progress*

1 *Breakdown of construction in progress*

Item	Closing balance			Balance at the end of last year		
	Carrying amount	Impairment provision	Net carrying amount	Carrying amount	Impairment provision	Net carrying amount
160t/h CDQ and waste heat power generation project of Shanxi Jun'an Loudong Energy Technology Co., Ltd.	152,762	-	152,762	156,037	-	156,037
Jinzhong urban construction waste resource utilization concession project Phase I	-	-	-	47,225	-	47,225
Xiyang County Rural Revitalization "Ride the Wind" Initiative 50MW Distributed Wind Power Project	29,056	-	29,056	-	-	-
Smart Heating System and Central Heating Auxiliary Project in Chayouhouqi	18,462	-	18,462	-	-	-
Xing County 100MW composite photovoltaic power generation project	13,352	-	13,352	584	-	584
Other miscellaneous projects	4,961	-	4,961	61	-	61
Total	218,593	-	218,593	203,907	-	203,907

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Construction in Progress (Continued)

(1) Construction-in-progress (Continued)

2 Changes in significant construction in progress

Project name	Opening balance	Increase in the period	Transferred to fixed assets	Other decrease	Accumulative capitalized interest	Including: Capitalized interest in the period	Interest capitalization ratio in the period %	Closing balance
160t/h CDQ and waste heat power generation project of Shanxi Jun'an Loudong Energy Technology Co., Ltd.	156,037	-	-	3,275	-	-	-	152,762
Jinzhong urban construction waste resource utilization concession project Phase I	47,225	11,117	58,342	-	1,285	875	3.9	-
Xiyang County Rural Revitalization "Ride the Wind" Initiative 50MW Distributed Wind Power Project	-	29,056	-	-	237	237	3.2	29,056
Smart Heating System and Central Heating Auxiliary Project in Chayouhouqi	-	18,462	-	-	-	-	-	18,462
Xing County 100MW composite photovoltaic power generation project	584	12,768	-	-	653	498	3.98	13,352
Other miscellaneous project items	61	34,547	29,647	-	118	-	-	4,961
Total	203,907	105,950	87,989	3,275	2,293	1,610	-	218,593

Project name	Budget	Proportion of total construction investment to budget %	Construction progress	Capital resources
160t/h CDQ and waste heat power generation project of Shanxi Jun'an Loudong Energy Technology Co., Ltd.	142,860	106.93	99.00	Loans from financial institutions and self-owned funds
Jinzhong urban construction waste resource utilization concession project Phase I	83,470	81.91	100.00	Loans from financial institutions and self-owned funds
Xiyang County Rural Revitalization "Ride the Wind" Initiative 50MW Distributed Wind Power Project	298,674	9.73	9.73	Loans from financial institutions and self-owned funds
Smart Heating System and Central Heating Auxiliary Project in Chayouhouqi	14,516	127.18	95.00	Self-owned funds
Xing County 100MW composite photovoltaic power generation project	529,475	2.52	2.52	Loans from financial institutions and 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Right-of-use assets

Item	Land use rights	Houses and buildings	Machinery, transportation and office equipment	Total
I. Original carrying amount:				
1. Opening balance	36,093	121,782	37,512	195,387
2. Increase in the period	452	17,049	-	17,501
(1) Lease	-	2,144	-	2,144
(2) Adjustment to lease liabilities	452	-	-	452
(3) Increase in business combinations	-	14,905	-	14,905
3. Decrease in the period	-	11,240	-	11,240
(1) Transfer of leases to finance leases	-	-	-	-
(2) Transfer or held for sale	-	-	-	-
(3) Other decrease	-	11,240	-	11,240
4. Closing balance	36,545	127,591	37,512	201,648
II. Accumulated depreciation	-	-	-	-
1. Opening balance	4,781	29,530	7,957	42,268
2. Increase in the period	2,566	20,206	6,821	29,593
(1) Accrual	2,566	10,269	6,821	19,656
(2) Increase in business combinations	-	9,937	-	9,937
(3) Other increase	-	-	-	-
3. Decrease in the period	-	9,521	-	9,521
(1) Transfer of leases to finance leases	-	-	-	-
(2) Transfer or held for sale	-	-	-	-
(3) Other decrease	-	9,521	-	9,521
4. Closing balance	7,347	40,215	14,778	62,340
III. Impairment provision	-	-	-	-
1. Opening balance	-	-	-	-
2. Increase in the period	-	-	-	-
(1) Accrual	-	-	-	-
(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	29,198	87,376	22,734	139,308
2. Carrying amount at the beginning of the period	31,312	92,252	29,555	153,119

Explanations:

- (1) As at December 31, 2025, the Company had a total of 24 lease agreements for the purpose of, inter alia, two existing centralized heating facilities for a lease term of 15 to 29 years, 7 pieces of land for a lease term of 5 to 20 years, 14 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.59 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Intangible Assets

(1) Intangible Assets

Item	Land use rights	Concession right	Patent rights	Software	Data resources	Total
I. Original carrying amount						
1. Opening balance	135,946	55,000	726	3,696	179	195,547
2. Increase in the period	16,583	-	67	1,421	-	18,071
(1) Purchases	16,583	-	67	1,321	-	17,971
(2) Internal research and development	-	-	-	-	-	-
(3) Increase in business combinations	-	-	-	100	-	100
(4) Other increase	-	-	-	-	-	-
3. Decrease in the period	-	-	-	-	-	-
(1) Disposals	-	-	-	-	-	-
(2) Invalid and derecognized portion	-	-	-	-	-	-
(3) Other decrease	-	-	-	-	-	-
4. Closing balance	152,529	55,000	793	5,117	179	213,618
II. Accumulated amortization	-	-	-	-	-	-
1. Opening balance	14,636	2,686	235	3,304	9	20,870
2. Increase in the period	2,807	1,897	79	252	18	5,053
(1) Accrual	2,807	1,897	79	208	18	5,009
(2) Other increase	-	-	-	44	-	44
3. Decrease in the period	-	-	-	-	-	-
(1) Disposals	-	-	-	-	-	-
(2) Invalid and derecognized portion	-	-	-	-	-	-
(3) Other decrease	-	-	-	-	-	-
4. Closing balance	17,443	4,583	314	3,556	27	25,923
III. Impairment provision	-	-	-	-	-	-
1. Opening balance	-	-	-	-	-	-
2. Increase in the period	-	-	-	-	-	-
(1) Accrual	-	-	-	-	-	-
(2) Other increase	-	-	-	-	-	-
3. Decrease in the period	-	-	-	-	-	-
(1) Disposals	-	-	-	-	-	-
(2) Other decrease	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-
IV. Carrying amount	-	-	-	-	-	-
1. Carrying amount at the end of the period	135,086	50,417	479	1,561	152	187,695
2. Carrying amount at the beginning of the period	121,310	52,314	491	392	170	174,677

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Intangible Assets (Continued)

(2) Mortgages and guarantees

Jinzhong Lide, a subsidiary of the Company, pledged a piece of land use right for borrowings from China Construction Bank.

(3) Land use rights pending certificates of ownership

Nil.

17. Goodwill

Name of investee	Opening balance	Increase in the period		Decrease in the period		Closing balance
		Arising from business combinations	Others	Disposals	Others	
Shanxi Ningyang Energy Co., Ltd.	15,000	-	-	-	-	15,000
Changzhi Caihui Shan'an	-	660	-	-	-	660
Total	15,000	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, with the cost of combination being RMB6,000, including cash of RMB482,000, and the fair value of the 40% equity interest held prior to the closing date being negative RMB476,000. Based on the valuation report Dazheng Pingbao Zi (2024) No. 359A issued by Beijing Guoyou Dazheng Asset Appraisal Co., Ltd. and the arrangement for the transition period, the fair value of the cost of combination was determined to be negative RMB654,000, and the acquisition date was determined to be May 31, 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		Decrease in the period		Closing balance
		Accrual	Disposal	Disposal	Disposal	
Shanxi Ningyang Energy Co., Ltd.	-	4,525	-	-	-	4,525

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Goodwill (Continued)

(2) Provision for goodwill impairment (Continued)

The Company conducted impairment assessment 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 December 31, 2025 was 11.85% (2024: 11.96%) 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 assessment of goodwill, the recoverable amount of RMB207,010,000.00 (2024: RMB251,428,641.99) is lower than its carrying amounts of RMB215,883,106.27 (2024: RMB226,750,295.88) by RMB8,873,106.27 as at December 31, 2025. Based on the results of the impairment test of goodwill, in the opinion of the management of the Company, an impairment provision of RMB4,525,284.20 has been made for the Company's goodwill as at December 31, 2025 (2024: Nil).

The sensitivity analysis as at December 31, 2025 and December 31, 2024 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:

	Closing balance	Balance at the end of last year
Five-year period growth rate increased by 2%	7,990	30,370
Five-year period growth rate decreased by 2%	-29,010	-28,487
	-	-
Pre-tax discount rate decreased by 0.5%	8,990	10,596
Pre-tax discount rate increased by 0.5%	-8,010	-9,757

18. Long-term Deferred Expenses

Item	Opening balance	Increase in the period	Decrease in the period		Closing balance
			Amortization in the period	Other decrease	
Prepaid employees housing subsidies	67	-	67	-	-
Expenditure in relation to improvement and maintenance of right-of-use assets	126	7,931	1,183	-	6,874
Total	193	7,931	1,250	-	6,874

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN 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	Closing balance		Balance at the end of last year	
	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities
Deferred income tax assets:				
Credit impairment losses	631,760	98,232	497,536	77,752
Impairment provision for assets	207,053	35,726	146,873	27,170
Unrealized profit of internal transaction	84,328	12,649	94,406	14,161
Remeasurement of defined benefit plans	6,322	948	6,862	1,029
Lease liabilities	143,689	32,968	157,180	35,231
Sub-total	1,073,152	180,523	902,857	155,343
Deferred income tax liabilities:				
Right-of-use assets	140,325	31,981	151,962	33,902
Changes in fair value of investment properties	25,553	3,833	24,287	3,643
Conversion of self-use properties into investment properties	77,662	11,650	78,894	11,649
Fair value change of investment in other equity instruments	32,566	4,885	26,183	3,928
Sub-total	276,106	52,349	281,326	53,122

(2) *Deferred income tax assets or liabilities presented at net amount after offsetting*

Item	Offsetting amount at the end of the period between deferred income tax assets and liabilities	Closing balance of deferred income tax assets or liabilities after offsetting	Balance of deferred income tax assets or liabilities after offsetting at the end of last year	
			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	18,412	5,867	1,232	24,149
Deferred income tax liabilities	18,412	37,015	1,232	57,440

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN 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 at the end of last year
Deductible temporary differences	–	–
Deductible losses	60,649	38,415
Total	60,649	38,415

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

Year	Closing balance	Balance at the end of last year	Remark
2025	–	–	
2026	2,675	2,675	
2027	2,169	2,173	
2028	15,982	15,982	
2029	34,921	17,585	
2030	4,902	–	
Total	60,649	38,415	

20. Other Non-current Assets

Item	Closing balance			Balance at the end of last year		
	Balance	impairment provision	Carrying amount	Balance	impairment provision	Carrying amount
PPP Project	3,590,164	40,737	3,549,427	3,747,781	49,306	3,698,475
Security deposits	950,985	40,342	910,643	894,007	11,778	882,229
Payment for prepaid construction and equipment fees	–	–	–	550	–	550
Temporary facilities	1,041	–	1,041	3,497	–	3,497
Deductible input tax expected to be recoverable after more than one year	169,062	–	169,062	–	–	–
Total	4,711,252	81,079	4,630,173	4,645,835	61,084	4,584,751

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Item	Balance	Closing balance		Condition of restriction
		Carrying amount	Type of restriction	
Cash	275,055	275,055	Frozen, notes margin, pledged letter of credit, performance security deposits	restricted
Bill receivables	159,818	157,615	Bill endorsement discounting not derecognised	restricted
Trade receivables	226,649	223,361	Pledged borrowings	restricted
Contract assets	3,142,237	3,105,127	Pledged borrowings	restricted
Fixed assets	456,188	421,930	Pledged borrowings	restricted
Intangible assets	20,153	19,079	Pledged borrowings	restricted
Total	4,280,100	4,202,167		

Item	Balance	At the end of last year		
		Carrying amount	Type of restriction	Condition of restriction
Cash	425,995	425,995	Frozen, notes margin, pledged letter of credit, performance security deposits	restricted
Trade receivables	137,967	135,995	Pledged borrowings	restricted
Contract assets	3,502,349	3,456,206	Pledged borrowings	restricted
Fixed assets	236,976	236,976	Pledged borrowings	restricted
Intangible assets	8,205	7,973	Pledged borrowings	restricted
Total	4,311,492	4,263,145		

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Short-term Borrowings

Item	Closing balance	Balance at the end of last year
Pledged borrowings	396,108	310,285
Pledged borrowings	—	—
Guaranteed borrowings	—	—
Credit borrowings	2,734,371	2,090,361
Total	3,130,479	2,400,646

- (1) The Company's pledged borrowings of RMB396,108,000 with an annual interest rate ranging from 1.01 to 5% from non-banking financial institutions were secured by trade receivables, for a term from June 22, 2025 to December 4, 2026.
- (2) The Company's credit borrowings of RMB2,734,371,000 with annual interest rates ranging from 1.1 to 3.1% from banks, for a term from January 2, 2025 to December 26, 2026.

23. Bill payables

Types	Closing balance	Balance at the end of last year
Commercial acceptance bills	875,600	650,000
Bank promissory bills	1,159,071	1,238,383
Total	2,034,671	1,888,383

The Company had no due and unpaid bills payable at the end of the period.

24. Trade Payables

(1) *Disclosure by nature of amount*

Item	Closing balance	Balance at the end of last year
Payment for materials	5,482,058	5,849,335
Payment for construction	1,686,987	1,274,669
Payment for equipment	41,063	58,763
Service fee	122,879	95,745
Labor service fees	1,903,258	1,721,699
Lease payments	663,600	492,212
Total	9,899,845	9,492,423

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Trade Payables (Continued)

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

Item	Closing balance	Balance at the end of last year
Within 1 year	5,750,159	6,451,451
1-2 years	2,410,173	1,716,576
2-3 years	801,517	675,729
Over 3 years	937,996	648,667
Total	9,899,845	9,492,423

Including: significant trade payables aged over 1 year

Item	Closing balance	Reasons for non-repayment or non-carry-forward
Company 7	266,837	Payment conditions not satisfied yet
Company 8	220,413	Payment conditions not satisfied yet
Company 9	177,152	Payment conditions not satisfied yet
Company 10	89,020	Payment conditions not satisfied yet
Company 11	80,330	Payment conditions not satisfied yet
Company 12	76,948	Payment conditions not satisfied yet
Company 13	71,398	Payment conditions not satisfied yet
Company 14	62,832	Payment conditions not satisfied yet
Company 15	54,052	Payment conditions not satisfied yet
Company 16	52,006	Payment conditions not satisfied yet
Total	1,150,988	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Contract Liabilities

Item	Closing balance	Balance at the end of last year
EPC general contracting and construction	970,019	1,338,679
Design and consulting	3,296	18,352
Total	973,315	1,357,031

Including: significant contract liabilities aging over 1 year

Item	Closing balance	Reasons for non-repayment or non-carry-forward
Taiyuan Central Heating Dongfeng Heat Source Plant Network Expansion Project	14,542	Receipts in advance for project in progress
Yichuan County Natural Gas Comprehensive Development and Utilisation (60 × 10 ⁴ Sm ³ /d Liquefaction Peak-shaving) Project	10,587	Receipts in advance for project in progress
Civil Engineering Works for the 2.6-million-ton Coking Project of PT Jinrui Indonesia	8,689	Receipts in advance for project in progress
Wuling Power's Lan County Photovoltaic Project Step-up Substation, 220kV Transmission Line and Opposite-side Bay Connection Construction	6,000	Receipts in advance for project in progress
Yuncheng Central Urban Area Cogeneration Centralised Heat Supply (Phase II) 2*80 MW Back-pressure Generating Unit Project	5,400	Receipts in advance for project in progress
Shenzhou Hengtai Chenshi 100MW Agro-Photovoltaic Complementary PC General Contracting Project	4,822	Receipts in advance for project in progress
Total	50,040	

26. Employee Remuneration Payables

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Short-term remuneration	78,536	572,535	575,880	75,191
Post-employment benefits – defined contribution plan	319	90,280	90,419	180
Termination benefits	3,220	195	565	2,850
Total	82,075	663,010	666,864	78,221

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Employee Remuneration Payables (Continued)

(1) Short-term remuneration

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Salaries, bonuses, allowances and subsidies	66,867	453,514	458,751	61,630
Employee welfare	181	23,267	23,294	154
Social insurance premiums	287	44,460	44,551	196
Including: 1. Medical insurance	268	38,053	38,144	177
2. Work-related injury insurance	19	6,407	6,407	19
Housing provident fund	3,818	34,405	34,390	3,833
Union fund and employee education fund	7,383	16,889	14,894	9,378
Other short-term remuneration	–	–	–	–
Total	78,536	572,535	575,880	75,191

(2) Defined contribution plans

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Post-employment benefits	319	90,280	90,419	180
Including: Basic pension insurance	290	68,256	68,390	156
Unemployment insurance	29	2,914	2,919	24
Enterprise annuity payment	–	19,110	19,110	–
Other auxiliary infrastructures	–	–	–	–
Total	319	90,280	90,419	180

(3) Termination benefits

Item	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
1. Compensation paid for termination of employment	200	195	215	180
2. Budgeted expenses for internal retirement	3,020	–	350	2,670
Total	3,220	195	565	2,850

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Tax Payables

Taxes	Closing balance	Balance at the end of last year
Corporate income tax	22,947	26,497
Value-added tax	11,254	11,551
Individual income tax	16,524	12,491
City maintenance and construction tax	2,295	2,293
Educational surcharge	1,218	1,193
Price regulating funds payable	319	363
Local educational surcharge	60	97
Other taxes	1,303	3,089
Total	55,920	57,574

28. Other Payables

Item	Closing balance	Balance at the end of last year
Interest payables	–	–
Dividends payable	31,678	71,678
Other payables	508,068	511,737
Total	539,746	583,415

(1) Dividends payable

Name of Shareholder	Closing balance	Balance at the end of last year
Shanxi Construction Investment Group Co., Ltd.	30,244	70,244
Shanghai Rongda Investment Management Co., Ltd.	1,434	1,434
Total	31,678	71,678

Significant dividend payables past due over 1 year

Name of Shareholder	Dividend payables	Reason for non-payment
Shanxi Construction Investment Group Co., Ltd.	30,244	unpaid
Shanghai Rongda Investment Management Co., Ltd.	1,434	unpaid
Total	31,678	–

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Other Payables (Continued)

(2) Other payables by nature

Item	Closing balance	Balance at the end of last year
Security deposits received	33,238	31,095
Amounts due to related parties	159,635	169,346
Amounts due to employees	104,584	106,697
Withholding and payment of social insurance and tax on behalf of individuals	3,171	4,018
Other payables	207,440	200,581
Total	508,068	511,737

Including: significant other payables aged over 1 year

Item	Closing balance	Reasons for non-repayment or non-carry-forward
Entity 7	156,826	Payment conditions not satisfied yet
Entity 13	24,223	Payment conditions not satisfied yet
Entity 14	7,963	Payment conditions not satisfied yet
Entity 15	6,255	Payment conditions not satisfied yet
Entity 16	6,240	Payment conditions not satisfied yet
Total	201,507	

29. Non-current Liabilities Due within One Year

Item	Closing balance	Balance at the end of last year
Long-term borrowings due within one year	555,738	747,368
Long-term payables due within one year	—	—
Lease liabilities due within one year	14,765	20,505
Total	570,503	767,873

Long-term borrowings due within one year

Item	Closing balance	Balance at the end of last year
Pledged borrowings	466,061	510,537
Pledged borrowings	43,160	22,528
Guaranteed borrowings	29,636	3,500
Credit borrowings	9,600	201,600
Accrued but unpaid interest expenses	7,281	9,203
Total	555,738	747,368

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Other Current Liabilities

Item	Closing balance	Balance at the end of last year
Output tax to be transferred	710,332	751,963
Endorsed bill receivables	106,964	120,629
Total	817,296	872,592

31. Long-term Borrowings

Item	Closing balance	Interest rate range	Balance at the end of last year	Interest rate range
Pledged borrowings	2,552,097	3.2–8.89	3,214,785	3.35–10.00
Pledged borrowings	424,165	3.50	172,176	4.10
Guaranteed borrowings	584,612	3.30–3.59	3,500	3.45
Credit borrowings	1,145,113	2.95–4.70	318,613	3.20–4.65
Accrued but unpaid interest expenses	7,281	–	9,203	–
Sub-total	4,713,268	–	3,718,277	–
Less: Long-term borrowings due within one year	555,738	–	747,368	–
Total	4,157,530	–	2,970,909	–

- (1) The Company's pledged borrowings of RMB29,958 thousand with an annual interest rate of 5.78% from non-banking financial institutions were secured by trade receivables, for a term from May 5, 2024 to February 5, 2026.
- (2) The Company's pledged borrowings of RMB1,838,532 thousand with annual interest rates ranging from 3.30% to 4.585% from banks were secured by contract assets under service concession arrangements of Gaoping Shan'an, Liulin Shan'an, Linfen Shan'an, Huguan Shan'an, Xinjiang Shan'an and Xiyang Shan'an, for a term from October 30, 2018 to October 29, 2044.
- (3) The Company's pledged borrowings of RMB537,536 thousand with annual interest rates ranging from 3.980% to 8.89% from banks and non-banking financial institutions were secured by certain device components controlled by customers, for a term from December 8, 2022 to December 24, 2028.
- (4) The Company's pledged borrowings of RMB106,488 thousand with annual interest rates ranging from 3.2% to 4.65% from banks were secured by the rights to electricity fee income, for a term from October 27, 2022 to June 16, 2039.
- (5) The secured borrowings of Shan'an Lide, a subsidiary of the Company, of RMB149,648 thousand with an annual interest rate of 3.50% from banks were secured by houses and buildings, for a term from January 2, 2024 to January 2, 2030.
- (6) The pledged borrowings of Jinzhong Lide, a subsidiary of the Company, of RMB44,825 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Long-term Borrowings (Continued)

- (7) The borrowings of Qinshui Construction Development, a subsidiary of the Company, of RMB585,248 thousand with an annual interest rate of 3.30% to 3.59% from banks were guaranteed by the Company and Shanxi Cheng'an Construction Labour Co., Ltd., for a term from January 19, 2023 to October 29, 2024.
- (8) The Company's credit borrowings of RMB1,146,221 thousand with annual interest rates ranging from 2.95% to 4.7% from banks, for a term from February 8, 2024 to August 10, 2028.
- (9) The secured borrowings of Chayou Shan'an, a subsidiary of the Company, of RMB274,811,000 with a borrowing interest rate of 3.50%, were guaranteed by Shanxi Shan'an Blue Sky 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 ordges over the Houses and buildings and construction landof immovable properties located in Chahar Right Rear Banner. The borrowing term is from 30 August 2023 to 29 August 2043.

32. Lease Liabilities

Item	Closing balance	Balance at the end of last year
Lease payments	204,946	226,289
Less: Unrecognized finance costs	59,420	65,700
Sub-total	145,526	160,589
Less: Lease liabilities due within one year	14,765	20,505
Total	130,761	140,084

The interest expenses on lease liabilities accrued for 2025 amounted to RMB6,737 thousand and were included in interest expenses under finance expenses in the amount of RMB6,737 thousand.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Long-term Employee Remuneration Payables

Item	Closing balance	Balance at the end of last year
Net liabilities of defined benefit plans	29,110	32,030
Termination benefits	1,400	1,470
Net liabilities on other long-term employee benefits satisfying conditions for defined benefit plan	-	-
Other long-term benefits	-	-
Sub-total	30,510	33,500
Less: Long-term employee remuneration payables due within one year – Post-employment benefits	2,670	3,020
Less: Long-term employee remuneration payables due within one year – Termination benefits	180	200
Total	27,660	30,280

(1) Changes in defined benefit plan

Present value of the defined benefit plan obligation:

Item	Amount for the period	Amount for the last period
I. Opening balance	32,030	30,490
II. Defined benefit cost recognized in current profit or loss	530	1,070
1. Service cost for current period	-	-
2. Historical service cost	-	350
3. Gains on settlement (losses are expressed in “-”)	-	-
4. Net interest	530	720
III. Defined benefit cost recognized in other comprehensive income	-540	3,800
1. Actuarial gains (losses are expressed in “-”)	-540	3,800
IV. Other changes	2,910	3,330
1. Liabilities eliminated upon settlement	-	-
2. Benefits paid	2,910	3,330
V. Closing balance	29,110	32,030

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Long-term Employee Remuneration Payables (Continued)

(1) Changes in defined benefit plan (Continued)

Net liabilities in defined benefit plan:

Item	Amount for the period	Amount for the last period
I. Opening balance	32,030	30,490
II. Net interest	530	720
III. Benefits paid	-2,910	-3,330
IV. Actuarial losses (gains)	-540	3,800
V. Historical service cost	-	350
VI. Service cost for current period	-	-
VII. Closing balance	29,110	32,030

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 December 31, 2025. 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.

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 the defined benefit plan obligations. The present value of the defined benefit plan obligations 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 the defined benefit plan obligation 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Long-term Employee Remuneration Payables (Continued)

(2) Actuarial assumption

Item	Closing balance	At the end of last year
Discount rate	1.75%	1.25–1.75%
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

Item	Assumed change	Impact on the present value of defined benefit obligations	
		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.

34. Deferred Income

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Government grants	27,000	3,088	3,715	26,373
Total	27,000	3,088	3,715	26,373

For details of the government grants included in deferred gains, see Note VIII. Government grants.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Deferred Income (Continued)

Government grants:

Item	Balance at the end of last year	Additional grants in the period	Amount included in profit or loss in the period	Other changes	Closing balance	Asset related/ income related
Appropriation in relation to the construction on the waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohu Industrial Park	18,688	-	2,875	-	15,813	Asset-related
Jinzhong urban construction waste resource utilization concession project	3,312	3,088	472	-	5,928	Asset-related
Construction waste resource utilization concession project	5,000	-	368	-	4,632	Asset-related
Total	27,000	3,088	3,715	-	26,373	

35. Share Capital (Unit: 0,000 shares)

Item	Opening balance	Issuance of new shares	Increase/decrease in the period (+, -)			Sub-total	Closing balance
			Bonus issue	Shares converted from capital reserve	Other auxiliary infrastructures		
Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司)	98,000	-	-	-	-	-	98,000
上海榮大投資管理有限公司	2,000	-	-	-	-	-	2,000
Holder of overseas listed H shares	37,348.60	-	-	-	-	-	37,348.60
Total	137,348.60	-	-	-	-	-	137,348.60

36. Capital Reserve

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Share premium	372,567	-	-	372,567
Other capital reserve	278,300	132	-	278,432
Total	650,867	132	-	650,999

Note: The change in capital reserve of the Company for the current period arose from the equity transaction in which Shanxi Lide acquired the equity interest from minority shareholders.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Other Comprehensive Income

Other comprehensive income attributable to the parent company in the balance sheet:

Item	Opening balance	Amount for the period		Closing balance
		Attributable to the parent company, net of tax	Less: Previously recognized in other comprehensive income and transferred to retained earnings in the current period	
I. Other comprehensive income that cannot be reclassified into profit or loss	16,422	5,885	-	22,307
1. Changes in remeasurement of defined benefit plan	-5,833	459	-	-5,374
2. Changes in fair value of investment in other equity instruments	22,255	5,426	-	27,681
II. Other comprehensive income that will be reclassified into profit or loss	68,073	201	-	68,274
1. Translation differences on financial statements of foreign currencies	2,060	201	-	2,261
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	84,495	6,086	-	90,581

Other comprehensive income attributable to the parent company in the income statement:

Item	Amount for the period, before income tax	Amount for the period		Less: Income tax expenses	Less: Attributable to minority shareholders, net of tax	Attributable to the parent company, net of tax
		Less: Previously recognized in other comprehensive income and transferred to profit or loss in the current period	Less: Income tax expenses			
I. Other comprehensive income that cannot be reclassified into profit or loss	5,885	-	-	-	-	5,885
1. Changes in remeasurement of defined benefit plan	459	-	-	-	-	459
2. Changes in fair value of investment in other equity instruments	5,426	-	-	-	-	5,426
II. Other comprehensive income that will be reclassified into profit or loss	201	-	-	-	-	201
1. Translation differences on financial statements of foreign currencies	201	-	-	-	-	201
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	6,086	-	-	-	-	6,086

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Special Reserve

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Safety production expenses	2,834	170,919	170,217	3,536
Total	2,834	170,919	170,217	3,536

39. Surplus Reserve

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	12,369	6,159	–	18,528
Total	12,369	6,159	–	18,528

40. Undistributed Profit

Item	Amount for the period	Amount for the previous period
Undistributed profit at the end of the previous period (before adjustment)	640,145	492,728
Total adjustments for undistributed profit at the beginning of the period (“+” for increase; “–” for decrease)	–	-269
Undistributed profit at the beginning of the period (after adjustment)	640,145	492,459
Add: Net profit for the period attributable to shareholders of the parent company	138,432	153,678
Less: Appropriation for statutory surplus reserve	6,159	2,308
Ordinary share dividends payable	6,232	3,684
Undistributed profit at the end of the period	766,186	640,145
Of which: Surplus reserve withdrawn by the subsidiaries attributable to the parent company for the prevailing year	10,536	8,634

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Operating Revenue and Operating Costs

(1) Operating Revenue and Operating Costs

Item	Amount for the period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal business	10,456,969	9,291,636	12,199,170	10,706,329
Other business	74,127	37,831	43,989	16,161
Total	10,531,096	9,329,467	12,243,159	10,722,490

(2) Operating revenue and operating costs by product type

Major category	Amount for the period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal businesses:				
1. Specialized industrial construction	7,573,193	6,920,320	9,091,213	8,039,484
– Construction income of service concession projects	42,439	35,437	1,141	3,234
– Construction income of EPC projects	7,530,754	6,884,883	9,090,072	8,036,250
2. Specialized auxiliary construction	1,141,421	1,014,010	904,378	821,868
– Construction income of service concession projects	116,937	83,269	46,335	26,648
– Construction income of EPC projects	1,024,484	930,741	858,043	795,220
3. Other construction	815,302	679,129	1,264,455	1,181,988
– Construction income of service concession projects	5,529	5,373	5,733	5,348
– Construction income of EPC projects	809,773	673,756	1,258,722	1,176,640
4. Non-construction business	927,053	678,177	939,125	662,989
– Operating fee income of service concession projects	119,634	99,453	143,215	84,088
– Urban heating technical services income	435,535	297,998	378,144	255,461
– Sales of LNG	200,097	189,660	220,230	208,296
– Sales of concrete	4,008	4,926	24,608	14,713
– Trading	32,955	20,470	58,889	47,196
– Design fee	39,747	11,674	39,775	12,620
– Sales of electricity	62,411	24,506	52,558	22,178
– Labor services fee	32,666	29,490	21,706	18,437
Other businesses:	74,127	37,831	43,988	16,161
– Lease	25,442	5,923	17,168	2,797
– Other auxiliary infrastructures	48,685	31,908	26,820	13,364
Total	10,531,096	9,329,467	12,243,159	10,722,490

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Operating Revenue and Operating Costs (Continued)

(3) Operating revenue and operating costs by geographical location

Major operating areas	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
China	10,160,343	9,014,642	11,961,598	10,454,450
Overseas	370,753	314,825	281,561	268,040
Sub-total	10,531,096	9,329,467	12,243,159	10,722,490

(4) Breakdown of operating revenue

	Amount for the current period	Amount for the previous period
Timing of revenue recognition		
Including: Recognized at a point in time	975,737	965,946
Recognized over time	9,529,917	11,260,045
Total	10,505,654	12,225,991

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

(5) Remaining performance obligations

As at December 31, 2025, the transaction price allocated to unfulfilled performance obligations was RMB37,160,573 thousand. The expected time for recognizing such amount as revenue is as follows:

Expected time for revenue recognition	2025	2024
Within one year	12,159,052	12,527,836
After one year but within five years	24,254,966	24,948,760
After five years	746,555	771,789
Total	37,160,573	38,248,385

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Taxes and Surcharges

Item	Amount for the current period	Amount for the previous period
Property tax	4,587	7,106
stamp duty	16,547	7,107
City maintenance and construction tax	7,502	8,012
Educational surcharge	6,392	6,718
Land use tax	1,228	921
others	945	1,028
Total	37,201	30,892

The basis for calculating taxes and surcharges are detailed in Note IV. Taxation.

43. Selling Expenses

Item	Amount for the current period	Amount for the previous period
Employee remuneration	631	1,027
Depreciation expenses	152	151
Others	107	131
Total	890	1,309

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44. Management Expenses

Item	Amount for the current period	Amount for the previous period
Employee remuneration	337,786	312,821
Consulting fees	18,878	12,147
Office expenses	25,810	40,941
depreciation expenses	17,176	21,587
Intermediary costs	6,978	14,408
Travel expenses	13,327	13,306
Lease expenses	6,132	4,674
Amortization of intangible assets	2,776	2,970
Amortization of right-of-use assets	11,317	13,379
Funds for party building	1,791	2,943
Others	25,577	31,558
Total	467,548	470,734

45. Research and Development Expenses

Item	Amount for the current period	Amount for the previous period
Material costs	118,132	480,120
Labor costs	82,509	88,713
Lease expenses	7,686	15,327
Depreciation expenses	2,431	1,518
Others	9,987	7,728
Total	220,745	593,406

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Finance Expenses

Item	Amount for the current period	Amount for the previous period
Interest expenses	367,524	352,304
Less: Capitalized interest	1,610	7,923
Interest income from bank deposits	17,716	23,329
interest income from PPP projects	261,945	221,325
Exchange gains or losses	1,124	-1,150
Handling fee and others	5,569	3,772
Total	92,946	102,349

Explanation: Capitalized interest had been included in construction in progress of Jinzhong Lide and Luliang Shan'an. The capitalization rates used to calculate and determine the capitalized borrowing costs in the current period ranged from 3.20% to 3.98% (last period: 3.85% to 3.98%).

47. Other Gains

Item	Amount for the current period	Amount for the previous period
Government grants	10,668	9,038
Refund of handling fees for withholding and payment of income tax on behalf of individuals	183	184
Total	10,851	9,222

(1) See Note VIII. Government grants for details of government grants.

(2) See Note XVI.1 for the specific reasons for recognizing government grants as non-recurring profit or loss.

48. Investment Gains

Item	Amount for the current period	Amount for the previous period
Gains on long-term equity investments under equity method	2,861	-2,647
Dividend income from investments in other equity instruments during the holding period	400	-
Other investment gains	-	-
Total	3,261	-2,647

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Gains on Change of Fair Value

Source of gains on change of fair value	Amount for the current period	Amount for the previous period
Investment properties measured at fair value	1,267	917
Total	1,267	917

50. Credit Impairment Losses (losses are expressed in “-”)

Item	Amount for the current period	Amount for the previous period
Bad debt losses on bill receivables	-1,542	902
Bad debt losses on trade receivables	-124,116	-63,103
Bad debt losses on other receivables	-8,566	-14,994
Total	-134,224	-77,195

51. Asset Impairment Losses (losses are expressed in “-”)

Item	Amount for the current period	Amount for the previous period
Impairment losses on contract assets	-58,026	-27,736
Goodwill impairment provision	-4,525	-
Provision for impairment of long-term equity investments	-2,155	-
Total	-64,706	-27,736

52. Gains on Disposal of Assets (losses are expressed in “-”)

Item	Amount for the current period	Amount for the previous period
Gains on disposal of fixed assets (losses are expressed in “-”)	2,422	1,388
Gains on disposal of right-of-use assets (losses are expressed in “-”)	537	-
Total	2,959	1,388

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

53. Non-Operating Revenue

Item	Amount for the current period	Amount for the previous period	Amount included in current non-recurring profit or loss
Gains on donation	–	7	–
Gains on compensation	77	–	77
Others	67	294	67
Total	144	301	144

54. Non-Operating Expenses

Item	Amount for the current period	Amount for the previous period	Amount included in current non-recurring profit or loss
Compensation, late fees and liquidated damages	663	895	663
Fine expenditure	751	142	751
Charitable donation expenditure	–	100	–
Loss on retirement of damaged non-current assets	57	52	57
Others	–	2	–
Total	1,471	1,191	1,471

55. Income Tax Expenses

(1) Breakdown of income tax expenses

Item	Amount for the current period	Amount for the previous period
Current income tax calculated based on tax laws and relevant regulations	32,838	31,013
Deferred income tax expenses	-25,718	-15,774
Total	7,120	15,239

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

55. Income Tax Expenses (Continued)

(2) Reconciliation between income tax expenses and total profit

Item	Amount for the current period	Amount for the previous period
Total profit	200,380	225,038
Income tax expenses at statutory (or applicable) tax rate	30,057	33,732
Effect of different tax rates applied by certain subsidiaries	26,977	12,389
Profit or loss from joint ventures and associates under the equity method	429	397
Non-deductible costs, expenses and losses	8,271	58,055
Effect of tax rate changes on opening balance of deferred income tax	533	–
Tax effect of using the deductible losses and deductible temporary differences not recognized in prior years (expressed in “–”)	-3	–
Tax effect of unrecognized deductible losses and deductible temporary differences	3,027	185
Tax effect of deduction for research and development expenses (expressed in “–”)	-62,171	-89,519
Income tax expense	7,120	15,239

56. Notes on Items in Cash Flow Statement

(1) Cash received relating to other operating activities

Item	Amount for the current period	Amount for the previous period
Cash received from payment on behalf	529,466	542,477
Interest on deposits received	17,716	23,329
Government subsidies received	10,041	14,475
Decrease in restricted fund	150,940	120,388
Cash received from transaction and others	1,123,115	1,989,728
Total	1,831,278	2,690,397

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Notes on Items in Cash Flow Statement (Continued)

(2) Cash paid relating to other operating activities

Item	Amount for the period	Amount for the previous period
Safety production expenses paid	170,217	228,046
Cash payment for selling expenses, management expenses, research and development expenses	234,403	622,526
Bank handling fees paid	5,569	3,772
Rent and lease deposits paid relating to short-term leases and low-value asset leases	6,132	5,814
Cash paid for transaction and others	1,715,009	1,555,065
Total	2,131,330	2,415,223

(3) Cash paid relating to other financing activities

Item	Amount for the period	Amount for the previous period
Repayment of principal and interest on lease liabilities	28,816	19,341
Others	–	–
Total	28,816	19,341

(4) Changes of various liabilities arising from financing activities

Item	Opening balance	Cash change		Non-cash change			Closing balance
		Cash inflow	Cash outflow	Accrued interests	Change in fair value	Others	
Short-term borrowings	2,400,646	3,644,994	2,915,764	603	–	–	3,130,479
Long-term borrowings	3,718,277	1,783,798	786,886	-1,921	–	–	4,713,268
Lease liabilities	160,589	–	28,816	7,072	–	6,681	145,526
Total	6,279,512	5,428,792	3,731,466	5,754	–	6,681	7,989,273

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Supplementary Information on Cash Flow Statement

(1) Supplementary information on cash flow statement

Supplementary Information	Amount for the period	Amount for the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	193,260	209,799
Add: Asset impairment losses	64,706	27,736
Credit impairment losses	134,224	77,195
Depreciation of fixed assets	103,906	86,734
Depreciation of right-of-use assets	19,656	20,694
Amortization of intangible assets	5,009	5,084
Amortization of long-term deferred expenses	1,250	2,222
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are expressed in “-”)	-2,959	-1,388
Losses on retirement of fixed assets (gains are expressed in “-”)	57	52
Losses on changes in fair value (gains are expressed in “-”)	-1,267	-917
Finance expenses (gains are expressed in “-”)	365,914	344,381
Investment losses (gains are expressed in “-”)	-3,261	2,647
Decrease in deferred income tax assets (increase is expressed in “-”)	-6,898	-15,704
Increase in deferred income tax liabilities (decrease is expressed in “-”)	-21,198	155
Decrease in inventories (increase is expressed in “-”)	-29,746	-109,876
Decrease in operating receivables (increase is expressed in “-”)	-2,669,005	-163,363
Increase in operational payables (decrease is expressed in “-”)	-79,750	-222,438
Others	151,235	122,472
Net cash flows from operating activities	-1,774,867	385,485
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	17,501	3,026
3. Net changes in cash and cash equivalents:		
Closing balance of cash	1,548,345	2,200,863
Less: Opening balance of cash	2,200,863	2,090,165
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	-652,518	110,698

Explanation: The endorsed bank acceptance bills that the Company received from sales of goods amounted to RMB869,570 thousand.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Supplementary Information on Cash Flow Statement (Continued)

(2) Net cash payment for acquisition of subsidiaries during the Period

Item	Amount for the period
Cash or cash equivalents paid for business combinations that occurred during the Period	482
Among which: Changzhi Caihui Shan'an	482
Less: Cash and cash equivalents held by subsidiaries on acquisition date	113
Among which: Changzhi Caihui Shan'an	113
Plus: Cash or cash equivalents paid in the Period for business combinations that occurred in Previous Period	-
Among which: Changzhi Caihui Shan'an	-
Net cash paid for acquiring subsidiaries	369

(3) Net cash received from disposal of subsidiaries during the Period

Item	Amount for the period
Cash or cash equivalents received during current period for disposal of subsidiaries during the current period	-
Among which: Shanxi Shan'an Yunneng Environmental Technology Co., Ltd.	-
Yingkou Shan'an Mingyang Green Energy Co., Ltd.	-
Less: Cash and cash equivalents held by subsidiaries on the date of loss of control	-
Among which: Shanxi Shan'an Yunneng Environmental Technology Co., Ltd.	-
Linfen Shan'an Lide Environmental Protection Technology Co., Ltd.	-
Yushe County Shan'an Xinyuan Co., Ltd.	-
Plus: Cash or cash equivalents received in the current period from the disposal of subsidiaries in the previous period	-
Net cash receipts from disposals of subsidiaries	-

(4) Composition of cash and cash equivalents

Item	Closing balance	Balance at the end of last year
I. Cash	1,548,345	2,200,863
Including: Cash on hand	-	2
Digital currency	-	-
Bank deposits available for payment at any time	1,548,345	2,200,861
Other monetary funds available for payment at any time	-	-
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	1,548,345	2,200,863
Use of restricted cash and cash equivalents by the parent company or subsidiary within the Group	275,054	425,995

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Supplementary Information on Cash Flow Statement (Continued)

(5) *Monetary funds not classified as cash and cash equivalents*

Item	Closing balance	Balance at the end of last year	Reasons why they do not qualify as cash and cash equivalents
Security deposits for bank acceptance bills	128,554	179,434	Restricted use
Security deposits for letter of credit	27,429	134,515	Restricted use
Performance security deposits	45,148	24,882	Restricted use
Funds frozen by the court	73,923	87,164	Restricted use
Total	275,054	425,995	

58. Monetary Items in Foreign Currency

(1) *Monetary Items in Foreign Currency*

Item	Closing balance in foreign currency	Exchange rate	Closing balance translated into RMB
Monetary funds			
Including: USD	285	7.0288	2,000
Hong Kong dollars	11,105	0.9032	10,030
AUD	1	4.6892	7
Franc	31,003,439	0.0008	24,774
VND	2,910	0.00027	1
Algerian Dinars	163,039	0.05403	8,809
Contract assets	–	–	–
Including: Algerian Dinars	3,561,452	0.05403	192,425
Prepayments	–	–	–
Including: Algerian Dinars	70,457	0.05403	3,807
Trade payables	–	–	–
Including: Algerian Dinars	1,596,472	0.05403	86,257

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Monetary Items in Foreign Currency (Continued)

(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
Furjia	Hong Kong	Hong Kong dollars	daily operating activities

59. Leases

(1) As a lessee

Item	Amount for the period
Short-term lease expenses	6,132
Low-value lease expenses	—
Variable lease payments not included in the measurement of lease liabilities	—
Total	6,132

(2) As a lessor

Operating leases

1 Lease income

Item	Amount for the period
Lease income	25,442
Including: Income related to variable lease payment not included in lease receipts	—

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Leases (Continued)

(2) As a lessor (Continued)

Operating leases (Continued)

2 The amount of undiscounted lease receipts to be received in each of the five consecutive accounting 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	Closing balance	Balance at the end of last year
First year	15,764	5,200
Second year	10,884	2,560
Third year	4,039	826
Fourth year	3,620	–
Fifth year	3,620	–
After five years	3,165	–
Total	41,092	8,586

VI. DEVELOPMENT EXPENDITURES

Item	Amount for the period		Amount for the previous period	
	Expensed amount	Capitalized amount	Expensed amount	Capitalized amount
Material costs	118,132	–	480,120	–
Labor costs	82,509	–	88,713	–
Lease expense	7,686	–	15,327	–
Depreciation expense	2,431	–	1,518	–
Others	9,987	–	7,728	–
Total	220,745	–	593,406	–

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

(1) Composition of corporate group

Name of subsidiaries	Registered capital (RMB ten thousand)	Major operating areas	Registered Address	Business nature	Shareholding ratio %		Way of acquisition
					Direct	Indirect	
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 Biqian 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	Danling County, Shanxi	Danling County, Shanxi	Electricity, heating, gas and water production and supply industry	51.00	-	3
Guangdong Shan'an Construction Engineering Company Limited* (廣東山安建設工程有限公司)	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
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	Finance	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 industry	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

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

(1) Composition of corporate group (Continued)

Name of subsidiaries	Registered capital (RMB ten thousand)	Major operating areas	Registered Address	Business nature	Shareholding ratio %		Way of acquisition
					Direct	Indirect	
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 industry	100.00	—	1
Australia Shan'an Construction Engineering Pty Limited	278.40	Australia	Australia	Construction industry	100.00	—	1
Chongqing Shan'an Construction Engineering Co., Ltd.	10,000.00	Chongqing	Chongqing	Construction industry	100.00	—	1
Hong'an Shan'an Construction Engineering Co., Ltd.	10,000.00	Rongcheng County, Hebei	Rongcheng County, Hebei	Construction industry	100.00	—	1
Shaanxi Shan'an Construction Engineering Co., Ltd.	10,000.00	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction industry	100.00	—	1
Hubei Shan'an Construction Engineering Co., Ltd.	10,000.00	Wuhan, Hubei	Wuhan, Hubei	Construction industry	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 Installment 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
Fuerjia Co., Ltd. (富爾嘉有限公司)	—	Hong Kong	Hong Kong	Investment	100.00	—	3

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

(1) Composition of corporate group (Continued)

Name of subsidiaries	Registered capital (RMB ten thousand)	Major operating areas	Registered Address	Business nature	Shareholding ratio %		Way of acquisition
					Direct	Indirect	
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
Danling Shan'an Xinyuan Co., Ltd.	100.00	Danling County, Shanxi	Danling County, Shanxi	Electricity, heating, gas and water production and supply industry	100.00	-	1
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 Lvquan 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 industry	49.00	51.00	1
Yuanping Shan'an Biquan Waterwork Development Limited	4,473.90	Yuanping, Shanxi	Yuanping, Shanxi	Construction industry	49.00	51.00	1
Shanxi Shan'an Lida Environmental Technology Co., Ltd.	5,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Scientific research and technical service sector	-	100.00	1
SHAN AN CONSTRUCTION PTY LTD	-	Australia	Australia	Construction industry	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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

(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	49,305	44,000	375,322
Shanxi Ningyang Energy Co., Ltd.	49.00	47	-	22,433
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	9.38	1,337	-	18,050
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	24.72	2,367	-	28,452
Xinjiang Shan'an Waterwork Management Co., Ltd.	35.48	4,513	-	50,908

(3) Main financial information of significant non-wholly-owned subsidiaries

Name of subsidiaries	Closing balance		Total assets	Current liabilities	Non-current liabilities	Total liabilities
	Current assets	Non-current assets				
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

Continued (1):

Name of subsidiaries	Balance at the end of last year		Total assets	Current liabilities	Non-current liabilities	Total liabilities
	Current assets	Non-current assets				
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	784,826	904,278	1,689,104	190,915	602,169	793,084
Shanxi Ningyang Energy Co., Ltd.	14,948	197,338	212,286	166,605	-	166,605
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	77,347	560,187	637,534	148,217	318,912	467,129
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	45,312	357,851	403,163	64,486	240,269	304,755
Xinjiang Shan'an Waterwork Management Co., Ltd.	37,238	522,400	559,638	94,020	339,855	433,875

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

(3) Main financial information of significant non-wholly-owned subsidiaries (Continued)

Continued (2):

Name of subsidiaries	Amount for the period			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	531,410	116,325	116,325	163,957
Shanxi Ningyang Energy Co., Ltd.	203,411	96	96	10,082
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	1,040	14,252	14,252	44,282
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	-	9,577	9,577	-16,492
Xinjiang Shan'an Waterwork Management Co., Ltd.	3,774	12,719	12,719	44,432

Continued (3):

Name of subsidiaries	Amount for the previous period			cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	487,092	118,328	118,328	77,987
Shanxi Ningyang Energy Co., Ltd.	220,230	-11,038	-11,038	3,715
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	1,040	14,710	14,710	45,224
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	-	10,040	10,040	40,996
Xinjiang Shan'an Waterwork Management Co., Ltd.	3,388	11,308	11,308	29,339

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

2. Business Combination not under Common Control

(1) Business combination not under common control in current period

Name of acquiree	Date of Acquisition of equity interest	Costs of acquiring equity interest	Proportion of equity interest acquired (%)	Way of acquisition of equity interests	Acquisition date	Basis for Determining the Acquisition Date	Revenue of the acquiree from the acquisition date to the end of the period	Acquiree's net profit from acquisition date to the end of the period	Cash flows of the acquiree from the acquisition date to the end of the Period
Changzhi Caihui Shan'an	2025.5.31	482	15.00	2. Business Combination not under Common Control	2025.5.31	Payment of the transaction price for the equity interest transaction and obtaining Control	4,203	-257	-49

On 31 May 2025, the Company acquired a 15% equity interest in Changzhi Caihui Shan'an from Independent Third Parties, with a cost of combination of RMB6,162.62, including Cash of RMB482,000.00. The fair value of the 40% equity interest held prior to the closing date as at the acquisition date was -RMB475,837.38. Based on the valuation report No. Dazheng Pingbao Zi (2024) No. 359A issued by Beijing Guoyou Dazheng Asset Appraisal Co., Ltd. and the arrangement during the transition period, the fair value of the cost of combination was determined to be -RMB654,276.40. Upon completion of the equity transaction, the Company held 55.00% equity interest in Changzhi Caihui Shan'an, which was included into the scope of consolidation.

(2) Cost of Combination and Goodwill

Item	Changzhi Caihui Shan'an
Consolidation costs:	
Cash	482
Fair value of non-cash assets	-
Fair value of debts issued or assumed	-
the fair value of the equity securities issued	-
Fair value of contingent consideration	-
the fair value on the acquisition date of the equity interest held before the acquisition date	-476
Total consolidation cost	6
Less: share of fair value of the identifiable net assets	-654
Goodwill/the amount by which the cost of combination is less than the fair value of the identifiable net assets acquired	660

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

2. Business Combination not under Common Control (Continued)

(3) Identifiable assets and liabilities of the acquiree as at the acquisition date

The fair values and carrying amounts of identifiable assets and liabilities of Changzhi Caihui Shan'an as at the acquisition date were as follows:

Item	Fair value on acquisition date	Changzhi Caihui Shan'an Carrying amount on acquisition date
Assets:	14,552	14,377
Cash	113	113
Prepayments	100	100
Other receivables	45	45
Inventories	1	1
Other current assets	379	379
Fixed assets	516	360
Right-of-use assets	4,968	4,968
Intangible assets	56	37
Long-term deferred expenses	6,204	6,204
Deferred income tax assets	2,170	2,170
Liabilities:	15,742	15,742
Trade payables	3,976	3,976
Advances from customers	560	560
Tax payables	0	0
Other payables	819	819
Lease liabilities	8,897	8,897
Deferred income tax liabilities	1,490	1,490
Net asset	-1,190	-1,365
Less: Minority interest	-536	-614
Net assets acquired upon combination	-654	-751

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

2. Business Combination not under Common Control (Continued)

(4) The gains or losses arising from the remeasurement of the original equity at fair value before acquisition

The Company previously held a 40.00% equity interest in Changzhi Caihui Shan'an, which was accounted for using the equity method. During the current period, the Company further acquired a 15.00% equity interest in Changzhi Caihui Shan'an, with the consideration paid in Cash amounting to RMB482,000.00. The fair value of the consideration paid was RMB482,000.00 as determined based on the valuation report as of the benchmark date. The date of acquisition was determined to be 31 May 2025.

Name of acquiree	Carrying amount as at the acquisition date	Fair value as at the acquisition date	Gains or losses arising from the remeasurement of equity previously held prior to the date of purchase	Method and key assumptions of the fair value remeasurement	Other comprehensive income related to equity previously held but then transferred to investment income or retained earnings
Changzhi Caihui Shan'an	-546	-476	70	Asset-based approach	-

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
Fuerjia Co., Ltd.	100.00	The actual controller is Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司)	2025-12-1	Payment of the transaction price and obtaining control	9	20	270	266

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

3. Business Combination under Common Control (Continued)

Combination costs

Unit: RMB

Item	Fuerjia Co., Ltd.
Cash	0.91
Carrying amount of non-cash assets	–
Carrying amount of debts issued or committed	–
Nominal amount of equity securities issued	–
Contingent consideration	–
Total combination costs	0.91

The assets and liabilities of the combined party

The carrying amounts of the assets and liabilities of Fuerjia Co., Ltd. at the date of combination and the balance sheet date of previous accounting period are as follows:

Unit: RMB

Item	Fuerjia Co., Ltd. Date of combination	At the end of previous period
Assets:	0.91	20,372.87
Cash	0.91	20,372.87
Liabilities:	–	40,043.81
Tax payables	–	19,671.87
Other payables	–	20,371.94
Net asset	0.91	-19,670.94
Less: Minority interest	–	–
Net assets acquired upon combination	0.91	–
Combination costs	0.91	–
Consolidation difference (recognized in equity))	–	–

4. Disposals of Subsidiaries

Nil.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

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 %		Way of acquisition
						direct	indirectly	
Yangquan Shan'an New Energy Co., Ltd.	2025-03-05	Yangquan City, Shanxi Province	Yangquan City, Shanxi Province	Electricity, heating, gas and water production and supply industry	9,000.00	100.00		Establishment by investment
Run'an New Energy (Ningwu) Co., Ltd.	2025-04-29	Ningwu County, Shanxi Province	Ningwu County, Shanxi Province	Electricity, heating, gas and water production and supply industry	100.00	51.00		Establishment by investment
Changzhi Shan'an Zhihui Green Energy Co., Ltd.	2025-07-04	Changzhi City, Shanxi Province	Changzhi City, Shanxi Province	Scientific research and technical service sector	4,032.00	45.00	3.30	Establishment by investment
Ningwu Shan'an Lide Renewable Resources Utilization Co., Ltd.	2025-08-08	Ningwu County, Shanxi Province	Ningwu County, Shanxi Province	Water conservancy, environment and public facilities management	5,081.00	42.00	43.00	Establishment by investment
Shilou Shan'an New Energy Co., Ltd.	2025-07-30	Shilou County, Lvliang City, Shanxi Province	Shilou County, Lvliang City, Shanxi Province	Electricity, heating, gas and water production and supply industry	10,000.00	100.00		Establishment by investment
Siziwangqi Shan'an Thermal Power Co., Ltd.	2025-04-03	Ulanqab City, Inner Mongolia Autonomous Region	Ulanqab City, Inner Mongolia Autonomous Region	Electricity, heating, gas and water production and supply industry	23,964.07	49.00	28.9527	Establishment by investment

(2) The Company's cancellation or liquidation of subsidiaries during the current period:

During the current period, the Company voluntarily liquidated and deregistered Shanxi Shan'an Yunneng Environmental Technology Co., Ltd., Yingkou Shan'an Mingyang Green Energy Co., Ltd., Linfen Shan'an Lide Environmental Technology Co., Ltd. and Yushe County Shan'an Xinyuan Co., Ltd., which are no longer included in the scope of consolidation for the current period.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

6. Interests in Joint Venture Arrangements or Associates

(1) Significant joint ventures or associates

Name of joint ventures or associates	Major operating place	Registered address	Business nature	Shareholding ratio (%)		Accounting treatment for investment in joint ventures or associates
				direct	indirectly	
I. Joint ventures						
II. Associates						
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaocheng 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 Construction Investment International Investment Co., Ltd.* (山西建設國際投資有限公司)	Taiyuan, Shanxi	Taiyuan, Shanxi	Foreign investment and foreign project contracting	30	-	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
Fuxin Shan'an Mingyang Electricity Energy Co., Ltd. (previously known as "Yingkou Shan'an Mingyang Electricity Energy Co., Ltd.")	Liaoning Yingkou	Liaoning Yingkou	Power generation, power transmission and power supply	49.00	-	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

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

6. Interests in Joint Venture Arrangements or Associates (Continued)

(1) Significant joint ventures or associates (Continued)

Note 1: The Company owned 74% equity interest in Jinjian Shan'an, pursuant to the partnership agreement, the decision of operating and financial policies is governed by the investment committee. The two-third of the committee member 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 the Jinjian Shan'an through the power to appoint the one-third of committee member of the investment committee. The Company only possessed significant influence over Jinjian Shan'an, therefore, it is classified as an associate of the Company.

Notes 2: Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. was established in 2024 year 12 April, The Company, direct and indirect own 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. involvement in, and considers that Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. has a significant influence. Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. is listed as an associate of the Company.

Notes 3: Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. was established in 2025 year 4 April, The Company direct and indirect own 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. involvement in, and considers that Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. has a significant influence. Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. is listed as an associate of the Company.

Notes 4 :Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. was established in 2025 year 4 April, The Company direct and indirect own 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. involvement in, and considers that Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. has a significant influence. Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd. is listed as an associate of the Company.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

6. Interests in Joint Venture Arrangements or Associates (Continued)

(2) Main financial information of significant joint ventures or associates

Item	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.		Shanxi Construction Investment International Investment Co., Ltd.		Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)		Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	
	Closing balance	Balance at the end of last year	Closing balance	Balance at the end of last year	Closing balance	Balance at the end of last year	Closing balance	Balance at the end of last year
current assets	61,044	55,773	14,755	18,194	120,082	120,106	2,805	5,996
Non-current assets	115,658	124,804	86,326	91,120	-	-	181,663	182,316
Total assets	176,702	180,577	101,081	109,314	120,082	120,106	184,468	188,312
Current liabilities	118,102	120,250	8,361	11,910	31	31	87,820	85,968
Non-current liabilities:	11,072	12,842	-	-	-	-	30,879	31,432
Total liabilities	129,174	133,092	8,361	11,910	31	31	118,699	117,400
Net asset	47,528	47,485	92,720	97,404	120,051	120,075	65,769	70,912
Proportionate share in net assets	19,017	18,999	28,177	29,626	89,038	89,056	12,991	14,019
Adjustments	-	-	-	-	-	-	-	-
Carrying amount of interests in associated companies	17,092	18,999	28,177	29,626	89,038	89,056	12,991	14,019
Fair value of equity investments with quoted price	-	-	-	-	-	-	-	-
Operating revenue	31,634	32,103	-572	5,661	909	911	3,257	117
Net profit	3,835	6,224	-4,684	395	-24	6	-5,216	-5,802
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	3,835	6,224	-4,684	395	-24	6	-5,216	-5,802
Dividends from associates received in current period	1,516	792	-	-	-	-	-	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VII. INTERESTS IN OTHER ENTITIES (Continued)

6. Interests in Joint Venture Arrangements or Associates (Continued)

(3) Summarized information of insignificant joint ventures and associates

Item	December 31, 2025	December 31, 2024
Joint ventures:		
Total carrying amount of investment	—	—
Total of the following by shareholding ratio	—	—
Net profit	—	—
Other comprehensive income	—	—
Total comprehensive income	—	—
Associates:		
Total carrying amount of investment	130,166	58,544
Total of the following by shareholding ratio	—	—
Net profit	3,822	-4,102
Other comprehensive income	—	—
Total comprehensive income	3,822	-4,102

VIII. GOVERNMENT SUBSIDIES

1. Government subsidies included in deferred income

Classification	Opening balance	Additional grants in the period	Amount included in profit or loss in the period	Other Changes	Closing balance
Government grants related to assets	27,000	3,088	3,715	—	26,373
Government grants related to income	—	—	—	—	—
Total	27,000	3,088	3,715	—	26,373

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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

Types	Opening balance	Additional grants in the period	Amount transferred to profit or loss in the current period	Other Changes	Closing balance	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 Xiaohu Industrial Park Financial allocation						
	18,688	-	2,875	-	15,813	Other gains
Jinzhong urban construction waste resource utilization concession project						
	3,312	3,088	472	-	5,928	Other gains
Construction waste resource utilization concession project						
	5,000	-	368	-	4,632	Other gains
Total	27,000	3,088	3,715	-	26,373	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

VIII. GOVERNMENT SUBSIDIES (Continued)

2. Government subsidies included in the current profit or loss by adopting the gross amount method

Types	Amount included in profit or loss in the period	Amount included in profit or loss in the prior period	Presented item transferred to profit or loss
Government grants related to assets:			
Waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohu Industrial Park Financial allocation	2,875	2,875	Other gains
Jinzhong urban construction waste resource utilization concession project	472	-	Other gains
Construction waste resource utilization concession project	368	-	Other gains
Sub-total	3,715	2,875	
Government grants related to income:			
Subsidies from the Department of Commerce for Foreign Economic and Trade Development	4,751	-	Other gains
High-technology recognition reward	300	350	Other gains
Science and Technology Department 2022 High-tech Enterprise Technological Innovation subsidies	375	-	Other gains
Vocational skills improvement training subsidy fund	300	-	Other gains
Reward for industrial enterprises of large scale with stable growth	300	-	Other gains
Job stability subsidy	262	280	Other gains
Subsidy for establishment of postdoctoral innovation practice bases	200	-	Other gains
Project awards for "Special and new" small and medium-sized enterprises	200	-	Other gains
Received funding subsidy for local standard formulation projects from the Department of Housing and Urban-Rural Development	150	-	Other gains
2024 engineering and construction local standard subsidy fees	82	-	Other gains
Subsidy funds for loans to purchase and renovate equipment	29	114	Other gains
Received job expansion subsidy for recent graduates	4	-	Other gains
Reward funding from financial supervisory authority	-	2,000	Other gains
Specific funding for technological modification in 2024	-	1,500	Other gains
2023 annual assessment excellent provincial key laboratories and provincial technology innovation center award fund from Science and Technology Department of Shanxi Province	-	500	Other gains
Shanxi Province vocational skills improvement training subsidy fund	-	255	Other gains
First batch of digital transformation project subsidies for small and medium-sized enterprises of Taiyuan City	-	200	Other gains
2023 demonstration zone high-quality development recognition and reward fund	-	200	Other gains
Central foreign trade development special fund	-	160	Other gains
Subsidy for employment internship units	-	159	Other gains
Government subsidies for small-scale enterprises	-	100	Other gains
reward funds from Daning County Private Economic Development Promotion Center	-	100	Other gains
Incentive funds for newly included service industry enterprises	-	100	Other gains
"Shanxi Technology Property Exchange Cup" 2023 "Maker China" Shanxi Province Small and Medium Enterprises Innovation and Entrepreneurship Award from Shanxi Provincial Small Business Development Promotion Bureau	-	80	Other gains
Double entrepreneurship competition rewards	-	50	Other gains
Incentive funds for compilation of the Construction Investment Information Model Delivery Standard	-	15	Other gains
Sub-total	6,953	6,163	Other gains
Total	10,668	9,038	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Major financial instruments of the Company include cash, bill receivables, 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 is 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.

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 risk management of the Company is carried out by the risk management committee in accordance with policies approved by the Board. The risk management committee identifies, evaluates and mitigates related risks through close cooperation with other business departments 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 the risk that the counterparties default on their contractual obligations resulting in financial losses to the Company.

The Company manages credit risk on a group basis. Credit risk mainly arises from bank deposits, bill receivables, trade receivables, and other receivables.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

1. Risk Management Objectives and Policies (Continued)

(1) Credit risk (Continued)

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.

In respect of the bill receivables, trade receivables and other receivables, the Company has established relevant policies to control credit risk exposure. The Company assesses the customer's creditworthiness based on their financial situation, 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 finance guarantees provided.

Of the Company's trade receivables, the trade receivables from the top five customers accounted for 13.95% of the Company's total trade receivables (2024: 19.04%); and of the Company's other receivables, the other receivables from the top five companies accounted for 80.05% of the Company's total other receivables (2024: 78.04%).

(2) Liquidity risk

Liquidity risk refers to the risk that the Company may encounter deficiency of funds in meeting obligations settled by delivering 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 RMB9,665,766,900 (the end of last year: RMB8,201,176,200).

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

1. Risk Management Objectives and Policies (Continued)

(2) Liquidity risk (Continued)

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 ten thousand):

Item	Closing balance			Total
	Within one year	From one year to five year	Over five years	
Financial liabilities:				
short-term borrowings	313,047.91	-	-	313,047.91
Bill payables	203,467.12	-	-	203,467.12
Trade payables	989,984.50	-	-	989,984.50
Other payables	53,974.64	-	-	53,974.64
Non-current liabilities due within one year	57,050.30	-	-	57,050.30
Other current liabilities (excluding deferred income)	81,729.35	-	-	81,729.35
Long-term borrowings	73,637.47	275,806.37	196,470.02	545,913.86
Lease liabilities	2,046.17	7,398.39	11,050.07	20,494.63
Guarantees provided to external parties	668.75	-	-	668.75
Total financial liabilities and contingent liabilities	1,775,606.21	283,204.76	207,520.09	2,266,331.06

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: ten thousand):

Item	Within one year	Balance at the end of last year		Total
		From one year to five year	Over five years	
Financial liabilities:				
Short-term borrowings	240,064.62	-	-	240,064.62
Bill payables	188,838.25	-	-	188,838.25
Trade payables	949,242.31	-	-	949,242.31
Other payables	58,341.47	-	-	58,341.47
Non-current liabilities due within one year	76,787.28	-	-	76,787.28
Other current liabilities (excluding deferred income)	87,259.09	-	-	87,259.09
Long-term borrowings	15,667.15	185,335.41	193,479.83	394,482.39
Lease liabilities	-	4,938.93	9,069.47	14,008.40
Guarantees provided to external parties	10,576.06	-	-	10,576.06
Total financial liabilities and contingent liabilities	1,626,776.23	190,274.34	202,549.30	2,019,599.87

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

1. Risk Management Objectives and Policies (Continued)

(2) Liquidity risk (Continued)

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 Risks

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.

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

2. Capital Management

The Company's capital management policy aims to ensure its ability to going concern, 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 86.59% (at the end of last year: 86.14%).

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.

As at the balance sheet date, the Company's gearing ratio is as below:

Item	Closing balance	Balance at the end of last year
Short-term borrowings	3,130,479	2,400,646
Long-term borrowings due within one year	555,738	747,368
Bonds payable due within one year	–	–
Long-term borrowings	4,157,530	2,970,909
Bonds payables	–	–
Less: Cash balance presented in the statement of cash flow	1,548,345	2,200,843
Net liability	6,295,402	3,918,081
Shareholders' Equity	3,490,542	3,343,334
Total capital	9,785,944	7,261,415
Gearing ratio	64.33%	53.96%

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)

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 bill receivables	Endorsement of bank acceptance bills	173,006	Terminated	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 derecognized.

(2) Financial assets derecognized as a result of transfer

Item	Transfer method	Amount derecognized	Gains or losses related to derecognition
Bill receivables	Endorsement of bank acceptance bills	173,006	-

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 RMB173,006 thousand. The Company believes that, among them, the bill receivables with a book value of RMB173,006 thousand (December 31, 2024: RMB268,023 thousand) had transferred substantially all the risks and rewards upon discounting and met the conditions for derecognition for financial assets. Therefore, the relevant bill receivables 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 bills receivable is insignificant.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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) Tradable financial assets	-	-	-	-
(II) Derivative financial assets	-	-	-	-
(III) Receivables financing	-	-	8,049	8,049
(IV) Non-current assets due within one year	-	-	-	-
(V) Investments in other debentures	-	-	-	-
(VI) Investments in other equity instruments	-	-	154,215	154,215
(VII) Other non-current financial assets	-	-	-	-
(VIII) Investment Properties	-	-	188,989	188,989
1. Leased land use rights	-	-	-	-
2. Leased buildings	-	-	188,989	188,989
3. Land use rights held for transfer after appreciation	-	-	-	-
Total assets measured at fair value on a recurring basis	-	-	351,253	351,253

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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

X. FAIR VALUE (Continued)

(2) Quantitative information of important unobservable input values used in level 3 fair value measurement

Content	Fair value at the end of the period	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment in equity instruments:				
Unlisted equity investments	-	Market approach (enterprise value multiple)	EBITDA multiple liquidity discount	1.23-1.85 (1.61) 26.93%-28.81% (28.02%)
Investment properties:				
Commercial properties	-	Market approach (listed companies comparison approach)	Unit price per square meters	4,712.46-10,965.98 (9,548)

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

X. FAIR VALUE (Continued)

(3) Reconciliation of fair value measurements categorized in Level 3 of the fair value hierarchy

Item (Amount for the period)	Opening balance	Transfer to Level 3	Transfer out of Level 3	Total gain or loss for the period				Purchase, issuance, sale and settlement	Closing balance	Movements in unrealized gains or losses for the period through profit or loss for assets held at the end of the reporting period
				Included in profit or loss	Recognized in other comprehensive income					
Receivables financing	69,252	-	-	-	-	-	-	-61,203	8,049	-
Investments in other equity instruments	147,832	-	-	-	6,383	-	-	-	154,215	-
Investment properties:	187,722	-	-	1,267	-	-	-	-	188,989	25,553
Leased land use rights	-	-	-	-	-	-	-	-	-	-
Leased buildings	187,722	-	-	1,267	-	-	-	-	188,989	25,553
Total	404,806	-	-	1,267	6,383	-	-	-61,203	351,253	25,553

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	-	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	-	25,553

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

X. FAIR VALUE (Continued)

(3) Reconciliation of fair value measurements categorized in Level 3 of the fair value hierarchy (Continued)

Continued:

Item (Amount for the last period)	Opening balance	Transfer to Level 3	Transfer out of Level 3	Total gain or loss for the period		Purchase, issuance, sale and settlement				Closing balance	Movements in unrealized gains or losses for the period through profit or loss for assets held at the end of the reporting period
				Included in profit or loss	Recognized in other comprehensive income	Purchase	Issuance	Sales	Settlement		
Receivables financing	43,078	-	-	-	-	26,174	-	-	-	69,252	-
Investments in other equity instruments	142,526	-	-	-	5,305	-	-	-	-	147,832	-
Other non-current financial assets	-	-	-	-	-	-	-	-	-	-	-
Investment properties:	186,805	-	-	917	-	-	-	-	-	187,722	24,287
Leased land use rights	-	-	-	-	-	-	-	-	-	-	-
Leased buildings	186,805	-	-	917	-	-	-	-	-	187,722	24,287
Total	372,409	-	-	917	5,305	26,174	-	-	-	404,806	24,287

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	-	917
Movements in unrealized gains or losses for the period through profit or loss for assets held	-	24,287

(4) Items and amounts not measured at fair value but for which fair value is disclosed

The financial assets and financial liabilities at amortized cost of the Company mainly include: cash, bill receivables, 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 holding company 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 changes in registered capital (paid-in capital) of the parent company during the reporting period are as follows:
Unit: RMB'0,000

Opening balance	Increase in the period	Decrease in the period	Closing balance (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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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
Taiyuan Xie'an Property Service Co., Ltd.	Associates
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	Associates
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	Associates
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	Associates
Shanxi Hangchan New Energy Co., Ltd.	Associates
Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司)	Associates
Shanxi Jiantou Cloud Data Technology Co., Ltd.	Associates
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	Associates
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	Associates
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Associates
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	Associates
Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	Associates

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company

Name of the Related Party	Relationship with the Company
上海榮大投資管理有限公司	A shareholder of the Company having the same ultimate holding parent 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 Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司)	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
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	Associates
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	Associates
Beijing Guangheng Real Estate Development Co., Ltd.	A company under common control of the parent company
Huayang Group (Yangquan) New Energy Sales Co., Ltd.	A company under common control of the parent company
Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the parent company
Jincheng Danhe Huasheng Real Estate Development Co., Ltd.	A company under common control of the parent company
Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under common control of the parent company
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under common control of the parent company
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the parent company
Shanxi Aobo Construction Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Beifang Copper Co., Ltd.	A company under common control of the parent company
Shanxi Datongyu Engineering Tools Leasing Co., Ltd.	A company under common control of the parent company
Shanxi Low-carbon Environmental Protection Industry Group Co., Ltd.	A company under common control of the parent company
Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Second Construction Group Co., Ltd. Comprehensive Reform Demonstration Zone Branch	A company under common control of the parent company
Shanxi Hangchan Technology Co., Ltd.	A company under common control of the parent company
Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the parent company
Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the parent company

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of the Related Party	Relationship with the Company
Shanxi Yellow River Water Treatment Ecological and Environmental Protection Holdings Co., Ltd.	A company under common control of the parent company
Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Jianda Ready Mixed Concrete Co., Ltd.	A company under common control of the parent company
Shanxi Jiangong Construction Engineering Testing Co., Ltd.	A company under common control of the parent company
Shanxi Construction Materials Trading Co., Ltd.	A company under common control of the parent company
Shanxi Jiankan Geotechnical Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the parent company
Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司)	A company under common control of the parent company
Shanxi Construction Investment Group Co., Ltd. East China Regional Headquarter	A company under common control of the parent company
Shanxi Construction Investment City Operation Group Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou International Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Changzhi Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Equipment Manufacturing Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Decoration Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jianye Material Leasing Co., Ltd.	A company under common control of the parent company
Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company
Shanxi Construction Engineering Group Co., Ltd. Fourth Engineering Company	A company under common control of the parent company
Shanxi Construction Engineering Group Co., Ltd. Design Institute	A company under common control of the parent company
Shanxi Construction Equipment Tools Leasing Co., Ltd.	A company under common control of the parent company
Shanxi Jinheng Construction Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under common control of the parent company
Shanxi Keyuan Construction Research and Testing Co., Ltd.	A company under common control of the parent company
Shanxi Sixth Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Lvjian Zhizao Decorative Aluminium Board Technology Co., Ltd.	A company under common control of the parent company
Shanxi Lvjian Housing Technology Co., Ltd.	A company under common control of the parent company
Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the parent company
Shanxi Third Construction Group Co., Ltd.	A company under common control of the parent company

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of the Related Party	Relationship with the Company
Shanxi Urban Renewal Construction Operation Management Co., Ltd.	A company under common control of the parent company
Shanxi Engineering Machinery Co., Ltd.	A company under common control of the parent company
Shanxi Engineering Machinery Co., Ltd. Xi'an Branch	A company under common control of the parent company
Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Architectural Research Institute Testing Centre Co., Ltd.	A company under common control of the parent company
Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Construction Decoration Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Construction Decoration Engineering Co., Ltd. First Branch	A company under common control of the parent company
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Investment Planning Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Sijian Group Company Limited*	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Material Supply Station	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Second Branch	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Eleventh Branch	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Fifth Branch	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Jindong Branch	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Design Division	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Fire Fighting Installation Branch	A company under common control of the parent company
Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under common control of the parent company
Shanxi Fifth Construction Group Co., Ltd. (山西五建集團有限公司)	A company under common control of the parent company
Shanxi Fifth Construction Group Co., Ltd. Municipal Engineering Company	A company under common control of the parent company
Shanxi Xiaohe International Conference Centre Co., Ltd.	A company under common control of the parent company
Shanxi Xiaohe International Convention and Exhibition Centre Co., Ltd.	A company under common control of the parent company
Shanxi Xiaohe Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Xiaohe New City Hotel Co., Ltd.	A company under common control of the parent company
Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the parent company
Shanxi Xu'an Real Estate Development Co., Ltd.	A company under common control of the parent company
Shanxi First Construction Group Ninth Engineering Company	A company under common control of the parent company

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of the Related Party	Relationship with the Company
Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the parent company
Shanxi Zhida Construction Engineering Inspection Co., Ltd.	A company under common control of the parent company
Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd.	A company under common control of the parent company
Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the parent company
Shanghai Jinjian Investment Construction Investment Co., Ltd.* (上海晉建建設投資有限公司)	A company under common control of the parent company
Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under common control of the parent company
Shenzhen Huakong Kaidi Investment Development Co., Ltd. Shanxi Branch	A company under common control of the parent company
Shenzhen Waranty Asset Management Co., Ltd.	A company under common control of the parent company
Tengye Steel Structure Co., Ltd.	A company under common control of the parent company
Tongfang Pharmaceutical Group Co., Ltd.	A company under common control of the parent company
Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the parent company
Yuncheng Central Heating Project Construction Command Unit	A company under common control of the parent company
Northern Copper Co., Ltd.	A company under common control of the de facto controller
Datong Coal Mining Group Beixinyao Coal Co., Ltd.	A company under common control of the de facto controller
Datong Coal Mining Group Building Materials Co., Ltd.	A company under common control of the de facto controller
Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller
Datong Coal Mining Group Tongsheng Shuerli Coal Co., Ltd.	A company under common control of the de facto controller
Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller
Henan Jinkai Chemical Industry Investment Holding Group Co., Ltd.	A company under common control of the de facto controller
Hongchuang Financial Leasing Co., Ltd.	A company under common control of the de facto controller
Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller
Huguan Coal Sales Thermal Power Co., Ltd.	A company under common control of the de facto controller
Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller
Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller
Jinkong Electric Power Tashan Power Generation Shanxi Co., Ltd.	A company under common control of the de facto controller
Jinkong Electric Power Zezhou New Energy Co., Ltd.	A company under common control of the de facto controller
Jinkong Jinshi Chemical Group Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Power Group Clean Energy Co., Ltd.	A company under common control of the de facto controller

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of the Related Party	Relationship with the Company
Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Group Shanxi Engineering Consultation Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Coal Industry Group Xuangang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Coal Industry Group Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Coal Industry Group Co., Ltd. Yungang Mine	A company under common control of the de facto controller
Jinneng Clean Energy Wind Power Co., Ltd.	A company under common control of the de facto controller
Jinneng China New Natural Gas Utilization Co., Ltd.	A company under common control of the de facto controller
Shanjiao Sales Rizhao Co., Ltd.	A company under common control of the de facto controller
Shanxi Anxin Construction Engineering Inspection Co., Ltd.	A company under common control of the de facto controller
Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller
Shanxi Dacheng Expressway Co., Ltd.	A company under common control of the de facto controller
Shanxi Gemeng Zhongmei Clean Energy R&D Centre Co., Ltd.	A company under common control of the de facto controller
Shanxi Guangyuyuan Traditional Chinese Medicine Co., Ltd.	A company under common control of the de facto controller
Shanxi International Energy Group Hongguang Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller
Shanxi Guokong Cultural and Creative Investment Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Guoxin Kelai Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller
Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Hepo Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller
Shanxi Hongsha Construction Engineering Co., Ltd.	A company under common control of the de facto controller
Shanxi Hongsheng Kejian Technology Co., Ltd.	A company under common control of the de facto controller
Shanxi Huashan Property Management Co., Ltd.	A company under common control of the de facto controller
Shanxi Huaxinjin Medicine Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Huaxin Biomass Energy Development Co., Ltd.	A company under common control of the de facto controller

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of the Related Party	Relationship with the Company
Shanxi Huaxin Zhonghaosheng Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Jiasheng Tendering Agency Co., Ltd.	A company under common control of the de facto controller
Shanxi Jiaokong Ecological Environment Co., Ltd.	A company under common control of the de facto controller
Shanxi Transportation Industrial Development Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Transportation Investment and Financing Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Coking Co., Ltd.	A company under common control of the de facto controller
Shanxi Coking Coal Group Tendering Co., Ltd.	A company under common control of the de facto controller
Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller
Shanxi Jindafeng Natural Gas Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Jinju Coal Electrification Co., Ltd.	A company under common control of the de facto controller
Shanxi Jinyang Equipment Co., Ltd.	A company under common control of the de facto controller
Shanxi Jindong Xuneng Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Jintou Basalt Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Jinxing Aolong Building Materials Co., Ltd.	A company under common control of the de facto controller
Shanxi Jingtai Trading Co., Ltd.	A company under common control of the de facto controller
Shanxi Linfen Thermal Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Liulin Electric Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller
Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd.	A company under common control of the de facto controller
Shanxi Lu'an Solar Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller
Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Import and Export Group Hequ Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Import and Export Group Zuoquan Hongyuan Coal Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Transportation and Sales Group Shouyang Hengyuan Coal Co., Ltd.	A company under common control of the de facto controller

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of the Related Party	Relationship with the Company
Shanxi Coal Sales Guodian Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Mingyuan Chemical Co., Ltd.	A company under common control of the de facto controller
Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Automobile Transport Group Yuncheng Automobile Transport Co., Ltd.	A company under common control of the de facto controller
Shanxi Ruiguang Thermal Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Urban and Rural Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller
Shanxi Expressway Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Coke Group Yilong Coking Co., Ltd.	A company under common control of the de facto controller
Shanxi Coke Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Gas Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller
Shanxi Water Conservancy and Hydropower Engineering Construction Supervision Co., Ltd.	A company under common control of the de facto controller
Shanxi Water Conservancy and Hydropower Survey and Design Institute Co., Ltd.	A company under common control of the de facto controller
Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller
Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Water Control Equipment Manufacturing Co., Ltd.	A company under common control of the de facto controller
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the de facto controller
Shanxi Taizhong Engineering Crane Co., Ltd.	A company under common control of the de facto controller
Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Tianshi Electricity Co., Ltd.	A company under common control of the de facto controller
Shanxi Wanjiashai Water Control Engineering Investment Co., Ltd.	A company under common control of the de facto controller
Shanxi Wanjiashai Water Control Network Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Wanjiashai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Xishan Huatong Cement Co., Ltd.	A company under common control of the de facto controller
Shanxi Xishan Jinxin Construction Co., Ltd.	A company under common control of the de facto controller
Shanxi Xishan Coal Gasification Co., Ltd.	A company under common control of the de facto controller

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of the Related Party	Relationship with the Company
Shanxi Xinchenglian Real Estate Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Xingxin Safety Production Technology Service Co., Ltd.	A company under common control of the de facto controller
Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller
Shanxi Xinghuacun Fenjiu Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Compressed Natural gas Group Jinzhong Co., Ltd.	A company under common control of the de facto controller
Shanxi Compressed Natural Gas Group Xinzhou Co., Ltd.	A company under common control of the de facto controller
Shanxi Yangmei Fengxi Quanjie Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Yangmei Group Nianguo Coal Industry Co., Ltd.	A company under common control of the de facto controller
Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller
Shanxi Yaoguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller
Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller
Shanghai Zhongtiaoshan Industrial Co., Ltd.	A company under common control of the de facto controller
Taihua Group Hongdong Huaxu Chemical Technology Co., Ltd.	A company under common control of the de facto controller
Taiyuan International Airport Co., Ltd.	A company under common control of the de facto controller
Taiyuan Engineering Tiancheng Electronic Information Technology Co., Ltd.	A company under common control of the de facto controller
Taiyuan Gas Installation Engineering Co., Ltd.	A company under common control of the de facto controller
Taiyuan Yi'anju Property Management Co., Ltd.	A company under common control of the de facto controller
Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller
Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller
Tianji Coal Chemical Group Co., Ltd.	A company under common control of the de facto controller
Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	A company under common control of the de facto controller
Xinjiang Guotai Xinhua Chemical Co., Ltd.	A company under common control of the de facto controller
New Vision Changzhi Lighting Electrical Co., Ltd.	A company under common control of the de facto controller
Yangmei Group Taiyuan Chemical New Materials Co., Ltd.	A company under common control of the de facto controller
Yangquan Coal Industry Group Yuxian Chemical Co., Ltd.	A company under common control of the de facto controller
Changzhi Huaxin Liquefied Natural Gas Co., Ltd.	A company under common control of the de facto controller

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Other Related Parties of the Company (Continued)

Name of the Related Party	Relationship with the Company
WANG Limin	Former Chairman, former secretary of the Communist Party Committee
Mr. REN Rui	Chairman, secretary of the Communist Party Committee
Mr. ZHANG Yan	Vice president, deputy secretary of the Communist Party Committee, chairman of the labor's union
DU Jiang	Secretary of the Discipline Inspection Commission, member of the Communist Party Committee
Mr. MU Jianwei	Non-executive Directors
Mr. FENG Cheng	Non-executive Directors
ZHANG Hongjie	Non-executive Directors
XU Guanshi	Non-executive Directors
Ms. SHIN Chuck Yin	Independent Non-executive Directors
GUO He	Independent Non-executive Directors
Professor WU Qiusheng	Independent Non-executive Directors
Mr. WANG Jingming	Independent Non-executive Directors
LIANG Bo	Chief engineer, member of the Communist Party Committee
Zhou Saimei	The chief accountant
ZHANG Xiaodong	The secretary to the Board
Niu Xiaoping	Former deputy general manager, member of the Communist Party Committee
Mr. Wang Jianjun	Deputy general manager, chief safety officer

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions

(1) Related party purchase and sales

1 Purchase of goods and receipt of services

Name of the Related Party	Related Parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	Associates	Payment for materials	5,649	9,242
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Associates	Labour fee, project funds, service fee	470,422	395,335
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	Associates	Payment for materials	-	132
Taiyuan Xie'an Property Service Co., Ltd.	Associates	Service fee	767	1,478
Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司)	Parent company	Subcontracting fee, material costs, labor services fee, service fee	6,630	18,284
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under common control of the parent company	Service fee	-	447
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the parent company	Payment for materials, payment for construction	8,265	20,525
Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the parent company	Service fee, payment for construction	230	50
Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the parent company	Service fee	36	66
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	Payment for materials	14,589	57,493
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	Payment for materials, payment for construction	1,178	60,480
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	Payment for materials	353,159	382,967
Shanxi Jiantou Decoration Industry Co., Ltd.	A company under common control of the parent company	Payment for materials	7,029	1,837
Shanxi Jinheng Construction Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company	Construction fees	-	299
Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under common control of the parent company	Payment for materials	-	35

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(1) Related party purchase and sales (Continued)

1 Purchase of goods and receipt of services (Continued)

Name of the Related Party	Related Parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Lvjian Zhizao Decorative Aluminium Board Technology Co., Ltd.	A company under common control of the parent company	Payment for materials	48	435
Shanxi Third Construction Group Co., Ltd.	A company under common control of the parent company	Construction fees	177	598
Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under common control of the parent company	Service fee	-	30
Shanxi Architectural Research Institute Testing Centre Co., Ltd.	A company under common control of the parent company	Payment for equipment, service fees	52	5
Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the parent company	Payment for materials, payment for construction	17	264
Shanxi Construction Decoration Engineering Co., Ltd.	A company under common control of the parent company	Payment for materials, payment for construction	425	6,919
Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the parent company	Payment for materials, payment for construction	1,013	3,452
Shanxi Sijian Group Company Limited*	A company under common control of the parent company	Construction fees	-	47
Shanxi Fifth Construction Group Co., Ltd. (山西五建集团有限公司)	A company under common control of the parent company	Construction fees	66,309	3,446
Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the parent company	Construction fees	9,300	859
Shanxi Zhida Construction Engineering Inspection Co., Ltd.	A company under common control of the parent company	Construction fees	-	10
Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under common control of the parent company	Payment for materials	-	16,778

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(1) Related party purchase and sales (Continued)

1 Purchase of goods and receipt of services (Continued)

Name of the Related Party	Related Parties	Description of related party transaction	Amount for the period	Amount for the previous period
Huayang Group (Yangquan) New Energy Sales Co., Ltd.	A company under common control of the de facto controller	Payment for materials	-	1,566
Jincheng Hongshengrun Landscape Plantation Co., Ltd.	A company under common control of the de facto controller	Payment for materials	-	1,767
Jinneng Holding Group Shanxi Engineering Consultation Co., Ltd.	A company under common control of the de facto controller	Service fee	63	61
Shanxi Anxin Construction Engineering Inspection Co., Ltd.	A company under common control of the de facto controller	Construction fees	-	590
Shanxi Beifang Copper Co., Ltd.	A company under common control of the de facto controller	Construction fees	-	244
Shanxi Gemeng Zhongmei Clean Energy R&D Centre Co., Ltd.	A company under common control of the de facto controller	Service fee	1	1
Shanxi Hangchan Technology Co., Ltd.	A company under common control of the de facto controller	Payment for materials	-	120
Shanxi Yellow River Water Treatment Ecological and Environmental Protection Holdings Co., Ltd.	A company under common control of the de facto controller	Construction fees	-	5,632
Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	Construction fees	-	382
Shanxi Coking Coal Group Tendering Co., Ltd.	A company under common control of the de facto controller	Service fees, labor service fees	226	326
Shanxi Jintou Basalt Development Co., Ltd.	A company under common control of the de facto controller	Payment for materials	432	248
Shanxi Jingtai Trading Co., Ltd.	A company under common control of the de facto controller	Payment for materials	-	1,279

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(1) Related party purchase and sales (Continued)

1 Purchase of goods and receipt of services (Continued)

Name of the Related Party	Related Parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Liulin Electric Power Co., Ltd.	A company under common control of the de facto controller	Payment for materials	13,943	38,767
Shanxi Urban and Rural Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller	Construction costs, service fees	472	180
Shanxi Wanjiashai Water Control Network Development Co., Ltd.	A company under common control of the de facto controller	Payment for materials	121	65
Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller	Payment for materials	135,304	124,899
Shanghai Zhongtiaoshan Industrial Co., Ltd.	A company under common control of the de facto controller	Payment for materials	-	1,693
Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	Construction fees	-	72
Shanxi Steel Structure Technology Industry Co., Ltd.	A company under common control of the parent company	Payment for materials, payment for construction	38,658	-
Shanxi International Energy Group Hongguang Power Generation Co., Ltd.	A company under common control of the de facto controller	Payment for materials	36,705	-
Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the parent company	Payment for materials	963	-
Shanxi Huakong Kaidi Material Recycling Technology Co., Ltd.	A company under common control of the parent company	Payment for materials	13,939	-
Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司)	associates	Payment for materials	1,385	-
Shanxi Yangmei Chemical Machinery (Group) Co., Ltd.	A company under common control of the de facto controller	Payment for materials	1,100	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(1) Related party purchase and sales (Continued)

1 Purchase of goods and receipt of services (Continued)

Name of the Related Party	Related Parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Dongshan Water Affairs Group Co., Ltd.	A company under common control of the de facto controller	Service fee	84	-
Shanxi Shidai Construction Testing Co., Ltd.	A company under common control of the parent company	Service fee	38	-
Shanghai Jinjian Investment Construction Investment Co., Ltd.* (上海晉建建設投資有限公司)	A company under common control of the parent company	Service fee	1,000	-
Shanxi Low-carbon Environmental Protection Industry Group Co., Ltd.	A company under common control of the parent company	Construction fees	1,809	-
Shanxi Sixth Construction Group Co., Ltd.	A company under common control of the parent company	Construction fees	402	-
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company	Construction fees	60	-
Shanxi Investment Planning Research Institute Co., Ltd.	A company under common control of the parent company	Construction fees	20	-
Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under common control of the parent company	Payment for construction, payment of labor forces	15,791	-
Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company	Construction fees	30	-
Taiyuan International Airport Co., Ltd.	A company under common control of the de facto controller	Construction fees	70	-
Shanxi Mineral Construction Investment Group Co., Ltd.*	A company under common control of the parent company	Labor service fees	100	-

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 the Related Party	Related parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company	Revenue from construction engineering, non-construction income, and other business income	4,079	5,220
Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering, non-construction income	330	4,163
Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司)	Parent company	Revenue from construction engineering, non-construction income	532,211	161,113
Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering, non-construction income	-	3,401
Northern Copper Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	3,037	10,505
Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	1,464	526
Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	37,608	36,859
Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	3,296	24,070
Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the parent company	Revenue from construction engineering	1,636	-3,159
Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under common control of the parent company	Revenue from construction engineering	-	4,573
Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	33,586	58,862

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 the Related Party	Related parties	Description of related party transaction	Amount for the period	Amount for the previous period
Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	69,230	72,687
Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	14,337	10,785
Jinneng Holding Coal Industry Group Xuangang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	–	1,568
Jinneng Clean Energy Wind Power Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	31	11,575
Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	44,049	17,017
Shanxi Hepo Power Generation Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	11,406	7,741
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	Associates	Revenue from construction engineering	–	5,935
Shanxi Transportation Investment and Financing Group Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	3,335	1,414
Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering, non-construction income	2,551	10,464
Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	6,724	3,250
Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	28	2,368
Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	6,106	17,588

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 the Related Party	Related parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	698	4,284
Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	-	223
Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	-	4,012
Shanxi Coal Import and Export Group Hequ Energy Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	35,551	76,273
Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the parent company	Revenue from construction engineering	14,276	-8,138
Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	17,395	16,759
Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	972	1,128
Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering, non-construction income	10,924	7,627
Shanxi Tianshi Electricity Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	651	103
Shanxi Wanjiashai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	929	3,730
Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the parent company	Revenue from construction engineering	-	1,205
Shanxi Xinshenglian Real Estate Development Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	-	1,036

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 the Related Party	Related parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	-	311
Taiyuan Gasification Longquan Energy Development Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	-	1,166
Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	52	494
Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the parent company	Revenue from construction engineering	31	399
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	Associates	Revenue from construction engineering	1,465	1,459
Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	951	286
Shanxi Dacheng Expressway Co., Ltd.	A company under common control of the de facto controller	Non-construction income	-	75
Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	67	649
Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the parent company	Non-construction income	-	554
Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller	Non-construction income	2,061	828
Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	-	2,724
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	Non-construction income	877	894

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 the Related Party	Related parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	Non-construction income, other business income	1,200	867
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	Non-construction income	3,324	2,693
Shanxi Construction Engineering Group Co., Ltd. Design Institute	A company under common control of the parent company	Non-construction income	-	2,651
Shanxi Sixth Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	-	155
Shanxi Luqiao Municipal Engineering Co., Ltd.	A company under common control of the de facto controller	Non-construction income	-	257
Shanxi Lu'an Solar Power Co., Ltd.	A company under common control of the de facto controller	Non-construction income	143	66
Shanxi Ruiguang Thermal Power Co., Ltd.	A company under common control of the de facto controller	Non-construction income	-	2,124
Shanxi Construction Decoration Engineering Co., Ltd.	A company under common control of the parent company	Non-construction income	-	192
Shanxi Fifth Construction Group Co., Ltd. (山西五建集團有限公司)	A company under common control of the parent company	Revenue from construction engineering, non-construction income	203	15
Shanxi Fifth Construction Group Co., Ltd. Municipal Engineering Company	A company under common control of the parent company	Non-construction income	-	100
Shanxi Xiaohe Construction Industry Co., Ltd.	A company under common control of the parent company	Non-construction income	-	1,879
Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller	Heating technical services income	302,257	275,242

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 the Related Party	Related parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	Non-construction income	-	4,540
Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under common control of the parent company	Non-construction income	-	299
Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	Non-construction income	-	537
Xinjiang Guotai Xinhua Chemical Co., Ltd.	A company under common control of the de facto controller	Non-construction income	-	330
Datong Coal Mining Group Building Materials Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	5,130	-
Henan Jinkai Chemical Industry Investment Holding Group Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	29,442	-
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	Associates	Revenue from construction engineering, non-construction income	34,132	-
Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller	Other business income	137	-
Shanxi Low-carbon Environmental Protection Fushan Clean Energy Co., Ltd.	A company under common control of the parent company	Revenue from construction engineering, non-construction income	13,865	-
Shanxi Steel Structure Technology Industry Co., Ltd.	A company under common control of the parent company	Non-construction income	1,329	-
Shanxi Guangyuyuan Traditional Chinese Medicine Co., Ltd.	A company under common control of the de facto controller	Non-construction income	-40	-
Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	-462	-
Shanxi Hangchan New Energy Co., Ltd.	Associates	Revenue from construction engineering	68,930	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 the Related Party	Related parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Construction Investment City Operation Group Co., Ltd.	A company under common control of the parent company	Revenue from construction engineering	3,774	-
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	Associates	Non-construction income	183	-
Shanxi Jiantou Changzhi Construction Industry Co., Ltd.	A company under common control of the parent company	Non-construction income	501	-
Shanxi Jiantou Equipment Manufacturing Co., Ltd.	A company under common control of the parent company	Non-construction income	717	-
Shanxi Linfen Thermal Power Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	-859	-
Shanxi Lvjian Housing Technology Co., Ltd.	A company under common control of the parent company	Non-construction income	966	-
Shanxi Coal Machinery Equipment Manufacturing Co., Ltd.	A company under common control of the de facto controller	Non-construction income	38	-
Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the parent company	Non-construction income, other business income	94	-
Shanxi Water Control Industrial Co., Ltd.	A company under common control of the de facto controller	Non-construction income	998	-
Shanxi Sijian Group Company Limited*	A company under common control of the parent company	Revenue from construction engineering, non-construction income	248	38
Shanxi TZ Engineering Crane Co., Ltd.	A company under common control of the de facto controller	Non-construction income	85	-
Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	198	-
Shanxi Xishan Jinxin Construction Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	201	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 the Related Party	Related parties	Description of related party transaction	Amount for the period	Amount for the previous period
Shanxi Xiaohu New City Hotel Co., Ltd.	A company under common control of the parent company	Revenue from construction engineering	88	-
Shanxi Xinghuacun Fenjiu Group Co., Ltd.	A company under common control of the de facto controller	Non-construction income	8,755	-
Shanxi Compressed Natural Gas Group Xinzhou Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	823	-
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	associates	Non-construction income	1,862	-
Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the parent company	Revenue from construction engineering	1,518	-
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	associates	Revenue from construction engineering	37	-
Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	associates	Non-construction income	1,458	-
Shanxi Jinshan Magnetic Materials Co., Ltd.	A company under common control of the de facto controller	Non-construction income	28	-
Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the parent company	Non-construction income	28	-
Shanxi Guokong Cultural and Creative Investment Development Co., Ltd.	A company under common control of the de facto controller	Revenue from construction engineering	374	-
Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd	A company under common control of the de facto controller	Revenue from construction engineering	11,334	-
Changzhi Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	associates	Revenue from construction engineering, non-construction income	2,802	-

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(2) Related party leases

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	10,485	8,224
Shanxi Jiantou Cloud Data Technology Co., Ltd.	Buildings	-	574
Shanxi Fifth Construction Group Co., Ltd.	Buildings	-	35
Shanxi First Construction Group Co., Ltd.	Buildings	15	36
Shenzhen Warranty Asset Management Co., Ltd.	Buildings	334	276
Taiyuan Xie'an Property Service Co., Ltd.	Buildings	-	429
Shanxi Construction Engineering Group Co., Ltd.	Buildings	-	76
Shanxi Jiangong Construction Engineering Testing Co., Ltd.	Buildings	113	-
Shanxi Fourth Construction Group Co., Ltd.	Machinery	-	44
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Construction machinery	316	818
Shanxi Construction Investment Group Co., Ltd.	Transportation	-	53

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

2 The Company as a lessee

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the last period
Shanxi Jianye Materials Leasing Co., Ltd.	Buildings	-	195
Shanxi Construction Investment Group Co., Ltd.	Construction machinery	-	37
北京市晉塔建築機械設備租賃有限公司	Construction machinery	193	-
Shanxi Jiantou Supplies Trading Co., Ltd.	Construction machinery	-	359
Shanxi Construction Engineering Group Co., Ltd.	Construction machinery	108	-
Shanxi Keyuan Construction Research and Testing Co., Ltd. Construction machinery	-	-	32
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	Construction machinery	-	537
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	Construction machinery	-	152
Shanxi Construction Equipment Tools Leasing Co., Ltd.	Construction machinery	1,421	20
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Construction machinery	245	1,973

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(3) Related party guarantees

1 The Company as a guarantor

A guarantee	Guarantee amount	Guarantee commencement date	Guarantee due date	Whether the guarantee has been fulfilled
Xinjiang Shan'an Waterwork Management Co., Ltd.	335,150	June 27, 2019	June 23, 2037	No
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	310,928	June 20, 2019	June 17, 2039	No
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	283,003	May 31, 2019	February 15, 2039	No
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	223,500	October 18, 2019	January 20, 2039	No
Lilun Shan'an Bluesky Heating Co., Ltd.	226,750	September 24, 2019	September 23, 2047	No
Qinshui Shan'an Construction Development Co., Ltd	467,689	January 19, 2023	January 19, 2040	No
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	123,800	October 29, 2018	October 29, 2035	No
Shanxi Shan'an Yunneng Environmental Technology Co., Ltd.	112,236	November 8, 2023	November 8, 2029	No
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	91,000	May 31, 2021	May 30, 2032	No
Lingchuan Shan'an Construction Development Co., Ltd.	75,700	October 23, 2018	October 30, 2033	No
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	74,400	August 15, 2019	July 8, 2033	No
Linfen Shan'an Waterwork Development Co., Ltd.	52,037	October 28, 2021	October 27, 2036	No
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	21,940	August 24, 2024	June 24, 2034	No
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	5,137	May 11, 2023	May 9, 2033	No
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	1,551	February 1, 2019	January 31, 2035	No
Total	2,404,821			

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Related Party Transactions (Continued)

(4) Borrowings from and to related parties

Related Parties	Borrowing amount	Commencement date	Due date	Description
From:				
Jinjian International Finance Lease (Tianjin) Co., Ltd.	5,707	2025/4/22	2028/4/22	Long-term borrowings
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	141,088	2025/12/3	2026/12/4	Long-term borrowings
To:	-			
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	191,695	2024/4/26	2025/4/25	Long-term borrowings
Hongchuang Financial Leasing Co., Ltd.	25,437	2022/12/8	2026/12/8	Long-term borrowings
Jinjian International Finance Lease (Tianjin) Co., Ltd.	389	2025/3/6	2027/12/6	Long-term borrowings
Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	30,031	2023/10/24	2026/10/24	Long-term borrowings

(5) Remuneration of key management personnel

The Company had 23 key management personnel for the current period and 23 key management personnel for the previous period. The remuneration is shown in the table below:

Item	Amount for the period	Amount for the previous period
Remuneration for key management personnel	7,217	8,609

(6) Other related party transactions

Related Parties	Closing balance	Commencement date	Due date	Description
Shanxi Jiantou International Investment Co., Ltd.	222	2023/3/16	2025/9/15	Interest income
Jinjian International Finance Lease (Tianjin) Co., Ltd.	430	2025/3/6	2028/4/22	Interest expenses
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	7,455	2024/4/26	2026/12/3	Interest expenses
Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	2,185	2023/10/24	2026/10/24	Interest expenses
Hongchuang Financial Leasing Co.	2,302	2022/12/8	2026/12/8	Interest expenses

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties

(1) Receivables from related parties

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Trade receivables	Datong Coal Mining Group Beixinyao Coal Co., Ltd.	A company under common control of the de facto controller	2,633	342	2,633	218
Trade receivables	Datong Coal Mining Group Building Materials Co., Ltd.	A company under common control of the de facto controller	22,485	574	6,402	468
Trade receivables	Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller	47,688	657	10,782	142
Trade receivables	Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	4,302	59	17,952	249
Trade receivables	Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the parent company	29,602	2,012	38,598	1,621
Trade receivables	Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller	4,367	146	3,767	50
Trade receivables	Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller	30,057	414	24,079	317
Trade receivables	Jinneng Holding Coal Industry Group Co., Ltd.	A company under common control of the de facto controller	17,172	1,299	17,172	703
Trade receivables	Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the parent company	5,636	325	5,833	198
Trade receivables	Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller	4,923	68	5,438	72
Trade receivables	Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company	20,222	1,577	25,665	1,866
Trade receivables	Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	788	29	4,948	77
Trade receivables	Shanxi Guokong Cultural and Creative Investment Development Co., Ltd.	A company under common control of the de facto controller	16,402	4,484	15,224	2,644
Trade receivables	Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller	1,123	96	784	57
Trade receivables	Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	30,335	437	839	11
Trade receivables	Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the parent company	8,609	497	10,067	292
Trade receivables	Shanxi Construction Investment Group Co., Ltd.	Parent company	242,040	6,191	27,425	2,512
Trade receivables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	78,268	1,138	679	54

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Trade receivables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	10,278	708	9,843	409
Trade receivables	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	5,471	277	14,495	276
Trade receivables	Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company	5,142	257	4,493	119
Trade receivables	Shanxi Jiakong Ecological Environment Co., Ltd.	A company under common control of the de facto controller	441	16	1,399	19
Trade receivables	Shanxi Jinju Coal Electrification Co., Ltd.	A company under common control of the de facto controller	-	-	576	38
Trade receivables	Shanxi Jinyang Equipment Co., Ltd.	A company under common control of the de facto controller	743	79	1,343	158
Trade receivables	Shanxi Jinxing Aolong Building Materials Co., Ltd.	A company under common control of the de facto controller	12,236	654	12,236	308
Trade receivables	Shanxi Linfen Thermal Power Co., Ltd.	A company under common control of the de facto controller	-	-	859	859
Trade receivables	Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller	6,961	255	11,683	154
Trade receivables	Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd.	A company under common control of the de facto controller	19,341	815	5,140	375
Trade receivables	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	2,542	2,542	3,009	2,879
Trade receivables	Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	-	-	1,051	15
Trade receivables	Shanxi Coal Import and Export Group Zuoquan Hongyuan Coal Co., Ltd.	A company under common control of the de facto controller	2,183	2,183	2,183	2,183
Trade receivables	Shanxi Mingyuan Chemical Co., Ltd.	A company under common control of the de facto controller	72	72	72	72
Trade receivables	Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller	12,761	562	8,810	309
Trade receivables	Shanxi Third Construction Group Co., Ltd.	A company under common control of the parent company	1,033	146	1,585	168
Trade receivables	Shanxi Coke Group Co., Ltd.	A company under common control of the de facto controller	250	17	399	14

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Trade receivables	Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller	-	-	1,035	140
Trade receivables	Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller	-	-	87	5
Trade receivables	Shanxi Shutou Biyuan Water Treatment Co., Ltd.	A company under common control of the de facto controller	375	40	2,375	170
Trade receivables	Shanxi Sijian Group Co., Ltd.	A company under common control of the parent company	16,084	1,475	19,036	1,051
Trade receivables	Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	2,432	2,432	2,432	2,017
Trade receivables	Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company	1,401	46	2,700	87
Trade receivables	Shanxi Xishan Huatong Cement Co., Ltd.	A company under common control of the de facto controller	589	589	589	589
Trade receivables	Shanxi Xishan Coal Gasification Co., Ltd.	A company under common control of the de facto controller	5,170	1,416	5,170	1,148
Trade receivables	Shanxi Xiaohe International Conference Centre Co., Ltd.	A company under common control of the parent company	-	-	28	4
Trade receivables	Shanxi Xiaohe International Convention and Exhibition Centre Co., Ltd.	A company under common control of the parent company	-	-	57	8
Trade receivables	Shanxi Xiaohe Construction Industry Co., Ltd.	A company under common control of the parent company	-	-	2,090	28
Trade receivables	Shanxi Xiaohe New City Hotel Co., Ltd.	A company under common control of the parent company	2,227	151	2,427	87
Trade receivables	Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller	250,801	3,457	222,512	2,932
Trade receivables	Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	3,134	378	3,134	229
Trade receivables	Shanxi Compressed Natural Gas Group Xinzhou Co., Ltd.	A company under common control of the de facto controller	611	8	152	5
Trade receivables	Shanxi Yangmei Group Niangou Coal Industry Co., Ltd.	A company under common control of the de facto controller	11,821	1,425	11,821	863
Trade receivables	Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller	-	-	341	4
Trade receivables	Shanxi Yaoguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	547	37	647	23
Trade receivables	Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company	7,313	433	9,347	395

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Trade receivables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	8,741	597	10,158	510
Trade receivables	Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller	-	-	66	1
Trade receivables	Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaoke Construction Industry Co., Ltd.	An associate	39,524	4,000	41,401	2,327
Trade receivables	Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the de facto controller	-	-	13,258	341
Trade receivables	Taihua Group Hongdong Huaxu Chemical Technology Co., Ltd.	A company under common control of the de facto controller	4,515	670	4,715	371
Trade receivables	Taiyuan Yi'anju Property Management Co., Ltd.	A company under common control of the de facto controller	-	-	161	12
Trade receivables	Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	1,756	212	1,756	128
Trade receivables	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	10,831	734	10,831	379
Trade receivables	Tianji Coal Chemical Group Co., Ltd.	A company under common control of the de facto controller	10	1	102	4
Trade receivables	Yangmei Group Taiyuan Chemical New Materials Co., Ltd.	A company under common control of the de facto controller	1,233	84	1,233	43
Trade receivables	Shanjiao Sales Rizhao Co., Ltd.	A company under common control of the de facto controller	-	-	1,254	44
Trade receivables	Yangquan Coal Industry Group Yuxian Chemical Co., Ltd.	A company under common control of the de facto controller	3,383	3,383	3,383	3,383
Trade receivables	Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the parent company	10,782	443	12,408	205
Trade receivables	Changzhi Huaxin Liquefied Natural Gas Co., Ltd.	A company under common control of the de facto controller	-	-	60	2
Trade receivables	Beijing Guangheng Real Estate Development Co., Ltd.	A company under common control of the parent company	1,926	1,926	1,926	1,926
Trade receivables	Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the parent company	361	13	567	7
Trade receivables	Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller	5,442	226	4,712	149

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Trade receivables	Shanxi Huaxin Biomass Energy Development Co., Ltd.	A company under common control of the de facto controller	-	-	26	2
Trade receivables	Shanxi Construction Investment City Operation Group Co., Ltd.	A company under common control of the parent company	-	-	81	1
Trade receivables	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	-	-	2,157	28
Trade receivables	Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller	253	3	583	8
Trade receivables	Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate	3,979	96	1,826	24
Trade receivables	Jinneng Clean Energy Wind Power Co., Ltd.	A company under common control of the de facto controller	1,774	24	313	4
Trade receivables	Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller	288	10	260	3
Trade receivables	Shanxi Construction Decoration Engineering Co., Ltd.	A company under common control of the parent company	-	-	198	3
Trade receivables	Shanxi Water Control Equipment Manufacturing (Group) Co., Ltd.	A company under common control of the de facto controller	50	6	50	7
Trade receivables	Shanxi Fifth Construction Group Co., Ltd. Municipal Engineering Company	A company under common control of the parent company	-	-	103	1
Trade receivables	Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the parent company	-	-	778	10
Trade receivables	Shanxi Xinghuacun Fenjiu Group Co., Ltd.	A company under common control of the de facto controller	-	-	3,253	43
Trade receivables	Shanxi Aobo Construction Engineering Co., Ltd.	A company under common control of the parent company	125	5	543	19
Trade receivables	Henan Jinkai Chemical Industry Investment Holding Group Co., Ltd.	A company under common control of the de facto controller	1,874	26	-	-
Trade receivables	Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	26,446	365	-	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Trade receivables	Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	2,060	28	-	-
Trade receivables	Shanxi Steel Structure Technology Industry Co., Ltd.	A company under common control of the parent company	2,082	53	-	-
Trade receivables	Shanxi Hangchan New Energy Co., Ltd.	An associate	55,957	771	-	-
Trade receivables	Shanxi Jiantou Linfen Construction Industry Co., Ltd.	An associate	206	3	-	-
Trade receivables	Shanxi Jiantou Changzhi Construction Industry Co., Ltd.	A company under common control of the parent company	217	3	-	-
Trade receivables	Shanxi Jiantou Equipment Manufacturing Co., Ltd.	A company under common control of the parent company	452	6	-	-
Trade receivables	Shanxi Lu'an Solar Power Co., Ltd.	A company under common control of the de facto controller	46	1	-	-
Trade receivables	Shanxi Lvjian Housing Technology Co., Ltd.	A company under common control of the parent company	374	5	-	-
Trade receivables	Shanxi Coal Import and Export Group Hequ Energy Co., Ltd.	A company under common control of the de facto controller	8,738	120	-	-
Trade receivables	Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the parent company	5,503	105	-	-
Trade receivables	Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller	941	13	-	-
Trade receivables	Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the parent company	18	-	-	-
Trade receivables	Shanxi Water Control Industrial Co., Ltd.	A company under common control of the de facto controller	1,128	16	-	-
Trade receivables	Shanxi Wanjiashai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller	336	5	-	-
Trade receivables	Shanxi Xishan Jinxin Construction Co., Ltd.	A company under common control of the de facto controller	218	3	-	-
Trade receivables	Shenzhen Warranty Asset Management Co., Ltd.	A company under common control of the parent company	133	2	-	-
Trade receivables	Tongmei Guangfa Chemical Industry Co., Ltd.	A company under common control of the de facto controller	1,994	27	-	-
Trade receivables	Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	56	1	-	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Trade receivables	Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller	1,394	51	-	-
Other receivables	Jinkong Jinshi Chemical Group Co., Ltd.	A company under common control of the de facto controller	1,699	1,699	1,699	1,699
Other receivables	Shanxi Huashan Property Management Co., Ltd.	A company under common control of the de facto controller	113	113	113	113
Other receivables	Shanxi Construction Investment Group Co., Ltd.	Parent company	538,333	21,174	517,342	14,363
Other receivables	Shanxi Coal Sales Guodian Energy Co., Ltd.	A company under common control of the de facto controller	54	-	74	1
Other receivables	Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	-	-	1,193	21
Other receivables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	5,018	336	4,436	173
Other receivables	Hongchuang Financial Leasing Co., Ltd.	A company under common control of the de facto controller	3,000	140	3,000	104
Other receivables	Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	1	-	51	-
Other receivables	Shanxi Gemeng Zhongmei Clean Energy R&D Centre Co., Ltd.	A company under common control of the de facto controller	-	-	100	1
Other receivables	Shanxi Xishan Coal Gasification Co., Ltd.	A company under common control of the de facto controller	10	10	10	10
Other receivables	Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	80	80	80	80
Other receivables	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	-	-	5	-
Other receivables	Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller	-	-	5	-
Other receivables	Shanxi Jiasheng Tendering Agency Co., Ltd.	A company under common control of the de facto controller	-	-	50	-
Other receivables	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	-	-	10	-
Other receivables	Shanxi Coking Coal Group Tendering Co., Ltd.	A company under common control of the de facto controller	-	-	250	2
Other receivables	Jinzhong New Natural Gas Utilization Co., Ltd.	A company under common control of the de facto controller	1,193	11	-	-
Other receivables	Shanxi Fenhe Irrigation Management Co., Ltd.	A company under common control of the de facto controller	100	1	-	-
Other receivables	Shanxi Jiantou International Investment Co., Ltd.	An associate	5,440	139	-	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Contract assets	Datong Coal Mining Group Building Materials Co., Ltd.	A company under common control of the de facto controller	-	-	9,318	123
Contract assets	Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller	8,461	368	17,913	236
Contract assets	Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	6,774	189	7,916	104
Contract assets	Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the parent company	47,668	1,254	46,032	606
Contract assets	Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller	44,668	1,029	37,705	497
Contract assets	Jinkong Electric Power Zezhou New Energy Co., Ltd.	A company under common control of the de facto controller	362	8	362	5
Contract assets	Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller	26,724	316	2,624	35
Contract assets	Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	18,200	195	70,833	933
Contract assets	Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller	27,358	745	27,848	367
Contract assets	Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company	2,844	60	2,844	37
Contract assets	Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	294	9	427	6
Contract assets	Shanxi Guokong Cultural and Creative Investment Development Co., Ltd.	A company under common control of the de facto controller	-	-	38	-
Contract assets	Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	1,397	15	24	-
Contract assets	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	Associates	-	-	3,447	45
Contract assets	Shanxi Construction Investment Group Co., Ltd.	Parent company	313,043	5,464	175,472	2,312
Contract assets	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	58,580	824	60,994	804
Contract assets	Shanxi Jiantou South East Construction Industry Co., Ltd.	A company under common control of the parent company	592	12	282	4
Contract assets	Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company	7,683	153	7,659	101

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Contract assets	Shanxi Jiaokong Ecological Environment Co., Ltd.	A company under common control of the de facto controller	618	29	618	8
Contract assets	Shanxi Transportation Investment and Financing Group Co., Ltd.	A company under common control of the de facto controller	128	1	54	1
Contract assets	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	2,309	29	3,254	43
Contract assets	Shanxi Jindong Xuneng Natural Gas Co., Ltd.	A company under common control of the de facto controller	1	-	1	-
Contract assets	Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller	123	3	123	2
Contract assets	Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller	1,027	22	3,623	48
Contract assets	Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd.	A company under common control of the de facto controller	13,306	281	15,019	198
Contract assets	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	-	-	347	5
Contract assets	Shanxi Coal Import and Export Group Zuoquan Hongyuan Coal Co., Ltd.	A company under common control of the de facto controller	938	44	938	12
Contract assets	Shanxi Coal Transportation and Sales Group Shouyang Hengyuan Coal Co., Ltd.	A company under common control of the de facto controller	294	11	294	4
Contract assets	Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the parent company	9,748	908	9,748	128
Contract assets	Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller	389	14	2,903	38
Contract assets	Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller	-	-	627	8
Contract assets	Shanxi Ruiguang Thermal Power Co., Ltd.	A company under common control of the de facto controller	173	4	173	2
Contract assets	Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller	481	13	575	8
Contract assets	Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the de facto controller	4,121	87	4,080	54
Contract assets	Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company	63	8	279	4

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Contract assets	Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	10,138	212	9,940	131
Contract assets	Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company	3,163	67	3,163	42
Contract assets	Shanxi Xishan Huatong Cement Co., Ltd.	A company under common control of the de facto controller	1,461	28	1,461	19
Contract assets	Shanxi Xiaohe New City Hotel Co., Ltd.	A company under common control of the parent company	2,882	103	2,794	37
Contract assets	Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the parent company	-	-	395	5
Contract assets	Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller	-	-	169	2
Contract assets	Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	Associates	20,200	766	19,482	257
Contract assets	Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the de facto controller	-	-	89,273	1,176
Contract assets	Taiyuan Yi'anju Property Management Co., Ltd.	A company under common control of the de facto controller	12	-	79	1
Contract assets	Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	Associates	-	-	517	7
Contract assets	Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller	514	18	1,428	19
Contract assets	Shanxi Guangyuyuan Traditional Chinese Medicine Co., Ltd.	A company under common control of the de facto controller	-	-	85	1
Contract assets	Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller	582	10	1,131	15
Contract assets	Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	-	-	96	1
Contract assets	Shanxi Coal Import and Export Group Hequ Energy Co., Ltd.	A company under common control of the de facto controller	5,111	71	19,752	260
Contract assets	Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller	-	-	1,110	15
Contract assets	Shanxi Wanjiazhai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller	399	6	144	2

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Contract assets	Shanxi Xiaoke Construction Industry Co., Ltd.	A company under common control of the de facto controller	-	-	22	-
Contract assets	Xinjiang Guotai Xinhua Chemical Co., Ltd.	A company under common control of the de facto controller	330	7	330	4
Contract assets	Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller	-	-	14	-
Contract assets	Jinneng Holding Power Group Clean Energy Co., Ltd.	A company under common control of the de facto controller	-	-	38,347	505
Contract assets	Jinneng Clean Energy Wind Power Co., Ltd.	A company under common control of the de facto controller	512	9	2,978	39
Contract assets	Shanxi Sixth Construction Group Co., Ltd.	A company under common control of the parent company	-	-	15	-
Contract assets	Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller	546	6	1,611	21
Contract assets	Shanxi Coke Group Yilong Coking Co., Ltd.	A company under common control of the de facto controller	-	-	1,927	25
Contract assets	Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	1,928	21	349	5
Contract assets	Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd.	A company under common control of the de facto controller	-	-	47	1
Contract assets	Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	-	-	16	-
Contract assets	Henan Jinkai Chemical Industry Investment Holding Group Co., Ltd.	A company under common control of the de facto controller	26,145	280	-	-
Contract assets	Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	Associates	481	5	-	-
Contract assets	Shanxi Low-carbon Environmental Protection Fushan Clean Energy Co., Ltd.* (山西低碳環保浮山清潔能源有限公司)	A company under common control of the parent company	3,349	36	-	-
Contract assets	Shanxi Hangchan New Energy Co., Ltd.	Associates	7,497	80	-	-
Contract assets	Shanxi Jinshan Magnetic Materials Co., Ltd.* (山西金山磁材有限公司)	A company under common control of the de facto controller	28	-	-	-
Contract assets	Shanxi Lu'an Solar Power Co., Ltd.	A company under common control of the de facto controller	57	1	-	-
Contract assets	Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the parent company	1,518	16	-	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(1) Receivables from related parties (Continued)

Project name	Name of the Related Party	Related parties	Closing balance		Balance at the end of last year	
			carrying amount	bad debt provision	carrying amount	bad debt provision
Contract assets	Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	Associates	462	5	-	-
Contract assets	Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the parent company	31	-	-	-
Prepayments	Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the parent company	255	-	-	-
Prepayments	Shanxi Xingxin Safety Production Technology Service Co., Ltd.	A company under common control of the de facto controller	20	-	-	-
Prepayments	Shanxi Huakong Kaidi Material Recycling Technology Co., Ltd.* (山西華控凱迪物資循環科技有限公司)	A company under common control of the parent company	3	-	-	-
Prepayments	Shanxi Construction Investment Group Co., Ltd.	Parent company	530	-	531	-
Prepayments	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	440	-	187	-
Prepayments	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	-	-	1,306	-
Prepayments	Shanxi Expressway Group Co., Ltd.	A company under common control of the de facto controller	-	-	2	-
Prepayments	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Associates	-	-	49,306	-
Prepayments	Shanxi Coking Coal Group Tendering Co., Ltd.	A company under common control of the de facto controller	-	-	226	-
Prepayments	Shanxi Jinxing Aolong Building Materials Co., Ltd.	A company under common control of the de facto controller	-	-	-	-
Prepayments	Jinneng Holding Group Shanxi Engineering Consultation Co., Ltd.	A company under common control of the de facto controller	225	-	63	-
Prepayments	Taiyuan International Airport Co., Ltd.	A company under common control of the de facto controller	-	-	10	-
Prepayments	Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the parent company	32	-	-	-
Prepayments	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	253	-	-	-
Prepayments	Shanxi Construction Equipment Tools Leasing Co., Ltd.	A company under common control of the parent company	32	-	-	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Payables to related parties

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Trade payables	Coal Industry Taiyuan Design and Research Institute Group Co., Ltd	A company under control of the same parent company	4,583	5,941
Trade payables	Shanxi Anxin Construction Engineering Inspection Co., Ltd.	A company under common control of the de facto controller	546	855
Trade payables	Shanxi Hongsheng Kejian Technology Co., Ltd.	A company under common control of the de facto controller	1,991	1,991
Trade payables	Shanxi Jianda Ready Mixed Concrete Co., Ltd.	A company under control of the same parent company	175	175
Trade payables	Shanxi Jiangong Construction Engineering Testing Co., Ltd.	A company under control of the same parent company	36	36
Trade payables	Shanxi Construction Materials Trading Co., Ltd.	A company under control of the same parent company	-	9,992
Trade payables	Shanxi Jiankan Geotechnical Engineering Co., Ltd.	A company under control of the same parent company	1,402	1,502
Trade payables	Shanxi Construction Investment Group Co., Ltd.	Parent company	19,596	19,321
Trade payables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	34,829	40,039
Trade payables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	53,596	77,077
Trade payables	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under control of the same parent company	410,489	397,483
Trade payables	Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	-	300
Trade payables	Shanxi Jiantou Decoration Industry Co., Ltd.	A company under control of the same parent company	2,777	4,998
Trade payables	Shanxi Jianye Material Leasing Co., Ltd.	A company under control of the same parent company	173	173
Trade payables	Shanxi Construction Engineering Group Co., Ltd.	A company under control of the same parent company	544	449
Trade payables	Shanxi Jingtai Trading Co., Ltd.	A company under common control of the de facto controller	506	506
Trade payables	Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under control of the same parent company	190	2,460
Trade payables	Shanxi Keyuan Construction Research and Testing Co., Ltd.	A company under control of the same parent company	32	32
Trade payables	Shanxi Liulin Electric Power Co., Ltd.	A company under common control of the de facto controller	12,883	24,018
Trade payables	Shanxi Lvjian Housing Technology Co., Ltd.	A company under control of the same parent company	-	84
Trade payables	Shanxi Automobile Transport Group Yuncheng Automobile Transport Co., Ltd	A company under common control of the de facto controller	33	33

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Payables to related parties (Continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Trade payables	Shanxi Third Construction Group Co., Ltd.	A company under control of the same parent company	-	2,522
Trade payables	Shanxi Urban and Rural Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller	326	717
Trade payables	Shanxi Engineering Machinery Co., Ltd.	A company under control of the same parent company	-	1,256
Trade payables	Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under control of the same parent company	1,112	2,216
Trade payables	Shanxi Urban and Rural Planning and Design Institute Co., Ltd.	A company under control of the same parent company	2,061	2,108
Trade payables	Shanxi Gas Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller	26	26
Trade payables	Shanxi Water Conservancy and Hydropower Engineering Construction Supervision Co., Ltd.	A company under common control of the de facto controller	157	157
Trade payables	Shanxi Water Conservancy and Hydropower Survey and Design Institute Co., Ltd.	A company under common control of the de facto controller	359	359
Trade payables	Shanxi Fourth Construction Group Co., Ltd.	A company under control of the same parent company	775	1,315
Trade payables	Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under control of the same parent company	19,746	332
Trade payables	Shanxi Wanjiazhai Water Control Engineering Investment Co., Ltd.	A company under common control of the de facto controller	163	163
Trade payables	Shanxi Fifth Construction Group Co., Ltd.	A company under control of the same parent company	44,774	19,621
Trade payables	Shanxi Xingxin Safety Production Technology Service Co., Ltd.	A company under common control of the de facto controller	32	52
Trade payables	Shanxi First Construction Group Co., Ltd.	A company under control of the same parent company	83	53
Trade payables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	281,795	287,165
Trade payables	Shanxi Park Construction and Development Group Co., Ltd.	A company under control of the same parent company	1,557	1,640
Trade payables	Shanxi Zhida Construction Engineering Inspection Co., Ltd.	A company under control of the same parent company	-	69
Trade payables	Shanghai Zhongtiaoshan Industrial Co., Ltd.	A company under common control of the de facto controller	-	285
Trade payables	Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under control of the same parent company	-	974
Trade payables	Taiyuan Engineering Tiancheng Electronic Information Technology Co., Ltd.	A company under common control of the de facto controller	-	778
Trade payables	Taiyuan Gas Installation Engineering Co., Ltd.	A company under common control of the de facto controller	1,602	1,602
Trade payables	Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	235	235

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Payables to related parties (Continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Trade payables	Taiyuan Xie'an Property Service Co., Ltd.	An associate	1,842	1,533
Trade payables	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	272	272
Trade payables	Tengye Steel Structure Co., Ltd.	A company under control of the same parent company	213	213
Trade payables	Shanxi Datongyu Engineering Tools Leasing Co., Ltd.	A company under control of the same parent company	38	130
Trade payables	Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under control of the same parent company	30	30
Trade payables	Shanxi Transformation and Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	An associate	-	71
Trade payables	Shanxi Lvjian Zhizao Decorative Aluminium Board Technology Co., Ltd.	A company under control of the same parent company	483	435
Trade payables	Shanxi Urban Renewal Construction Operation Management Co., Ltd.	A company under control of the same parent company	224	224
Trade payables	Shanxi Construction Decoration Engineering Co., Ltd.	A company under control of the same parent company	3,422	6,784
Trade payables	Shanxi Fourth Construction Group Co., Ltd. Material Supply Station	A company under control of the same parent company	-	15
Trade payables	Shanxi Jiantou Linfen Construction Industry Co., Ltd.	An associate	5,149	4,242
Trade payables	Huayang Group (Yangquan) New Energy Sales Co., Ltd.	A company under control of the same parent company	656	656
Trade payables	Shanxi Beifang Copper Co., Ltd.	A company under common control of the parent company	-	44
Trade payables	Shanxi Hangchan Technology Co., Ltd.	A company under common control of the parent company	240	240
Trade payables	Shanxi Yellow River Water Treatment Ecological and Environmental Protection Holdings Co., Ltd.	A company under common control of the parent company	2,831	2,598
Trade payables	Shanxi Jintou Basalt Development Co., Ltd.	A company under common control of the parent company	41	12
Trade payables	Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the parent company	17	17
Trade payables	Shanxi Wanjiashai Water Control Network Development Co., Ltd.	A company under common control of the parent company	76	65
Trade payables	Beijing Jinta Construction Machinery Equipment Leasing Co., Ltd.	A company under common control of the parent company	187	-
Trade payables	Jinneng Holding Coal Industry Group Hongyuan Engineering Construction Co., Ltd.	A company under common control of the de facto controller	1,994	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Payables to related parties (Continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Trade payables	Shanxi Low-carbon Environmental Protection Industry Group Co., Ltd.	A company under common control of the parent company	2,849	-
Trade payables	Shanxi Steel Structure Technology Industry Co., Ltd.	A company under common control of the parent company	19,751	-
Trade payables	Shanxi International Energy Group Hongguang Power Generation Co., Ltd.	A company under common control of the de facto controller	20,620	-
Trade payables	Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the parent company	773	-
Trade payables	Shanxi Huakong Kaidi Material Recycling Technology Co., Ltd.	A company under common control of the parent company	2,071	-
Trade payables	Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the parent company	82	-
Trade payables	Shanxi Construction Equipment Tools Leasing Co., Ltd.	A company under common control of the parent company	1,321	-
Trade payables	Shanxi Architectural Research Institute Group Zhida Construction Co., Ltd.	A company under common control of the parent company	44	-
Trade payables	Shanxi Yangmei Chemical Machinery (Group) Co., Ltd.	A company under common control of the de facto controller	3,928	-
Trade payables	Shanghai Jinjian Investment Construction Investment Co., Ltd.	A company under common control of the parent company	900	-
Trade payables	Taiyuan International Airport Co., Ltd.	A company under common control of the de facto controller	13	-
Trade payables	Shanjin International Trade (Hainan) Co., Ltd.	A company under common control of the parent company	8,108	-
Other payables	Huguan Coal Sales Thermal Power Co., Ltd.	A company under common control of the de facto controller	13	13
Other payables	Shanxi Hongsha Construction Engineering Co., Ltd.	A company under common control of the de facto controller	15	15
Other payables	Shanxi Construction Investment Group Co., Ltd.	Parent company	125,956	150,195
Other payables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	19,224	2,500
Other payables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	-	159
Other payables	Shanxi Jindafeng Natural Gas Development Co., Ltd.	A company under common control of the de facto controller	4	4
Other payables	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	605	363
Other payables	Shanxi Yangmei Fengxi Quanjia Energy Co., Ltd.	A company under common control of the de facto controller	9	9
Other payables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	1,381	2,953
Other payables	Taiyuan Xie'an Property Service Co., Ltd.	An associate	10,206	10,851

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Payables to related parties (Continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Other payables	Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller	-	83
Other payables	Shanxi Construction Investment International Investment Co., Ltd.	An associate	2,200	2,200
Other payables	Datong Coal Mining Group Tongsheng Shuerli Coal Co., Ltd.	A company under common control of the de facto controller	4	-
Other payables	Shanxi Transportation Holdings Group Co., Ltd.	A company under common control of the de facto controller	1	-
Other payables	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	18	-
Contract liabilities	Henan Jinkai Chemical Industry Investment Holding Group Co., Ltd.	A company under common control of the de facto controller	36,941	-
Contract liabilities	Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	An associate	12,055	-
Contract liabilities	Shanjiao Sales Rizhao Co., Ltd.	A company under common control of the de facto controller	266	-
Contract liabilities	Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company	142	-
Contract liabilities	Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	3	-
Contract liabilities	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	1,012	-
Contract liabilities	Shanxi Jinju Coal Electrification Co., Ltd.	A company under common control of the de facto controller	53	-
Contract liabilities	Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller	1	-
Contract liabilities	Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company	977	-
Contract liabilities	Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the parent company	92	-
Contract liabilities	Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller	34	332
Contract liabilities	Jinneng Holding Coal Industry Group Xuangang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	267	267
Contract liabilities	Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the parent company	10	10
Contract liabilities	Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the parent company	402	402
Contract liabilities	Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller	1,033	67
Contract liabilities	Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	231	450
Contract liabilities	Shanxi Hepo Power Generation Co., Ltd.	A company under common control of the de facto controller	4,518	2,513
Contract liabilities	Shanxi Huaxinjin Medicine Group Co., Ltd.	A company under common control of the de facto controller	40	60

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Payables to related parties (Continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Contract liabilities	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	89	463
Contract liabilities	Shanxi Construction Investment Group Co., Ltd.	Parent company	12,734	139,100
Contract liabilities	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	-	643
Contract liabilities	Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller	1,849	34
Contract liabilities	Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller	1,500	1,500
Contract liabilities	Shanxi Compressed Natural gas Group Jinzhong Co., Ltd.	A company under common control of the de facto controller	433	433
Contract liabilities	Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the de facto controller	-	230
Contract liabilities	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	4,419	4,762
Contract liabilities	Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the parent company	-	2,996
Contract liabilities	Shenzhen Warranty Asset Management Co., Ltd.	A company under common control of the parent company	-	190
Contract liabilities	Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	101	101
Contract liabilities	Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller	-	294
Contract liabilities	Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	-	3,584
Contract liabilities	Shanxi Guangyuyuan Traditional Chinese Medicine Co., Ltd.	A company under common control of the de facto controller	-	28
Contract liabilities	Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller	1,890	2,523
Contract liabilities	Shanxi Tianshi Electricity Co., Ltd.	A company under common control of the de facto controller	213	83
Contract liabilities	Shanxi Wanjiashai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller	-	338
Contract liabilities	Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	-	3,253
Contract liabilities	Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	153	207
Contract liabilities	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	444	-
Contract liabilities	Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company	460	-
Short-term borrowings	Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under common control of the parent company	259,677	310,285
Long-term borrowings	Hongchuang Financial Leasing Co., Ltd.	A company under common control of the de facto controller	33,772	58,984

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Receivables from and Payables to Related Parties (Continued)

(2) Payables to related parties (Continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Long-term borrowings	Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under common control of the parent company	15,046	21,728
Long-term borrowings	Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	A company under common control of the de facto controller	31,611	61,390

As of December 31, 2025, other receivables of Shanxi Installation – balance of SCIG Group (including subsidiaries of Shanxi CIG) was RMB543,773 thousand, while other payables – balance of SCIG Group (including subsidiaries of Shanxi CIG) was RMB157,586 thousand.

7. Commitments of Related Parties

Commitment of Shanxi CIG

For the year ended December 31, 2025, 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 amounts and any resulting fines or penalties according to the amount approved by the competent authorities, 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.

XII. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

Capital commitments

Capital commitments contracted for but not yet recognised in the financial statements	Closing balance	Balance at the end of last year
Commitments in relation to acquisition and construction of long-term assets	494,168	6,613
Commitments in relation to external investment	1,768,134	1,255,188

As at December 31, 2025, the Company has no other commitments that should be disclosed.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XII. COMMITMENTS AND CONTINGENCIES (Continued)

2. Contingencies

1 As at December 31, 2025, the Company provided guarantee for the following corporate loans:

Name of the guaranteed entity	Guarantee	Amount	Guarantee commencement date	Guarantee due date	Remark
i. Subsidiaries:					
Xinjiang Shan'an Waterwork Management Co., Ltd.	Long-term borrowings	335,150	June 27, 2019	June 23, 2037	
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	Long-term borrowings	310,928	June 20, 2019	June 17, 2039	
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	Long-term borrowings	283,003	May 31, 2019	February 15, 2039	
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	Long-term borrowings	223,500	October 18, 2019	January 20, 2039	
Liulin Shan'an Bluesky Heating Co., Ltd.	Long-term borrowings	226,750	September 24, 2019	September 23, 2047	
Qinshui Shan'an Construction Development Co., Ltd.	Long-term borrowings	467,689	January 19, 2023	January 19, 2040	
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	Long-term borrowings	123,800	October 29, 2018	October 29, 2035	
Shanxi Shan'an Lide Environmental Technology Co., Ltd.	Long-term borrowings	112,236	November 8, 2023	November 8, 2029	
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	Long-term borrowings	91,000	May 31, 2021	May 30, 2032	
Lingchuan Shan'an Construction Development Co., Ltd.	Long-term borrowings	75,700	October 23, 2018	October 30, 2033	
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	Long-term borrowings	74,400	August 15, 2019	July 8, 2033	
Linfen Shan'an Waterwork Development Co., Ltd.	Long-term borrowings	52,037	October 28, 2021	October 27, 2036	
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	Long-term borrowings	21,940	August 24, 2024	June 24, 2034	
ii. Other companies					
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	Long-term borrowings	5,137	May 11, 2023	May 9, 2033	
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	Long-term borrowings	1,551	February 1, 2019	January 31, 2035	
Total		2,404,821			

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XII. COMMITMENTS AND CONTINGENCIES (Continued)

2. Contingencies (Continued)

2 As of December 31, 2025, 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	1,066,716	April 30, 2024	August 4, 2027
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
Linfen Shan'an Waterwork Development Co., Ltd.	Performance of the Concession agreement	2,000	January 17, 2025	January 16, 2026
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
Xinjiang Shan'an Waterwork Management Co., Ltd.	Performance of the Concession agreement	3,000	June 21, 2025	June 20, 2026
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 Biqian Waterwork Development Limited	Performance of the Concession agreement	1,000	March 5, 2026	March 4, 2029
Total		1,091,916		

3 As at the end of the reporting period, a total of 28 bank accounts of the Company were frozen by courts in connection with contract dispute litigation cases, involving 30 litigation cases. The frozen amount amounted to RMB73,930 thousand, accounting for 4.05% 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 at December 31, 2025, the Company has no other contingencies that should be disclosed.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XIII. EVENTS AFTER THE BALANCE SHEET DATE

1. Explanation of Significant Non-adjusting Events after the Balance Sheet Date

Item	Content	The number of impacts on financial condition and operating results
Issuance of shares and bonds	26SACF01	Bonds payable increased by RMB500 million

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%.

2. Profit allocation subsequent to the balance sheet date

Profit or dividend intended to be distributed	27,991
Profit or dividend considered, approved and announced to be distributed	

As at March 30, 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XIV. OTHER SIGNIFICANT MATTERS (Continued)

1. Segment Reporting (Continued)

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
Operating revenue	9,836,760	1,294,537	600,201	10,531,096
Including: Revenue from external transactions	9,665,416	865,680	-	10,531,096
Revenue from inter-segment transactions	171,344	428,857	600,201	-
Including: Revenue from principal businesses	9,798,233	1,225,062	566,326	10,456,969
Operating costs	8,837,386	1,065,077	572,996	9,329,467
Selling expenses	-	899	9	890
Management expenses	440,984	63,099	36,535	467,548
Research and development expenses	194,671	26,074	-	220,745
Finance expenses	204,020	-111,093	-19	92,946
Operating profits/(losses)	41,784	245,100	85,177	201,707
Total assets	21,506,926	8,240,535	3,725,235	26,022,226
Total liabilities	19,250,154	5,513,815	2,232,285	22,531,684
Supplementary information:	-	-	-	-
Capital expenditures	10,142	91,034	8,306	92,870
Depreciation and amortization expenses	25,214	104,607	-	129,821
Asset impairment losses (losses are expressed in "-")	-63,359	-1,347	-	-64,706
Credit impairment losses (losses are expressed in "-")	-126,108	-8,116	-	-134,224

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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	11,458,172	1,262,747	477,760	12,243,159
Including: Revenue from external transactions	11,353,275	889,884	-	12,243,159
Revenue from inter-segment transactions	104,897	372,863	477,760	-
Including: Revenue from principal businesses	11,426,736	1,249,730	477,295	12,199,171
Operating costs	10,180,557	990,069	448,136	10,722,490
Selling expenses	-	1,318	9	1,309
Management expenses	432,333	64,521	26,120	470,734
Finance expenses	173,410	-71,061	-	102,349
Operating profits/(losses)	12,746	237,748	24,566	225,928
Total assets	19,672,939	8,095,088	3,643,846	24,124,181
Total liabilities	17,490,998	5,571,099	2,281,250	20,780,847
Supplementary information:	-	-	-	-
Capital expenditures	10,160	99,109	8,435	100,834
Depreciation and amortization expenses	35,021	79,713	-	114,734
Asset impairment losses (losses are expressed in "-")	-23,266	-3,400	1,070	-27,736
Credit impairment losses (losses are expressed in "-")	-72,207	-4,988	-	-77,195

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 at December 31, 2025.

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	Amount for the current period	Amount for the previous period
Fees	-	-
Salary, allowances and other benefits	1,756	1,979
Pension scheme contributions	474	531
Performance related bonus	825	1,218
Total	3,055	3,728

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XIV. OTHER SIGNIFICANT MATTERS (Continued)

3. Remuneration of directors, supervisors and employees (Continued)

(1) Remuneration of directors and supervisors (Continued)

Year ended December 31, 2025

Directors/Supervisors	Fees	Salary, allowances and other benefits	Pension scheme contributions	Performance related bonus	Total
WANG Limin	-	112	32	190	334
REN Rui	-	305	99	203	607
ZHANG Yan	-	295	99	155	549
XU Guanshi	-	-	-	-	-
ZHANG Hongjie	-	-	-	-	-
MU Jianwei	-	-	-	-	-
FENG Cheng	-	-	-	-	-
WANG Jingming	-	120	-	-	120
WU Qiusheng	-	120	-	-	120
SHIN Chuck Yin	-	120	-	-	120
GUO He	-	120	-	-	120
Sub-total of directors	-	1,192	230	548	1,970
SHI Meng	-	211	90	92	393
YAN Lei	-	154	63	106	323
ZHANG Caixia	-	199	91	79	369
Sub-total of supervisors	-	564	244	277	1,085
Total	-	1,756	474	825	3,055

Explanations:

- The Company does not have a director fee system;
- As studied and decided by the meeting of the Communist Party Committee of Shanxi Construction Investment Group Co., Ltd. on May 12, 2025, Wang Limin was removed from the position of the chairman and director, and Ren Rui was appointed as the chairman of Shanxi Installation Group Co., Ltd..
- On 21 November 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.
- During the year ended December 31, 2025, none of the directors of the Company has waived or agreed to waive any emoluments.
- During the year ended December 31, 2025, 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.
- During the year ended December 31, 2025, 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.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 December 31, 2024

Directors/Supervisors	Fees	Salary, allowances and other benefits	Pension scheme contributions	Performance related bonus	Total
WANG Limin	-	293	96	351	740
REN Rui	-	329	96	361	786
ZHANG Yan	-	306	96	189	591
XU Guanshi	-	-	-	-	-
ZHANG Hongjie	-	-	-	-	-
MU Jianwei	-	-	-	-	-
FENG Cheng	-	-	-	-	-
WANG Jingming	-	120	-	-	120
WU Qiusheng	-	120	-	-	120
SHIN Chuck Yin	-	120	-	-	120
GUO He	-	120	-	-	120
Sub-total of directors	-	1,408	288	901	2,597
SHI Meng	-	217	96	132	445
ZHANG Caixia	-	209	96	105	410
CAO Haiyang	-	-	-	-	-
YAN Lei	-	145	51	80	276
Sub-total of supervisors	-	571	243	317	1,131
Total	-	1,979	531	1,218	3,728

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XIV. OTHER SIGNIFICANT MATTERS (Continued)

3. Remuneration of directors, supervisors and employees (Continued)

(2) Five highest paid employees

The five highest paid individuals of the Company during the year ended December 31, 2025 included 1 director, whose emoluments are reflected in the section headed "Remuneration of directors and supervisors". The emoluments paid to the remaining 4 individuals for 2025 are as follows:

Item	2025
Salary, allowances and other benefits	1,125
Performance related bonus	1,038
Pension scheme contributions	395
Total	2,558

Continued:

The five highest paid individuals of the Company during the year ended December 31, 2024 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 2024 are as follows:

Item	2024
Salary, allowances and other benefits	889
Performance related bonus	884
Pension scheme contributions	288
Total	2,061

The number of highest paid employees who are not members of the Board and members of the supervisory committee whose remuneration is within the following range:

Item	2025	2024
0–RMB1,000,000	4	3
RMB1,000,001–RMB1,500,000	–	–
RMB1,500,001–RMB2,000,000	–	–

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Trade Receivables

(1) Disclosure by age

Ageing	Closing balance	Balance at the end of last year
Within one year	4,271,223	2,667,012
1 to 2 years	1,592,453	1,732,142
2 to 3 years	1,078,220	798,862
3-4 years	543,376	231,842
4-5 years	156,934	166,116
Over 5 years	229,204	196,398
Sub-total	7,871,410	5,792,372
Less: Bad debt provision	541,228	425,345
Total	7,330,182	5,367,027

(2) Disclosure by classification of bad debt provision

Type	Balance		Closing balance Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
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: Age 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

Continued:

Type	Balance		Balance at the end of last year Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	123,218	2.13	123,218	100.00	-
Bad debt provision on a group basis	5,669,154	97.87	302,127	5.33	5,367,027
Including: Age group	5,494,220	94.85	302,127	5.50	5,192,093
Group of receivables from subsidiaries	174,934	3.02	-	-	174,934
Total	5,792,372	100.00	425,345	7.34	5,367,027

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

1. Trade Receivables (Continued)

(2) Disclosure by classification of bad debt provision (Continued)

Bad debt provision on an individual basis:

Name	Balance	Bad debt provision	Closing balance	
			Expected credit loss ratio (%)	Reason for provision
Customer 1	40,902	40,902	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 2	20,222	20,222	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 3	18,206	18,206	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 4	15,489	15,489	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 5	13,081	13,081	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 6	12,472	12,472	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 7	60,472	12,609	20.85	The Company made provisions for credit losses based on the recoverability of the amount
Customer 8	11,412	11,412	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 9	205,249	2,890	1.41	The Company made provisions for credit losses based on the recoverability of the amount
Others	13,290	13,290	100.00	
Total	410,795	160,573		

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

1. Trade Receivables (Continued)

(2) Disclosure by classification of bad debt provision (Continued)

Continued:

Name	Balance	Bad debt provision	Balance at the end of last year	
			Expected credit loss ratio (%)	Reason for provision
Customer 1	40,902	40,902	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 2	20,748	20,748	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 4	15,489	15,489	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 5	13,081	13,081	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 6	12,472	12,472	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Others	20,526	20,526	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Total	123,218	123,218	-	

Bad debt provision on a group basis:

Group item: age group

	Closing balance			Balance at the end of last year		
	Balance	Bad debt provision	Expected credit loss rate (%)	Balance	Bad debt provision	Expected credit loss rate (%)
Within 1 year	3,967,563	54,689	1.38	2,601,493	34,275	1.32
1-2 years	1,556,078	56,895	3.66	1,680,588	58,999	3.51
2-3 years	1,048,043	71,245	6.80	762,335	55,669	7.30
3-4 years	460,192	55,469	12.05	194,351	26,292	13.53
4-5 years	141,856	27,354	19.28	165,251	36,690	22.20
Over 5 years	115,003	115,003	100.00	90,202	90,202	100.00
Total	7,288,735	380,655	5.22	5,494,220	302,127	5.50

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

1. Trade Receivables (Continued)

(2) Disclosure by classification of bad debt provision (Continued)

Bad debt provisions accrued, recovered or reversed in the current period

Item	Bad debt provision amount
Opening balance	425,345
Accrual during the period	115,883
Recovery or reversal during the period	–
Write-off during the period	–
Carry-forward during the period	–
Others	–
Closing balance	541,228

(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	268,018	3.40	11,081
Customer 12	244,136	3.10	15,080
Customer 13	242,006	3.07	6,191
Customer 14	210,047	2.67	2,895
Customer 9	205,249	2.61	2,890
Total	1,169,456	14.86	38,137

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other receivables

Item	Closing balance	Balance at the end of last year
Interest receivables	–	–
Dividend receivables	21,850	21,523
other receivables	1,626,788	1,764,310
Total	1,648,638	1,785,833

(1) Dividend receivables

Item	Closing balance	Balance at the end of last year
Shanxi Jiantou Cloud Data Technology Co., Ltd.	1,348	1,349
Shanxi Jiantou Decoration Industry Co., Ltd.	502	102
Taiyuan Xie'an Property Service Co., Ltd.	–	72
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.	20,000	20,000
Sub-total	21,850	21,523
Less: Bad debt provision	–	–
Total	21,850	21,523

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

Ageing	Closing balance	Balance at the end of last year
Within 1 year	999,249	1,202,041
1 – 2 years	124,683	198,934
2 – 3 years	178,139	361,089
3 – 4 years	338,716	11,860
4 – 5 years	7,779	9,200
Over 5 years	21,357	17,189
Sub-total	1,669,923	1,800,313
Less: Bad debt provision	43,135	36,003
Total	1,626,788	1,764,310

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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 amount

Item	Closing balance			Balance at the end of last year		
	Carrying amount	Bad debt provision	Book value	Carrying amount	Bad debt provision	Book value
Reserve funds, deposits and margins	61,728	567	61,161	88,092	1,355	86,737
Amount due from related parties within scope of consolidation	906,650	-	906,650	1,044,525	-	1,044,525
Amounts due from associates	10,456	475	9,981	7,984	696	7,288
Amounts due from related parties	544,482	23,233	521,249	520,372	15,874	504,498
Payment and collection clearance amounts	19,368	378	18,990	16,038	271	15,767
Other debts	127,239	18,482	108,757	123,302	17,807	105,495
Total	1,669,923	43,135	1,626,788	1,800,313	36,003	1,764,310

3 Bad debt provision

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

Type	Carrying amount	12-month	Bad debt provision	Book value	Grounds
		expected credit loss rate (%)			
Bad debt provision on an individual basis					
Bad debt provision on a group basis	999,248	0.09	851	998,397	
- Group of reserve funds, deposits and security deposits receivables	19,972	0.92	183	19,789	
- Group of receivables from related parties within the scope of consolidation	906,649	-	-	906,649	
- Age group	72,627	0.92	668	71,959	
Total	999,248	0.09	851	998,397	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. other receivables (Continued)

(2) Other receivables (Continued)

3 Bad debt provision (Continued)

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

Type	Carrying amount	Lifetime expected credit loss rate (%)	Bad debt provision	Book value	Grounds
Bad debt provision on an individual basis					
Bad debt provision on a group basis	659,202	4.67	30,811	628,391	
- Group of reserve funds, deposits and security deposits receivables	41,756	0.92	384	41,372	
- Group of receivables from related parties within the scope of consolidation	-	-	-	-	
- Age group	617,446	4.93	30,427	587,019	
Total	659,202	4.67	30,811	628,391	

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

Type	Carrying amount	Lifetime expected credit loss rate (%)	Bad debt provision	Book value	Grounds
Bad debt provision on an individual basis					
Entity 2	3,058	100.00	3,058	-	- Provision for credit losses is made based on the recoverability of the amount
Entity 3	2,995	100.00	2,995	-	- Provision for credit losses is made based on the recoverability of the amount
Entity 4	1,200	100.00	1,200	-	- Provision for credit losses is made based on the recoverability of the amount
Entity 5	1,070	100.00	1,070	-	- Provision for credit losses is made based on the recoverability of the amount
Entity 6	1,000	100.00	1,000	-	- Provision for credit losses is made based on the recoverability of the amount
other	2,150	100.00	2,150	-	- Provision for credit losses is made based on the recoverability of the amount
Total	11,473	100.00	11,473	-	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. other receivables (Continued)

(2) Other receivables (Continued)

3 Bad debt provision (Continued)

Bad debt provision made, recovered or reversed during the period

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Opening balance	1,102	20,346	14,555	36,003
Opening balance in the current period	-1,072	1,072	-	
- Transfer to Stage II	-1,072	1,072	-	
- Transfer to Stage III	-	-	-	
- Reverse to Stage II	-	-	-	
- Reverse to Stage I	-	-	-	
Accrual during the period	821	9,393	-3,082	7,132
Reversal during the period	-	-	-	
Carry-forward during the period	-	-	-	
Write-off during the period	-	-	-	
Other Changes	-	-	-	
Closing balance	851	30,811	11,473	43,135

4 Other receivables actually written off in the current period
Nil.

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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	As a percentage of the total balance of other receivables at the end of the period (%)	Closing balance of bad debt provision
Shanxi Construction Investment Group Co., Ltd.	Amounts due from related parties	543,774	Within 1 year, 1-2 years, 2-3 years, 3-4 years	32.56	21,313
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	Transaction	135,921	Within 1 year, 1-2 years, 2-3 years, 3-4 years	8.14	-
Changzhi Shan'an Construction Development Co., Ltd.	Transaction	101,211	Within 1 year, 2-3 years, 3-4 years	6.06	-
Shanxi Ningyang Energy Co., Ltd.	Transaction	93,717	Within 1 year, 1-2 years, 2-3 years, 3-4 years	5.61	-
Xinjiang Shan'an Waterwork Management Co., Ltd.	Transaction	82,809	Within 1 year, 1-2 years, 3-4 years	4.96	-
Total		957,432		57.33	21,313

3. Contract Assets

Item	Closing balance			Balance at the end of last year		
	Balance	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
- Contract assets on service concession projects	137,461	1,118	136,343	126,900	1,672	125,228
- Contract assets on EPC projects	7,554,029	154,361	7,399,668	7,127,833	93,006	7,034,827
Sub-total	7,691,490	155,479	7,536,011	7,254,733	94,678	7,160,055
Less: Contract assets shown in other non-current assets	979,915	40,311	939,604	896,521	11,773	884,748
Total	6,711,575	115,168	6,596,407	6,358,212	82,905	6,275,307

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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
Huaneng Wanrong Bochang Phase I 100MW photovoltaic composite power generation project construction and installation engineering	251,775	Increase due to cumulative additional adjustments to revenue for projects completed in the current period
SPIC Wuling Power 100MW wind power generation EPC general contracting project in Xia Count	197,959	Increase due to cumulative additional adjustments to revenue for projects completed in the current period
80MW photovoltaic project in Algeria	137,268	Increase due to cumulative additional adjustments to revenue for projects completed in the current period
Phase 1.2 comprehensive energy project of 10,000-tonne lithium extraction from salt lake in Jietse Chaka, Ngari, Tibet	119,916	Increase due to cumulative additional adjustments to revenue for projects completed in the current period
200MW wind power project EPC general contracting project of Three Gorges Energy Heilongjiang Zhaodong Dechang	115,697	Increase due to cumulative additional adjustments to revenue for projects completed in the current period
Centralized photovoltaic power generation project of Heyuan Nongkang Tea Oil and Fruit Development Co., Ltd.	106,412	Increase due to cumulative additional adjustments to revenue for projects completed in the current period
350MW low calorific value coal power generation EPC general contracting project of Hequ	79,580	Increase due to cumulative additional adjustments to revenue for projects completed in the current period
General contracting for mechanical, electrical and decoration construction of No. 25 commercial complex on Miaoqian Street, Taiyuan City	62,693	Increase due to cumulative additional adjustments to revenue for projects completed in the current period
Shanxi Construction Investment Group Co., Ltd. Detian (Indonesia) Coking Project Department	61,509	Increase due to cumulative additional adjustments to revenue for projects completed in the current period
Supply contract for the general contracting project (Section 2) of the Indonesia KNI project with an annual production capacity of 120,000 tons of nickel metal nickel cobalt hydroxide project	59,263	Increase due to cumulative additional adjustments to revenue for projects completed in the current period
Total	1,192,072	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Contract Assets (Continued)

(2) Impairment provision of contract assets

Type	Balance		Closing balance Impairment provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt 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

Continued:

Type	Balance		Balance at the end of last year Impairment provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	–	–	–	–	–
Bad debt provision on a group basis	7,254,733	100.00	94,678	1.31	7,160,055
Group of contract assets on service concession projects	126,900	1.75	1,672	1.32	125,228
Group of contract assets on EPC projects	7,127,833	98.25	93,006	1.30	7,034,827
Total	7,254,733	100.00	94,678	1.31	7,160,055

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Contract Assets (Continued)

(2) Impairment provision of contract assets (Continued)

Provision for impairment on an individual basis

Name	Carrying Amount	Provision for Impairment	Closing Balance	
			Expected Credit Loss Rate (%)	Basis for Provision
Customer 3	11,255	11,255	100.00	Company bankruptcy
Customer 7	49,524	1,690	3.41	Impairment recognised based on project implementation and expected settlement status
Customer 9	45,380	626	1.38	Impairment recognised based on project implementation and expected settlement status
Total	106,159	13,571	12.78	

Provision for impairment on a group basis

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

	Closing balance			Balance at the end of last year		
	Contract assets	Impairment provision	Expected credit loss rate (%)	Contract assets	Impairment provision	Expected credit loss rate (%)
Not past due	137,461	1,118	0.81	126,900	1,672	1.32
Within 1 year	-	-	-	-	-	-
1-2 years	-	-	-	-	-	-
2-3 years	-	-	-	-	-	-
3-4 years	-	-	-	-	-	-
4-5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	137,461	1,118	0.81	126,900	1,672	1.32

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Contract Assets (Continued)

(2) Impairment provision of contract assets (Continued)

Group item: group of contract assets on EPC projects

	Closing balance			Balance at the end of last year		
	Contract assets	Impairment provision	Expected credit loss rate (%)	Contract assets	Impairment provision	Expected credit loss rate (%)
Within 1 year	3,877,776	41,216	1.06	6,583,709	85,837	1.30
1-2 years	3,197,779	67,515	2.11	171,329	2,257	1.32
2-3 years	151,214	5,409	3.58	372,795	4,912	1.32
3-4 years	221,101	26,650	12.05	-	-	-
4-5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	7,447,870	140,790	1.89	7,127,833	93,006	1.30

4. Long-term equity investments

Item	Closing balance			Balance at the end of last year		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Investment in subsidiaries	1,407,181	-	1,407,181	1,273,224	-	1,273,224
Investment in joint ventures	-	-	-	-	-	-
Investment in associates	279,619	2,155	277,464	210,245	-	210,245
Total	1,686,800	2,155	1,684,645	1,483,469	-	1,483,469

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

4. Long-term equity investments (Continued)

(1) Investment in subsidiaries

the investee	Opening balance	Increase in the period	Decrease in the period	Closing balance	Impairment provision in the period	impairment provision Closing balance
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	66,000	-	-	66,000	-	-
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.	224,000	-	-	224,000	-	-
Shanxi Shan'an Maode Electricity Supply Co., Ltd.	20,000	-	-	20,000	-	-
Shanxi Shan'an Lide Environmental Technology Co., Ltd.	45,000	8,167	-	53,167	-	-
Shanxi Shan'an Biqian Haimian City Technology Co., Ltd.	69,047	7,390	-	76,437	-	-
Shanxi Ningyang Energy Co., Ltd.	30,824	-	-	30,824	-	-
Lingchuan Shan'an Construction Development Co., Ltd.	49,241	-	-	49,241	-	-
Gaoqing 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 Company Limited* (廣東山安建設工程有限公司)	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	-	-
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	74,526	5,106	-	79,632	-	-
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 Biqian Waterwork Development Limited	12,250	-	-	12,250	-	-
Wenshui Shan'an Biqian Waterwork Development Limited	3,721	6,773	-	10,494	-	-
Shan'an Runxing New Energy (Lvliang) Co., Ltd.	5,100	-	-	5,100	-	-
Shanxi Installment Xiaoyi Construction Engineering Co., Ltd.	2,550	5,000	-	7,550	-	-
Charhar Youyi Houqi Shan'an Heat and Electricity Co., Ltd.	9,200	-	-	9,200	-	-
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	-	-
Ningwu Shan'an Lide Renewable Resources Utilization Co., Ltd. (寧武山安立德再生資源利用有限公司)	-	16,340	-	16,340	-	-
Fuerjia Co., Ltd. (富爾嘉有限公司)	-	-	-	-	-	-
Total	1,273,223	133,958	-	1,407,181	-	-

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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

The investee	Amount at the end of last year	Additional/new investment	Decreased investment	Increase or decrease in the period				Cash dividend or profit declared	Impairment provision	Others	Closing balance	Closing balance of impairment provision
				Investment gains and losses recognized under equity method	Adjustment to other comprehensive income	Change in other equity						
1 Associates												
Shanxi Transformation Comprehensive Reform												
Demonstration Zone Shan'an Xiaocheng Construction Industry Co., Ltd.	14,019	-	-	-1,029	-	-	-	-	-	-	12,990	-
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	233	-	-	-233	-	-	-	-	-	-	-	-
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	18,999	-	-	1,535	-	-	1,516	1,925	-	-	19,018	1,925
Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司)	29,626	-	-	-1,449	-	-	-	-	-	-	28,177	-
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	9,724	-	-	536	-	-	-	-	-	-	10,260	-
Shanxi Jiantau Cloud Data Technology Co., Ltd.	8,818	-	-	3,102	-	-	-	-	-	-	11,920	-
Shanxi Jiantau Linfen Construction Industry Co., Ltd.	14,854	7,000	-	323	-	-	-	-	-	-	22,177	-
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	89,056	-	-	-18	-	-	-	-	-	-	89,038	-
Taiyuan Xie'an Property Service Co., Ltd.	1,601	-	-	122	-	-	20	230	-	-	1,703	230
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	8,314	-	-	2	-	-	-	-	-	-	8,316	-
Shanxi Hangchan New Energy Co., Ltd.	15,001	37,500	-	1	-	-	-	-	-	-	52,502	-
Linfen Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	-	13,000	-	-33	-	-	-	-	-	-	12,967	-
Yangquan Shan'an Lide Construction Solid Waste Comprehensive Utilization Co., Ltd.	-	10,550	-	1	-	-	-	-	-	-	10,551	-
Sub-total	210,245	68,050	-	2,860	-	-	1,536	2,155	-	-	279,619	2,155
2 Joint ventures												
	-	-	-	-	-	-	-	-	-	-	-	-
Total	210,245	68,050	-	2,860	-	-	1,536	2,155	-	-	279,619	2,155

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
principal business	9,583,037	8,646,212	11,241,663	10,021,463
Other business	23,674	5,938	19,650	1,597
Total	9,606,711	8,652,150	11,261,313	10,023,060

(2) Operating revenue and operating costs by type

Major category	2025		2024	
	Revenue	Cost	Revenue	Cost
Principal businesses:				
1. Specialized industrial construction	7,551,755	6,795,120	9,027,537	7,985,829
– Construction income of service concession projects	42,439	35,437	1,141	3,234
– Construction income of EPC projects	7,509,316	6,759,683	9,026,396	7,982,595
2. Specialized auxiliary construction	1,139,406	1,041,840	910,662	835,541
– Construction income of service concession projects	116,991	83,209	46,335	26,648
– Construction income of EPC projects	1,022,415	958,631	864,327	808,893
3. Other construction	773,275	729,155	1,228,382	1,160,093
– Construction income of service concession projects	5,529	5,373	5,732	5,348
– Construction income of EPC projects	767,746	723,782	1,222,650	1,154,745
4. Non-construction business	118,601	80,098	75,082	40,000
– Urban heating technical services income	23,486	22,377	–	–
– Trading	14,251	6,190	8,310	4,038
– Design fee	40,059	16,621	40,258	12,985
– Labor services fee	40,805	34,910	26,514	22,977
Other businesses:	23,674	5,937	19,650	1,597
– Lease	18,434	2,423	13,886	1,345
– Others	5,240	3,514	5,764	252
Total	9,606,711	8,652,150	11,261,313	10,023,060

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

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

Major operating areas	2025		2024	
	Operating revenue	Operating costs	Operating revenue	Operating costs
China	9,236,496	8,333,971	10,980,926	9,755,020
Overseas	370,215	318,179	280,387	268,040
Total	9,606,711	8,652,150	11,261,313	10,023,060

(4) Breakdown of operating revenue

Timing of revenue recognition	2025	2024
Including: Recognized at a point in time	123,842	80,846
Recognized over time	9,464,435	11,166,581
Total	9,588,277	11,247,427

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

(5) Remaining performance obligations

As at December 31, 2025, the transaction price allocated to unfulfilled performance obligations was RMB36,536,925 thousand. The expected time for recognizing such amount as revenue is as follows:

Expected time for revenue recognition	2025	2024
Within one year	11,853,471	12,329,750
After one year but within five years	23,936,899	24,948,760
After five years	746,555	771,789
Total	36,536,925	38,050,299

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

6. Investment gains

Item	2025	2024
Long-term equity investment income calculated using the cost method	90,267	20,000
Gains on long-term equity investments under equity method	2,861	-2,647
Dividend income from investments in other equity instruments during the holding period	400	-
Investment income arising from the disposal of long-term equity investments	-293	-
Gains arising from the remeasurement of equity at fair value when control is acquired	-	-
Gain on revaluation of remaining equity at fair value after losing control	-	-
Total	93,235	17,353

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XVI. SUPPLEMENTARY INFORMATION

1. Breakdown of Extraordinary Items for the Current Period

Item	Amount for the period	Description
Gains or losses on disposal of non-current assets, including the write-off portion of the provision for impairment of assets	2,902	
Government subsidies recognized in current profit or loss, except government subsidies which are closely related to the Company's normal business operations, that comply with national policies, and are granted in accordance with established standards, having a continuous impact on the Company's profit or loss	10,669	
Gains or losses on changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises and Profit/loss on disposal of financial assets and financial liabilities, except for the effective hedging business relating to the Company's normal business operations	107	
Capital occupation fees charged from the non-financial enterprises included in current period profit or loss	222	
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 impairment provision for receivables subject to separate impairment tests	-	
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	3,154	
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	-	
Gains and Losses on 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	1,267	
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 revenue and expenses other than the above	-1,270	
Other gain or loss items meeting the definition of non-recurring gains or losses	-	
Total extraordinary items	17,051	
Less: Income tax impact on extraordinary items	2,112	
Net extraordinary items	14,939	
Less: Net impact of extraordinary items attributable to minority shareholders, net of tax	235	
Extraordinary items attributable to the ordinary shareholders of the Company	14,704	

Notes to the Consolidated Financial Statements

2025 (unless otherwise specified, all monetary units are in RMB'000)

XVI. SUPPLEMENTARY INFORMATION (Continued)

2. Return on Net Asset and Earnings per Share

Profit for the Reporting Period	Weighted average return on net asset %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	4.98	0.10	—
Net profit attributable to the ordinary shareholders of the Company after deducting extraordinary items	4.48	0.09	—

Shanxi Installation Group Co., Ltd.
March 30, 2026

DEFINITIONS

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	our board of Directors
“Board Committees”	the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee
“Central SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“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”, “our Company”, “Shanxi Installation” or “we”	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
“Company Law”	the Company Law of the PRC
“Controlling Shareholders”	has the meaning given to it under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EPC” or “EPC Projects”	design, 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 Share(s)”	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 and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company
“Listing Date”	the day of listing of the H Shares on the Main Board of the Hong Kong Stock Exchange, November 22, 2023
“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
“NEEQ”	National Equities Exchange and Quotations
“Nomination Committee”	the nomination committee of the Board
“Non-competition Agreement”	the non-competition agreement dated November 3, 2023 and entered into by Shanxi CIG (for itself and each member of its group, excluding members of the Group) in favor of the Company (for ourselves and as trustee for the benefit of each of our subsidiaries from time to time)
“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
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Reporting Period”	the year ended December 31, 2025
“RMB”	Renminbi, the lawful currency of the PRC

Definitions

“SCIG Group”	Shanxi CIG and its subsidiaries, for the purpose of this annual 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 75% owned subsidiary of the Company
“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”	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
“Shareholder(s)”	shareholder(s) of the Company, including holder(s) of Domestic Shares and holder(s) of H Shares
“SSCO”	Shanxi State-Owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司)
“Xie’an Property”	Taiyuan Xie’an Property Service Company Limited* (太原諧安物業服務有限公司), a limited liability company incorporated in the PRC and owned as to 51% by SCIG City Operation Group Company Limited* (山西建投城市營運集團有限公司), a wholly-owned subsidiary of Shanxi CIG and owned as to 49% by the Group
“%”	percentage



山西建投
SHANXI CIG

山西安装