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**Shanxi Installation Group Co., Ltd.**  
**山西省安装集团股份有限公司**

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

**(Stock Code: 2520)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>For the six months ended June 30,</b>		<b>Change</b>
	<b>2024</b>	<b>2023</b>	
	<b>RMB million</b>	<b>RMB million</b>	
	<b>(Unaudited)</b>		
<b>Operating results</b>			
Operating revenue	<b>6,127</b>	5,265	16.4%
Gross profit	<b>717</b>	803	-10.7%
Profit for the period	<b>116</b>	110	5.5%
Net profit attributable to the owners of the Company	<b>89</b>	84	6.0%
<b>Profitability</b>			
Gross profit margin	<b>11.7%</b>	15.3%	-3.5%
Profit margin for the period	<b>1.9%</b>	2.1%	-0.2%
<b>Earnings per share (RMB)</b>			
Earnings per share — Basic	<b>0.07</b>	0.08	-12.5%
<i>The financial information set out in this announcement is prepared in accordance with the China Accounting Standards for Business Enterprises.</i>			
The Board resolved not to declare any interim dividend for the six months ended June 30, 2024 (June 30, 2023: nil).			

## I. CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The board of Directors (the “**Board**”) of Shanxi Installation Group Co., Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2024 (the “**Reporting Period**”), together with comparative figures for the six months ended June 30, 2023 (the “**Corresponding Period**”).

### INTERIM CONSOLIDATED BALANCE SHEET

Unit: *RMB*

<b>Item</b>	<i>Notes</i>	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023</b>
<b>Current assets:</b>			
Cash		<b>3,044,169,214.30</b>	2,636,545,894.09
Bill receivables		<b>211,519,782.26</b>	213,877,541.21
Trade receivables	3	<b>6,305,920,931.82</b>	6,442,835,802.71
Receivables financing		<b>105,598,268.23</b>	43,078,164.13
Prepayments		<b>804,362,638.27</b>	558,168,298.77
Other receivables		<b>731,506,608.21</b>	789,058,221.07
Inventories		<b>399,364,681.94</b>	188,237,154.15
Contract assets	4	<b>7,053,987,697.67</b>	5,665,721,160.08
Other current assets		<b>464,855,771.76</b>	522,856,050.58
<b>Total current assets</b>		<b><u>19,121,285,594.46</u></b>	<b><u>17,060,378,286.79</u></b>

Item	Notes	June 30, 2024 (Unaudited)	December 31, 2023
<b>Non-current assets:</b>			
Long-term equity investments		192,259,019.85	195,103,976.85
Investments in other equity instruments		136,196,597.03	142,526,344.51
Investment properties		186,281,911.96	186,805,415.00
Fixed assets		813,425,964.75	835,139,676.35
Construction-in-progress		487,792,612.22	413,231,580.47
Right-of-use assets		160,860,134.47	170,943,139.21
Intangible assets		175,702,714.85	178,308,587.56
Goodwill		15,000,000.00	15,000,000.00
Long-term deferred expenses		806,988.34	2,276,666.55
Deferred income tax assets		168,211,852.73	163,788,332.82
Other non-current assets		<u>4,328,689,972.12</u>	<u>4,158,929,326.61</u>
<b>Total non-current assets</b>		<u><b>6,665,227,768.32</b></u>	<u>6,462,053,045.93</u>
<b>Total assets</b>		<u><b>25,786,513,362.78</b></u>	<u>23,522,431,332.72</u>
<b>Current liabilities:</b>			
Short-term borrowings		2,884,230,194.12	2,443,118,301.63
Bill payables		1,779,630,000.00	1,374,330,000.00
Trade payables	5	10,114,936,947.79	9,019,828,710.74
Contract liabilities		1,776,847,259.36	1,382,429,350.94
Employee remuneration payables	6	117,367,950.25	80,203,843.21
Tax payables		48,738,936.48	64,854,364.40
Other payables	7	669,831,532.05	893,936,981.42
Non-current liabilities due within one year		533,407,282.32	748,417,051.16
Other current liabilities		<u>1,010,259,222.00</u>	<u>999,255,007.10</u>
<b>Total current liabilities</b>		<u><b>18,935,249,324.37</b></u>	<u>17,006,373,610.60</u>

Item	<i>Notes</i>	June 30, 2024 (Unaudited)	December 31, 2023
<b>Non-current liabilities:</b>			
Long-term borrowings		3,279,270,375.00	3,072,086,262.06
Lease liabilities		155,277,284.61	157,408,087.11
Long-term employee remuneration payables		28,020,000.00	28,790,000.00
Deferred income		20,125,000.00	21,562,500.00
Deferred income tax liabilities		107,452,153.17	110,406,471.64
<b>Total non-current liabilities</b>		<u>3,590,144,812.78</u>	<u>3,390,253,320.81</u>
<b>Total liabilities</b>		<u>22,525,394,137.15</u>	<u>20,396,626,931.41</u>
Share capital		1,373,486,000.00	1,373,486,000.00
Capital reserve		650,866,502.02	650,866,502.02
Other comprehensive income		78,017,254.66	82,249,277.12
Special reserve		15,398,718.33	751,358.26
Surplus reserve		12,659,600.58	10,061,343.87
Undistributed profit		575,919,735.97	492,728,479.07
<b>Total equity attributable to shareholders of the parent company</b>		<u>2,706,347,811.56</u>	<u>2,610,142,960.34</u>
Minority interests		554,771,414.07	515,661,440.97
<b>Total equity of shareholders</b>		<u>3,261,119,225.63</u>	<u>3,125,804,401.31</u>
<b>Total liabilities and equity of shareholders</b>		<u>25,786,513,362.78</u>	<u>23,522,431,332.72</u>

**Legal representative of the Company: Wang Limin**

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

**Person in charge of the accounting organization of the Company: Zhou Saimei**

## INTERIM CONSOLIDATED INCOME STATEMENT

Unit: *RMB*

Item	Notes	January to June 2024 (Unaudited)	January to June 2023
<b>1. Operating revenue</b>	8	<b>6,127,097,623.16</b>	5,264,950,621.52
Less: Operating costs	8	<b>5,410,479,658.57</b>	4,462,039,273.24
Tax and surcharges	9	<b>13,046,778.20</b>	16,917,154.41
Selling expenses		<b>643,371.05</b>	724,075.48
Management expenses		<b>224,749,725.94</b>	250,769,206.01
Research and development expenses		<b>135,481,163.57</b>	185,265,736.38
Finance expenses		<b>177,260,311.88</b>	172,802,238.66
Including: Interest expenses		<b>187,078,410.42</b>	179,180,056.57
Interest income		<b>9,553,026.99</b>	7,656,685.84
Add: Other gains		<b>3,691,137.99</b>	4,126,010.07
Investment gains		<b>-704,533.15</b>	2,395,836.44
Including: Gains on investment in associates and joint ventures		<b>-704,533.15</b>	2,309,614.47
Gains on change of fair value (losses are expressed in “-”)		<b>-523,503.04</b>	110,420.00
Credit impairment losses (losses are expressed in “-”)		<b>-34,697,922.51</b>	-44,139,103.25
Asset impairment losses (losses are expressed in “-”)		<b>-22,539,919.50</b>	-4,841,365.31
Gains on disposal of assets (losses are expressed in “-”)	10	<b>2,969,850.45</b>	1,316,250.72
<b>2. Operating profit (losses are expressed in “-”)</b>		<b>113,631,724.19</b>	135,400,986.01
Add: Non-operating revenue		<b>5,030.00</b>	17,372.88
Less: Non-operating expenses		<b>182,046.92</b>	14,494,957.13

Item	Notes	January to June 2024 (Unaudited)	January to June 2023
<b>3. Total profit</b>		<b>113,454,707.27</b>	120,923,401.76
Less: Income tax expenses	11	<u>-2,287,880.61</u>	<u>10,691,530.68</u>
<b>4. Net profit</b>		<b>115,742,587.88</b>	110,231,871.08
(1) Classified by operating continuity:			
Including: Net profit from continuing operations		<b>115,742,587.88</b>	110,231,871.08
Net profit from discontinued operations			
(2) Classified by ownership:			
Including: Net profit attributable to shareholders of the parent company		<b>89,473,203.06</b>	84,464,560.23
Minority interests		<u>26,269,384.82</u>	<u>25,767,310.85</u>
<b>5. Other comprehensive income, net of tax</b>		<b>-4,232,022.46</b>	1,134,403.48
Other comprehensive income attributable to shareholders of the parent company, net of tax		<b>-4,232,022.46</b>	1,134,403.48
(1) Other comprehensive income that cannot be reclassified into profit or loss		<b>-5,890,285.36</b>	1,164,697.47
1. Change in remeasurement of defined benefit plan		<b>-510,000.00</b>	323,000.00
2. Changes in fair value of investment in other equity instruments		<b>-5,380,285.36</b>	841,697.47
(2) Other comprehensive income that will be reclassified into profit or loss		<b>1,658,262.90</b>	-30,293.99
1. Translation differences on financial statements of foreign currencies		<b>1,658,262.90</b>	-30,293.99
Other comprehensive income attributable to minority shareholders, net of tax			

Item	<i>Notes</i>	<b>January to June 2024 (Unaudited)</b>	January to June 2023
<b>6. Total comprehensive income</b>		<b>111,510,565.42</b>	111,366,274.56
Total comprehensive income attributable to shareholders of the parent company		<b>85,241,180.60</b>	85,598,963.71
Total comprehensive income attributable to minority shareholders		<b>26,269,384.82</b>	25,767,310.85
<b>7. Earnings per share</b>			
(1) Basic earnings per share	<i>12</i>	<b>0.07</b>	0.08
(2) Diluted earnings per share			

**Legal representative of the Company: Wang Limin**

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

**Person in charge of the accounting organization of the Company: Zhou Saimei**

## NOTES:

### 1. COMPANY INFORMATION

Shanxi Installation Group Co., Ltd. (hereinafter referred to as the “**Company**”), 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 converted into a joint stock company. After the conversion, the Company became a wholly-owned subsidiary of Shanxi Construction Investment Group Co., Ltd.\* (山西建設投資集團有限公司) (“**Shanxi CIG**”) and was approved and registered by the Shanxi Provincial Administration for Market Regulation. The registered capital and paid-up capital is 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 November 2023, the Company issued 373,486,000 shares of stock (H shares) to overseas investors and listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”), with the stock abbreviation “SHANXI INSTALL” and stock code “02520”. After the completion of the aforementioned issuance, the total share capital increased to RMB1,373,486,000.00.

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

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

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

The financial statements and notes to the financial statements were approved by the resolution of the 33rd meeting of the first session of the Board of the Company on August 28, 2024. °

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company had been preparing its overseas financial statements in accordance with the International Financial Reporting Standards since the date on which the H Shares of the Company became listed on the Hong Kong Stock Exchange. In order to further enhance efficiency, reduce disclosure costs, and align with the interests of the Company and Shareholders as a whole, as approved by the resolution of the 2023 annual general meeting held by the Company on May 22, 2024, starting from the 2024 half-yearly financial report and interim results, the Company adopted the China Accounting Standards for Business Enterprises for the preparation of financial statements and relevant financial information, and disclose the same in the PRC and Hong Kong markets. For details, please refer to the Company’s announcement, circular, and poll results announcement dated April 30, 2024 and May 22, 2024, respectively.



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. In addition, the Company discloses relevant financial information in accordance with the China Securities Regulatory Commission’s No. 15 of regulations on information disclosures of companies that issue public offering shares — General Rules of preparing financial reports (revised in 2014).

The financial statements are presented on a going concern basis.

The Companies Ordinance (Cap. 622 of the laws of Hong Kong) (the “**Hong Kong Companies Ordinance**”) has come into effect from March 3, 2014, and certain related matters in the financial statements have been disclosed in accordance with the requirements of the Hong Kong Companies Ordinance.

### 3. TRADE RECEIVABLES

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

Type	Balance		June 30, 2024 (Unaudited) Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit	
				loss rate (%)	
Bad debt provision on an individual basis	105,270,102.37	1.57	105,270,102.37	100.00	—
Bad debt provision on a group basis	6,595,824,418.09	98.43	289,903,486.27	4.40	6,305,920,931.82
Including: Age group	6,595,824,418.09	98.43	289,903,486.27	4.40	6,305,920,931.82
<b>Total</b>	<b>6,701,094,520.46</b>	<b>100.00</b>	<b>395,173,588.64</b>	<b>5.90</b>	<b>6,305,920,931.82</b>

Type	Balance		December 31, 2023 Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit	
				loss rate (%)	
Bad debt provision on an individual basis	106,078,264.08	1.55	106,078,264.08	100.00	—
Bad debt provision on a group basis	6,717,326,789.42	98.45	274,490,986.71	4.09	6,442,835,802.71
Including: Age group	6,717,326,789.42	98.45	274,490,986.71	4.09	6,442,835,802.71
<b>Total</b>	<b>6,823,405,053.50</b>	<b>100.00</b>	<b>380,569,250.79</b>	<b>5.58</b>	<b>6,442,835,802.71</b>

Bad debt provision on a group basis:

Provision by age group

	June 30, 2024 (Unaudited)			December 31, 2023		
	Balance	Bad debt provision	Expected credit loss rate (%)	Balance	Bad debt provision	Expected credit loss rate (%)
Within 1 year	3,075,256,821.34	37,855,110.92	1.23	4,263,819,685.01	51,172,565.65	1.20
1–2 years	1,943,562,375.83	51,442,943.42	2.65	1,566,440,619.79	57,699,544.38	3.68
2–3 years	1,108,665,505.07	58,666,238.63	5.29	491,685,275.83	37,641,116.77	7.66
3–4 years	222,695,246.03	21,403,826.48	9.61	191,012,071.14	25,116,758.01	13.15
4–5 years	151,040,649.28	25,931,546.28	17.17	138,005,606.49	36,497,470.74	26.45
Over 5 years	94,603,820.54	94,603,820.54	100.00	66,363,531.16	66,363,531.16	100.00
<b>Total</b>	<b>6,595,824,418.09</b>	<b>289,903,486.27</b>	<b>4.40</b>	<b>6,717,326,789.42</b>	<b>274,490,986.71</b>	<b>4.09</b>

#### 4. CONTRACT ASSETS

Item	June 30, 2024 (Unaudited)			December 31, 2023		
	Balance	Impairment provision	Carrying amount	Balance	Impairment provision	Carrying amount
Contract assets arising from construction contracts	8,024,661,117.15	98,598,587.79	7,926,062,529.36	6,551,068,587.24	78,488,565.92	6,472,580,021.32
— Contract assets on service concession projects	1,145,010,463.35	14,095,074.08	1,130,915,389.27	1,138,250,486.35	13,637,416.12	1,124,613,070.23
— Contract assets on EPC projects	6,879,650,653.80	84,503,513.71	6,795,147,140.09	5,412,818,100.89	64,851,149.80	5,347,966,951.09
Quality assurance deposit receivables	698,824,414.20	8,602,525.66	690,221,888.54	607,470,333.28	7,278,121.83	600,192,211.45
Receivables under service concession arrangements	2,800,672,192.01	34,476,263.14	2,766,195,928.87	2,785,249,023.25	33,370,769.34	2,751,878,253.91
<b>Sub-total</b>	<b>11,524,157,723.36</b>	<b>141,677,376.59</b>	<b>11,382,480,346.77</b>	<b>9,943,787,943.77</b>	<b>119,137,457.09</b>	<b>9,824,650,486.68</b>
Less: Contract assets shown in other non-current assets	4,382,440,506.38	53,947,857.28	4,328,492,649.10	4,209,227,483.91	50,298,157.30	4,158,929,326.61
<b>Total</b>	<b>7,141,717,216.98</b>	<b>87,729,519.31</b>	<b>7,053,987,697.67</b>	<b>5,734,560,459.86</b>	<b>68,839,299.79</b>	<b>5,665,721,160.08</b>

## 5. TRADE PAYABLES

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

Item	June 30, 2024 (Unaudited)	December 31, 2023
Within 1 year	6,481,927,164.70	6,252,429,061.32
1–2 years	2,054,934,293.74	1,606,704,303.54
2–3 years	896,420,971.39	769,864,911.43
Over 3 years	681,654,517.96	390,830,434.45
<b>Total</b>	<b>10,114,936,947.79</b>	<b>9,019,828,710.74</b>

## 6. EMPLOYEE REMUNERATION PAYABLES

Item	December 31, 2023	Increase for the period	Decrease for the period	June 30, 2024 (Unaudited)
Short-term remuneration	76,677,679.92	272,677,805.71	235,615,932.82	113,739,552.81
Post-employment benefits — defined contribution plan	166,163.29	42,754,443.72	42,652,209.57	268,397.44
Termination benefits	3,360,000.00	1,800,000.00	1,800,000.00	3,360,000.00
Post-employment benefits due within one year — liabilities in defined benefit plan	3,100,000.00	1,660,000.00	1,660,000.00	3,100,000.00
Termination benefits due within one year — liabilities in defined benefit plan	260,000.00	140,000.00	140,000.00	260,000.00
<b>Total</b>	<b>80,203,843.21</b>	<b>317,232,249.43</b>	<b>280,068,142.39</b>	<b>117,367,950.25</b>

The defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate fund and will have no further payment obligations thereafter. During the reporting period, the defined contribution plan of the Company is the basic pension insurance and unemployment insurance paid for the employees.

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

## 7. OTHER PAYABLES

Item	June 30, 2024 (Unaudited)	December 31, 2023
Interest payables	—	—
Dividend payables	71,677,949.99	71,677,949.99
Other payables	598,153,582.06	822,259,031.43
<b>Total</b>	<b>669,831,532.05</b>	<b>893,936,981.42</b>

### (1) Dividend payables

Item	June 30, 2024 (Unaudited)	December 31, 2023
Shanxi Construction Investment Group Co., Ltd. (山西建設投資集團有限公司)	70,244,390.99	70,244,390.99
Shanghai Rongda Investment Management Co., Ltd. (上海榮大投資管理有限公司)	1,433,559.00	1,433,559.00
<b>Total</b>	<b>71,677,949.99</b>	<b>71,677,949.99</b>

### (2) Other payables

Item	June 30, 2024 (Unaudited)	December 31, 2023
Deposits received	31,762,973.95	32,156,766.92
Amounts due to related parties	316,668,605.74	513,766,317.72
Amounts due to employees	103,443,310.33	100,315,014.52
Withholding and payment of social security and tax on behalf of individuals	11,494,292.42	13,771,897.86
Other payables	134,784,399.62	162,249,034.41
<b>Total</b>	<b>598,153,582.06</b>	<b>822,259,031.43</b>

## 8. OPERATING REVENUE AND OPERATING COSTS

Item	January to June 2024 (Unaudited)		January to June 2023	
	Revenue	Costs	Revenue	Costs
Principal businesses	6,115,137,405.48	5,408,818,568.86	5,253,138,893.24	4,455,905,307.13
Other businesses	11,960,217.68	1,661,089.71	11,811,728.28	6,133,966.11
<b>Total</b>	<b>6,127,097,623.16</b>	<b>5,410,479,658.57</b>	<b>5,264,950,621.52</b>	<b>4,462,039,273.24</b>

**(1) Operating revenue and operating costs by type**

Major type	January to June 2024 (Unaudited)		January to June 2023	
	Revenue	Costs	Revenue	Costs
Principal businesses:	<b>6,115,137,405.48</b>	<b>5,408,818,568.86</b>	5,253,138,893.24	4,455,905,307.13
1. Specialized industrial construction	<b>3,996,674,781.38</b>	<b>3,614,643,362.62</b>	2,942,024,466.92	2,602,108,436.00
— Construction income of service concession projects	<b>813,297.39</b>	<b>773,506.20</b>	16,834,323.48	12,781,710.61
— Construction income of EPC projects	<b>3,995,861,483.99</b>	<b>3,613,869,856.42</b>	2,925,190,143.44	2,589,326,725.39
2. Specialized auxiliary construction	<b>749,830,764.28</b>	<b>704,030,936.18</b>	924,470,042.23	766,832,697.00
— Construction income of service concession projects	<b>69,129,763.42</b>	<b>31,370,520.22</b>	122,338,020.20	104,232,363.66
— Construction income of EPC projects	<b>680,701,000.86</b>	<b>672,660,415.96</b>	802,132,022.03	662,600,333.34
3. Other construction	<b>753,021,799.31</b>	<b>702,243,262.83</b>	767,993,625.04	663,338,158.24
— Construction income of service concession projects	<b>33,497,670.34</b>	<b>24,902,249.51</b>	52,894,224.00	41,915,940.33
— Construction income of EPC projects	<b>719,524,128.97</b>	<b>677,341,013.32</b>	715,099,401.04	621,422,217.91
4. Non-construction business	<b>615,610,060.51</b>	<b>387,901,007.23</b>	618,650,759.05	423,626,015.89
— Interest income of service concession projects	<b>114,864,441.91</b>	—	78,883,211.84	—
— Operating fee income of service concession projects	<b>59,470,103.51</b>	<b>43,430,164.79</b>	53,012,615.94	36,370,690.82
— Urban heating technical services income	<b>225,474,718.48</b>	<b>158,621,179.04</b>	221,139,644.37	153,852,049.84
— Sales of LNG	<b>114,186,472.61</b>	<b>110,383,853.41</b>	140,344,974.94	132,819,920.93
— Sales of concrete	<b>13,021,403.29</b>	<b>12,807,267.26</b>	38,650,014.10	37,837,601.69
— Trading	<b>43,560,763.82</b>	<b>37,284,802.86</b>	41,164,993.45	39,933,181.26
— Design fee	<b>17,732,855.70</b>	<b>11,073,103.77</b>	21,307,589.90	9,185,019.98
— Sales of electricity	<b>13,352,437.43</b>	<b>2,490,923.94</b>	11,854,207.18	2,208,234.30
— Labor services fee	<b>13,946,863.76</b>	<b>11,809,712.16</b>	12,293,507.33	11,419,317.07

Major type	January to June 2024 (Unaudited)		January to June 2023	
	Revenue	Costs	Revenue	Costs
Other businesses:	11,960,217.68	1,661,089.71	11,811,728.28	6,133,966.11
— Lease	7,796,764.64	1,463,069.91	7,059,712.80	1,790,217.83
— Others	<u>4,163,453.04</u>	<u>198,019.80</u>	<u>4,752,015.48</u>	<u>4,343,748.28</u>
<b>Total</b>	<b><u>6,127,097,623.16</u></b>	<b><u>5,410,479,658.57</u></b>	<b><u>5,264,950,621.52</u></b>	<b><u>4,462,639,273.24</u></b>

**(2) Operating revenue and operating costs by geographical location**

Major operating areas	January to June 2024 (Unaudited)		January to June 2023	
	Operating revenue	Operating costs	Operating revenue	Operating costs
China	5,921,958,211.00	5,217,479,131.59	5,116,226,114.24	4,328,887,112.06
Overseas	<u>205,139,412.16</u>	<u>193,000,526.98</u>	<u>148,724,507.28</u>	<u>133,152,161.18</u>
<b>Total</b>	<b><u>6,127,097,623.16</u></b>	<b><u>5,410,479,658.57</u></b>	<b><u>5,264,950,621.52</u></b>	<b><u>4,462,039,273.24</u></b>

**(3) Breakdown of operating revenue**

	January to June 2024 (Unaudited)	January to June 2023
<b>Timing of revenue recognition</b>		
Including: Recognized at a point in time	504,909,071.64	544,519,562.69
Recognized over time	<u>5,499,527,344.97</u>	<u>4,634,488,134.19</u>
<b>Total</b>	<b><u>6,004,436,416.61</u></b>	<b><u>5,179,007,696.88</u></b>

The above excludes interest income on service concession projects and rental income, which are recognized in accordance with the Accounting Standards for Business Enterprises No.22 and Accounting Standards for Business Enterprises No.21, respectively.

## 9. TAXES AND SURCHARGES

Item	January to June 2024 (Unaudited)	January to June 2023
Property tax	3,552,419.29	5,066,876.81
Stamp duty	2,480,836.34	4,440,208.71
Urban maintenance and construction tax	3,429,679.76	3,760,605.51
Education surcharge	2,775,991.46	2,568,992.20
Land use tax	433,586.83	515,979.59
Others	374,264.52	564,491.59
<b>Total</b>	<b><u>13,046,778.20</u></b>	<b><u>16,917,154.41</u></b>

## 10. GAINS ON DISPOSAL OF ASSETS

Item	January to June 2024 (Unaudited)	January to June 2023
Gains on disposal of fixed assets (losses are expressed in “-”)	<u>2,969,850.45</u>	<u>1,316,250.72</u>
<b>Total</b>	<b><u>2,969,850.45</u></b>	<b><u>1,316,250.72</u></b>

## 11. INCOME TAX EXPENSES

### (1) Breakdown of income tax expenses

Item	January to June 2024 (Unaudited)	January to June 2023
Current income tax calculated in accordance with tax laws and related regulations	4,418,466.98	19,916,115.53
Deferred income tax expenses	<u>-6,706,347.59</u>	<u>-9,224,584.85</u>
<b>Total</b>	<b><u>-2,287,880.61</u></b>	<b><u>10,691,530.68</u></b>

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

Item	January to June 2024 (Unaudited)	January to June 2023
Total profit	113,454,707.27	120,923,401.76
Income tax expenses at statutory (or applicable) tax rate	17,018,206.09	18,138,510.26
Effect of different tax rates applied by certain subsidiaries	3,772,850.94	-211,358.68
Adjustment of current income tax in previous periods	-19,456,156.19	—
Profit or loss from joint ventures and associates accounted for under the equity method	105,679.97	-346,442.17
Non-taxable income (expressed in “-”)	—	-12,933.30
Non-deductible costs, expenses and losses	9,709,536.53	7,235,189.54
Tax effect of unrecognized deductible losses and deductible temporary differences	6,884,176.59	11,973,566.01
Tax effect of deduction for research and development expenses (expressed in “-”)	-20,322,174.54	-26,085,000.98
<b>Income tax expenses</b>	<b>-2,287,880.61</b>	<b>10,691,530.68</b>

***Tax Concessions and Approvals***

- (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 Administration of Taxation in December 2021, and is eligible to pay EIT at a preferential rate of 15% from December 8, 2021 to December 7, 2024.
- (2) Shanxi Shan’an Bluesky Energy Conservation Technology Co. Ltd.\* (山西山安藍天節能科技股份有限公司), a subsidiary of the Company, has obtained the 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 2021, and is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 7, 2021 to December 6, 2024.



- (3) Gaoping Xinshi Yangtian Solar Power Company Limited\* (高平市鑫時陽田光伏發電有限公司), 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 2021, and is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 7, 2021 to December 6, 2024.
- (4) Shanxi Shan'an Biquan Haimian City Technology Company Limited\* (山西山安碧泉海綿城市科技有限公司) and Shanxi Shan'an Maode Distributed Energy Technology Company Limited\* (山西山安茂德分布式能源科技有限公司), subsidiaries of the Company, have 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 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.
- (5) Shanxi Shan'an Lide Environmental Technology Company Limited\* (山西山安立德環保科技有限公司), 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 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.
- (6) Shanghai Shan'an Construction Engineering Company Limited\* (上海山安建設工程有限公司), a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Committee of Shanghai Municipality, Shanghai Municipal Bureau of Finance and Shanghai Municipal Taxation Bureau, State Administration of Taxation in December 2023, 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.
- (7) The Company's operations in the PRC enjoy an additional research and development deduction tax treatment in accordance with EIT.

An additional 50% deduction of the research and development expense incurred from the research and development of new technologies, new products, and new techniques on the basis of the actual expenditure where no intangible asset has been capitalized from the research and development. If intangible assets have been capitalized, an additional 150% deduction was allowed on the amortization of the intangible assets.

According to the announcement and notice issued by the Ministry of Finance of the PRC (中華人民共和國財政部) and the State Taxation Administration of the PRC (中華人民共和國國家稅務總局), additional deduction ratio of research and development expenses was increase from 50% to 75% and additional deduction ratio of amortization of the intangible assets was increase from 150% to 175% during the period from January 1, 2018 to December 31, 2023. According to the announcement issued by the Ministry of Finance of the PRC, the State Taxation Administration of the PRC, and the Ministry of Science and Technology, additional deduction of research and development expenses was increased on the current deduction ratio from 75% to 100% and additional deduction ratio of amortization of the intangible assets was increased on the current deduction ratio from 175% to 200% since 1 October 2022.

## 12. EARNINGS PER SHARE

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

	<b>January to June 2024 (Unaudited)</b>	January to June 2023
<b>Basic earnings per share</b>		
Net profit attributable to shareholders of the parent company	<b>89,473,203.06</b>	84,464,560.23
Weighted average number of ordinary shares issued during the year	<b>1,373,486,000.00</b>	1,000,000,000.00
Basic earnings per share	<b>0.07</b>	0.08

## 13. SEGMENT INFORMATION

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

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

### Segment profits or losses, assets and liabilities

Current period or at the end of current period (Unaudited)	Construction contracting segment	Non-construction segment	Offset	Total
Operating revenue	5,590,700,848.80	710,751,610.88	174,354,836.52	6,127,097,623.16
Including: Revenue from external transactions	5,555,045,376.57	572,052,246.59	—	6,127,097,623.16
Revenue from inter-segment transactions	35,655,472.23	138,699,364.29	174,354,836.52	—
Including: Revenue from principal businesses	5,576,188,283.76	706,082,513.63	167,133,391.91	6,115,137,405.48
Operating costs	5,090,247,446.23	486,020,113.93	165,787,901.59	5,410,479,658.57
Including: Costs of principal businesses	5,089,522,599.42	485,083,871.03	165,787,901.59	5,408,818,568.86
Selling expenses	—	647,767.49	4,396.44	643,371.05
Management expenses	205,799,313.10	27,978,579.12	9,028,166.28	224,749,725.94
Finance expenses	103,841,616.85	73,418,695.03	—	177,260,311.88
Operating profits/(losses)	12,600,019.12	100,088,661.91	-943,043.16	113,631,724.19
Total assets	21,111,357,397.41	8,640,990,405.98	3,965,834,440.61	25,786,513,362.78
Total liabilities	18,964,806,199.13	6,207,312,482.83	2,646,724,544.81	22,525,394,137.15
Supplementary information:				
Capital expenditures	3,590,654.00	97,398,382.84	9,484,284.19	91,504,752.65
Depreciation and amortization expenses	13,537,761.73	37,586,613.47	—	51,124,375.20
Asset impairment losses (losses are expressed in “-”)	-21,022,200.07	-1,995,134.80	-477,415.37	-22,539,919.50
Credit impairment losses (losses are expressed in “-”)	-30,975,594.10	-3,722,328.41	—	-34,697,922.51

Previous period or at the end of previous period	Construction contracting segment	Non-construction segment	Offset	Total
Operating revenue	4,712,801,007.78	915,693,001.53	380,460,542.19	5,248,033,467.12
Including: Revenue from external transactions	4,619,596,759.72	628,436,707.40	—	5,248,033,467.12
Revenue from inter-segment transactions	93,204,248.06	287,256,294.13	380,460,542.19	—
Including: Revenue from principal businesses	4,772,862,910.39	869,064,192.37	377,194,791.60	5,264,732,311.16
Operating costs	4,178,895,199.59	667,264,801.01	384,120,727.36	4,462,039,273.24
Including: Costs of principal businesses	4,178,895,199.59	667,207,715.64	384,120,727.36	4,461,982,187.87
Selling expenses	—	728,471.92	4,396.44	724,075.48
Management expenses	232,633,145.59	24,660,181.92	6,524,121.50	250,769,206.01
Finance expenses	106,327,881.47	66,474,357.19	—	172,802,238.66
Operating profits/(losses)	41,499,528.08	83,712,754.82	-10,188,703.11	135,400,986.01
Total assets	18,845,157,649.72	8,695,415,605.87	4,018,141,922.87	23,522,431,332.72
Total liabilities	16,730,692,018.49	6,380,643,566.81	2,714,708,653.89	20,396,626,931.41
Supplementary information:				
Capital expenditures	6,169,229.83	155,770,794.02	—	161,940,023.85
Depreciation and amortization expenses	16,987,730.24	32,763,073.46	—	49,750,803.70
Asset impairment losses	-3,494,032.57	-1,347,332.74	—	-4,841,365.31
Credit impairment losses	-42,203,733.90	-1,935,369.35	—	-44,139,103.25

#### Reliance on major customers

The Company has a large number of customers and no single customer accounted for more than 10% of the Company's total revenue as at June 30, 2024.

#### 14. DIVIDENDS

For the six months ended June 30, 2024, no interim dividend is proposed (as at June 30, 2023: nil).

## II. MANAGEMENT DISCUSSION AND ANALYSIS

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

#### Summary of Overall Results

In the first half of 2024, we focused on various tasks and goals of the “Year of Quality and Efficiency Improvement”, adhered to the principles of seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old. Our overall strength has steadily improved, reforms and systematic changes have been deepened, market expansion strategies have been effective, and internal controls have been increasingly perfected. We achieved outstanding results in promoting comprehensive high-quality development. Our operating revenue for the first half of the year reached RMB6,127 million, achieving a profit of RMB116 million.

In terms of specialized industrial construction, we successfully achieved our targeted 50,000 kilowatts distributed wind power projects and 50,000 kilowatts wind power action projects. We coordinated with entities such as Jolywood (中來), Guangdong Electric Power (粵電), and PowerChina Renewable Energy Investment (中電建新能源投資), and actively progressed the application for achieving 16 centralized new energy targets within the province and base projects in places outside the province like Yingkou in Liaoning, Jixi, and Haixi Prefecture in Qinghai. We are also actively promoting the implementation of businesses such as pumped storage hydroelectricity, electrochemical energy storage, and compressed air energy storage. In the field of power engineering, we have successively won the bids for the 2024 (first batch) lead-carbon battery energy storage EPC general contracting project (2024年度(第一批)鉛碳電池儲能EPC總承包項目), Jiangsu Bravo Textile Technology user-side energy storage project (江蘇布拉芙紡織科技用戶側儲能項目), Tunliu Fengyi 102MW wind farm project (屯留豐宜102MW風電場項目), Zhongyang County 100MW wind power project (中陽縣100MW風電項目), Huaneng Xiong'an Branch Hebei Shahe City and Xiong'an Everbright Ecological Industrial Park distributed photovoltaic project EPC engineering (華能雄安分公司河北沙河市及雄安光大生態產業園分布式光伏項目EPC工程), Shaanxi Company Guoneng Xingping City 100MWP (陝西公司國能興平市100MWP), Qindu District 100MWP distributed photovoltaic power generation project (秦都區100MWP分布式光伏發電項目等一批重點光伏項目) and other key photovoltaic projects and Heilongjiang Province Tonghe 200MW wind-storage integrated project 220kV transmission EPC general contracting project (黑龍江省通河200MW風儲一體化項目220kV送出工程EPC總承包項目) etc. In the petrochemical field, we signed contracts including the organic liquid hydrogen storage material carbazole series products project of Haiwang (Ningdong) New Materials Technology Co., Ltd., and the wind power coupled biomass green methanol integrated demonstration project in Taonan City. In the field of electromechanical installation, we signed the contract for the comprehensive electromechanical (first section) contracting project at Junjingbei Commercial Plot 1.

In terms of specialized auxiliary construction, we won the bid for the second section of network expansion and ancillary piping works of the Taiyuan City centralized heating network expansion and renovation project (phase II) (太原市集中供熱聯網擴容改造工程(二期)擴網及配套管線工程第二標段), the Jiangbin District heating network renovation and upgrade project (江濱區塊供熱管網改造提升工程), the old heating network renovation project in Baizhen urban area of Chahar Right Rear Banner (察右後旗白鎮城區老舊供熱管網更新改造工程), the general contracting of the Jinxiu Street East Extension (Planned 21st Road to Jinxiu North Street) road project (public utility corridor in the park) (錦繡大街東延(規劃二十一路—錦繡北街)道路工程(園區公共管廊)總承包), the comprehensive emergency project for the environmental “three treatments” along Provincial Highway 308 by the Hequ County People’s Government (河曲縣人民政府省道308沿線環境「三治」綜合應急工程), the photovoltaic module and silicon material resource utilization project by Zhifu Energy Technology Development (Ningxia) Co., Ltd. (志福能源科技發展(寧夏)有限公司光伏組件及矽材料資源利用項目), and the EPC project for the construction of the high-quality dairy and beef dual-purpose cattle digital park in Arukorqin Banner (阿魯科爾沁旗優質乳肉兼用牛數智化園區建設項目EPC).

Regarding other construction, we won the bid for the general contracting project for the construction works of the Shanxi Hub (Taiyuan) Project (Part One) of the national hub nodes of the national integrated computing network.

In the first half of the year, we renewed our qualifications and successfully applied for the premium grade qualification for general contracting for construction works and the grade A qualification for engineering design in the construction industry (construction works, civil air defence works). Meanwhile, we fully promoted the qualification application of subsidiaries by combining specialized and localized development.

As we continued to consolidate the strategy of “Going Overseas”, we focused on key countries and specialties with a competitive edge, and deeply developed new energy engineering, chemical engineering, power engineering, industrial plants, etc. in regions such as Southeast Asia, Central Asia, and Africa. We also won the bids for the Fengfa No. 1 Coal Preparation Plant project in Indonesia.

We put into practice the concept of “lucid water and lush mountains are invaluable assets”, and accelerated the investment and construction of transformation projects to become a “low-carbon project operator”. We insisted on the investment ideas of “industrial investment” and “small investment in huge market”, and invested in transformation projects: in the field of clean heat supply, we actively advanced the preliminary work of the Siziwang Banner Cogeneration Project; in the field of solid waste disposal, we laid out the disposal of “emerging solid waste”, promoted the recycling projects for decommissioned wind power and photovoltaic equipment in Zuoyun and Changzhi; in the field of water environment management, we won the bids for the entrusted operation projects of sewage treatment plants (stations) in towns and key villages in Wenshui County, the leachate treatment station entrusted

operation project in Wenshui County, and the daily operation entrusted service project for domestic sewage treatment stations in five towns in Pinglu County; and in the field of distributed energy, the preliminary work of the Taiyuan Wusu Zero Carbon Airport Integrated Energy Project has made phased progress, and we are actively exploring the setup for new energy storage projects.

## **Industry in which the Company Operates**

### ***Specialized Industrial Construction in China***

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

#### *1. New Energy Industry Projects*

In the first half of 2024, the newly installed capacity of renewable energy power generation in China was 134 million kilowatts, representing a year-on-year increase of 24% and accounting for 88% of the newly installed capacity of power generation in China. At the end of June 2024, the installed capacity of renewable energy power generation in China reached 1.653 billion kilowatts, representing a year-on-year increase of 25% and accounting for approximately 53.8% of the total installed capacity of power generation in China. Benefiting from the government's supportive policies (i.e. the Renewable Energy Law of the People's Republic of China), as well as China's growing energy demand and increasing investment in new energy, the market size of China's new energy industry engineering market is expected to reach RMB4,501.8 billion in terms of gross output value by 2027, with a compound annual growth rate of 9.7%.

Shanxi is China's first pilot province for comprehensive reform of the energy revolution, which is transitioning to a low-carbon energy structure, and is in line with the country's goal of peaking carbon emissions by 2030 and achieving carbon neutrality by 2060. Since the 14th Five-Year Plan period, Shanxi Province has actively responded to the energy development strategy of the country, deeply promoted the optimization of the energy supply structure, accelerated the construction of new power systems, and spared no effort in serving the high-quality development of new energy. The series of measures has driven the annual average growth rate of wind and solar installed capacity to reach 14.98%, achieving a leap from exceeding 40 million kilowatts in December 2022 to exceeding 50 million kilowatts in January 2024. This growth reflects the significant progress Shanxi Province has made in energy transition and clean energy development.

## *2. Petrochemical Industry Projects*

The Guiding Opinions on Promoting High-Quality Development of Petrochemical and Chemical Industry during the 14th Five-Year Plan Period (《關於“十四五”推動石化化工行業高質量發展的指導意見》) put forward that by 2025, the petrochemical and chemical industry will basically form a pattern of high-quality development with strong independent innovation capability and reasonable structural layout that is green, safe and low-carbon, with greatly improved ability to guarantee high-end products, significantly enhanced core competitiveness, and a high level of self-reliance to achieve solid progress. On the basis of the government's continued financial assistance and policy direction, maintenance of pricing mechanism and support for industrial innovation, China's petrochemical industry is expected to evolve towards the concepts of environmental protection, low carbon, digitalization and closer strategic cooperation, while specialized industrial construction will continue to evolve to meet the development trend of the downstream industry. The PRC government is actively supporting the petrochemical industry based on the policy directions set out in the "Petrochemical Industry Planning and Layout Plan" (《石化產業規劃佈局方案》) and other proposals, and the total market size of petrochemical industry engineering in the PRC is expected to reach RMB2,688.4 billion by 2027.

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

### ***Specialized Auxiliary Construction in the PRC***

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



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

### *1. Clean Heat Supply*

The market demand for heating supply is large. With the development of urbanization, the area of urban heating demand is expanding year by year. Decentralized heating results in serious environmental pollution with an enormous waste of energy, while centralized heating instead of decentralized heating can save about thirty percent of energy. Centralized heating is a necessary requirement to improve the quality of the urban environment and establish a good image of the city's infrastructure. Centralized heating boilers have large capacities with relatively more ideal dust removal equipment, and the use of high-efficiency dust collectors can effectively reduce urban pollution. Centralized heating has good economic and environmental benefits. According to the relevant policies issued by the government, the reduction of energy consumption of urban heating units, the promotion of industrial waste heat for centralized heating, the acceleration of the construction and renovation of heating pipeline networks and the promotion of clean energy heating will be the focus of development in the future.

### *2. Solid Waste Disposal*

According to the estimation of China Urban Environmental Sanitation Association, the annual generation of construction waste in large and medium-sized cities in China in recent years has exceeded 2 billion tonnes, and has remained high all the time. In terms of disposal volume, the current volume of construction waste disposal is around 1.75 billion tonnes, and it is expected to exceed 2 billion tonnes by 2026. It is estimated that the construction waste resource utilization rate in some developed countries is as high as 90%, while China's construction waste resource utilization rate is less than 10% as its construction industry is in a period of rapid development.

With the increasing improvements in construction waste resource recycling industry related laws and standards, China's construction waste resources in the processing equipment, production technology, standards and norms, product quality, usage demonstration and other aspects have broken through the bottleneck. The platform for construction waste resource is gradually improving, with significant enhancement in reuse capability, and the time has come to handle special wastes through targeted treatments. Improving the recycling rate will be the main path to deal with construction waste, and construction waste resource treatment will enter a period of rapid development of scale, thus bringing great market opportunities for the application of solid waste treatment equipment in the area of environmental protection.

### 3. *Distributed Photovoltaic*

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

During the 14th Five-Year Plan period, Shanxi will focus on promoting wind power and photovoltaic power generation bases and large-scale development in northern Shanxi and western Shanxi, optimizing wind power and photovoltaic power generation in the southeastern district of Shanxi by development in close proximity, steadily promoting the diversified development of biomass energy, and actively promoting the large-scale development of geothermal energy. Focusing on economy of scale for centralized power generation and finer details for distributed power generation, we will continue to expand the scale of installed renewable energy and increase the proportion of installed power generation facilities. 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 province's total installed distributed renewable energy is to reach 10 million kilowatts, and distributed renewable energy power generation is to achieve a doubling of the amount in 2022. Energy utilization rate should maintain at a reasonable level, with various kinds of application scenarios, and pilot demonstration projects should have been completed to achieve results.

#### 4. *Water Environment Management*

According to the instructions of the Secretary of Shanxi Provincial Party Committee, the “Notice Issued by the General Office of Shanxi Provincial People’s Government on the Program of ‘Diverting Clear Water into the Yellow River’ Project” (Jin Zheng Ban Fa [2023] No. 14) and the implementation plans of the local “Diverting Clear Water into the Yellow River” project issued by various cities and towns in the province, the future market project development trend will involve projects in the ecological restoration and maintenance of rivers and lakes, treatment of polluted and smelly waters, comprehensive management of river basins as well as other ecological and environmental comprehensive management projects, sewage treatment facilities construction and improvement projects, intensive treatment of industrial parks wastewater and reusable water projects.

#### **Overseas Construction Market Ushers in New Development Opportunities**

President Xi Jinping’s keynote speech at the opening ceremony of the Third Belt and Road Forum for International Cooperation marked the beginning of a new phase of high-quality development in the Belt and Road initiative. From January to May 2024, regarding outbound contracting business, Chinese enterprises signed new contracting construction contracts worth RMB495.15 billion with countries which have joined the “Belt and Road” Initiative, representing an increase of 24.1%; and completed a turnover of RMB341.02 billion, representing an increase of 12.9%. This year, China’s outbound contracting business will achieve higher growth rate than the domestic business, indicating that there is a vast space for the development of business in the countries along the “Belt and Road”.

#### ***Operating revenue***

The Group mainly derives its operating revenue from: (1) specialized industrial construction; (2) specialized auxiliary construction; (3) other construction; and (4) non-construction business.

Our operating revenue for the six months ended June 30, 2024 amounted to RMB6,127.1 million, representing an increase of 16.4% as compared with RMB5,265.0 million for the corresponding period of last year, which was mainly because the power construction projects under our specialized industrial construction segment entered peak construction period during the Reporting Period, resulting in an increase in revenue scale.

### ***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 the six months ended June 30, 2024 amounted to RMB5,410.5 million, representing an increase of 21.3% as compared with RMB4,462.0 million for the corresponding period of last year, which was mainly due to the increase in the revenue scale of the Company and the corresponding input costs.

### ***Gross profit and gross profit margin***

Our gross profit for the six months ended June 30, 2024 amounted to RMB716.6 million, representing a decrease of 10.7% as compared with RMB802.9 million for the corresponding period of last year, which was mainly due to the decrease in gross profit of the specialized auxiliary construction and other construction segments.

Our gross profit margin for the six months ended June 30, 2024 was 11.7% (January to June 2023: 15.3%). The change in gross profit margin was mainly because the Company appropriately lowered bid prices to capture market share as market competition in the construction industry increased.

### ***Taxes and surcharges***

Our taxes and surcharges for the six months ended June 30, 2024 amounted to RMB13.0 million, representing a decrease of 22.9% as compared with RMB16.9 million for the corresponding period of last year, which was mainly due to the decrease in property tax and stamp duty.

### ***Selling expenses***

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

Our selling expenses for the six months ended June 30, 2024 amounted to RMB0.6 million, representing a decrease of 11.1% as compared with RMB0.7 million for the corresponding period of last year.

### ***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 the six months ended June 30, 2024 amounted to RMB224.6 million, representing a decrease of 10.4% as compared with RMB250.8 million for the corresponding period of last year, which was mainly due to the decrease in agency consulting fees during the Reporting Period.

### ***Research and development expenses***

Our research and development expenses for the six months ended June 30, 2024 amounted to RMB135.5 million, representing a decrease of 26.9% as compared with RMB185.3 million for the corresponding period of last year, which was mainly due to the decrease in the number of research and development projects during the Reporting Period, resulting in reduced investment.

### ***Finance expenses***

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

Our finance expenses for the six months ended June 30, 2024 amounted to RMB177.4 million, representing an increase of 2.6% as compared with RMB172.8 million for the corresponding period of last year, which was mainly due to the increase in borrowing size, leading to an increase in interest expenses.

### ***Other gains***

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

Our other gains for the six months ended June 30, 2024 amounted to RMB3.7 million, representing a decrease of 10.5% as compared with RMB4.1 million for the corresponding period of last year.

### ***Investment gains***

Our investment gains for the six months ended June 30, 2024 amounted to RMB-0.7 million, representing a decrease of 129.4% as compared with RMB2.4 million for the corresponding period of last year, which was mainly due to the reduction of share of profit of associates.

### ***Gains on change in fair value***

For the six months ended June 30, 2024, we recorded gains on change in fair value of RMB-0.5 million, representing a decrease of RMB0.6 million as compared with RMB0.1 million for the corresponding period of last year, which was primarily attributable to the impairment of investment properties.

### ***Credit impairment losses***

Our credit impairment losses represent credit impairment losses on our trade receivables, bill receivables and other receivables. During the six months ended June 30, 2024, 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. During the six months ended June 30, 2024, we had credit impairment losses of RMB34.7 million.

### ***Impairment losses on assets***

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

During the six months ended June 30, 2024, our impairment losses on assets amounted to RMB22.5 million, representing an increase of RMB17.7 million as compared with RMB4.8 million for the corresponding period of last year.

### ***Profit before tax***

Our profit before tax for the six months ended June 30, 2024 amounted to RMB113.5 million, representing a decrease of 6.2% as compared with RMB120.9 million for the corresponding period of last year, which was mainly due to the increase in operating costs and the decrease in gross profit.

### ***Income tax expense***

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

For the six months ended June 30, 2024, our income tax expense was RMB-2.3 million, representing a decrease of RMB13.0 million as compared with RMB10.7 million for the corresponding period of last year, which was mainly due to the reduction in current income tax expenses as a result of the income tax refund received from the tax authorities during the Reporting Period.

### ***Net profit***

For the six months ended June 30, 2024, we recorded a net profit of RMB115.7 million, representing an increase of 5.0% as compared with RMB110.2 million for the corresponding period of last year.

### ***Total comprehensive income attributable to equity holders of the Company***

For the six months ended June 30, 2024, total comprehensive income attributable to equity holders of the Company was RMB85.2 million, representing a decrease of RMB0.4 million as compared with total comprehensive income attributable to equity holders of the Company of RMB85.6 million for the corresponding period of last year.

### ***Liquidity and capital resources***

As at June 30, 2024, the Group had net current assets of approximately RMB186.0 million (as at December 31, 2023: RMB54.0 million) consisting of current assets of approximately RMB19,121.3 million (as at December 31, 2023: RMB17,060.4 million) and current liabilities of approximately RMB18,935.2 million (as at December 31, 2023: RMB17,006.4 million), representing a current ratio of approximately 1.0.

As at June 30, 2024, the Group had cash and bank balances (including restricted pledged bank deposits) of approximately RMB3,044.2 million (as at December 31, 2023: RMB2,636.5 million). As at June 30, 2024, the Group had cash and bank balances (excluding pledged bank deposits) of approximately RMB2,548.5 million (as at December 31, 2023: RMB2,090.2 million).

As at June 30, 2024, the Group's borrowings amounted to RMB6,951.7 million (as at December 31, 2023: RMB5,951.8 million), 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; and (b) the Group has maintained long-term business relationship with its principal banks.

### ***Capital expenditures***

The Group's capital expenditures relate primarily to construction and equity investment. As at June 30, 2024, the total amount of capital expenditures contracted by the Group but not yet incurred was RMB91.5 million (as at December 31, 2023: RMB583.4 million).

### ***Gearing ratio and quick ratio***

Gearing ratio represents total interest-bearing borrowings divided by total equity at the end of each year/period. Our gearing ratio as at June 30, 2024 was 204.9% (as at December 31, 2023: 190.4%).

Quick ratio represents current assets (excluding inventory) divided by current liabilities at the end of each year/period. Our quick ratio as at June 30, 2024 was 54.9% (as at December 31, 2023: 59.5%).

### ***Contingent liabilities***

As at June 30, 2024, the Group did not have any significant contingent liabilities.

### ***Long term equity investments***

As at June 30, 2024, the Group's long term equity investments amounted to RMB192 million, representing a decrease of 1.5% as compared with RMB195 million as at December 31, 2023. The decrease in the Group's long term equity investments was mainly due to the dividend distribution declared by the associates.

As at June 30, 2024, each individual investment held by the Group did not constitute 5% or more of the Group's total assets.

### ***Material acquisitions and disposals of subsidiaries, associates and joint ventures***

As at June 30, 2024, there were no material acquisitions and disposals.



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

### (I) Future Prospect

2024 is a year in which Shanxi Installation will embark on a new journey after its listing on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). Against the backdrop of China’s economic transformation, Hong Kong’s unique advantage in connecting China and the world is becoming more apparent. The agility and vitality of the Hong Kong market are being strengthened in the increasingly complex international environment, and the potential of emerging businesses such as the carbon market and technological empowerment is huge. We have designated this year as the “Year of Quality and Efficiency Improvement”, and we will adhere to the principle of seeking progress while maintaining stability, and actively make progress in adopting different approaches, adjusting structures, improving quality and enhancing efficiency, so as to consolidate the foundation for continuous improvement in all aspects of operations, and unswervingly push forward the Group’s high-quality development.

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

Sustainable and Effective Development, and Effective Governance. We will continue to advance the transformational development of the enterprise by exploring into new businesses including low-carbon environmental protection and integrated clean energy. We will seize key development opportunities including assembly type industrial parks, the Xiaohu Green-Smart City project, ecological demonstration cities, the “Diverting Clear Water into the Yellow River” project, and the “Three-Year Action Plan to Secure a Blue Sky” project, and ensure that in 2024, in the fields of clean heat supply, solid waste disposal, water environmental treatment and distributed energy, we will continue to replicate the successful experience to more heat supply projects, explore water treatment new model, conduct studies to improve the profitability level of distributed photovoltaic projects, consolidate the market in bulk solid waste disposal, and form a virtuous cycle in which we always have developing projects in progress and process in completion. We will continue to standardize its corporate governance processes in accordance with the requirements for listed companies in terms of investor relations management, coordination of information communication and close monitoring of public opinion. We will strive to maximize the Company’s value in capital market by continuously promoting the progress of compliance management in subsidiaries, and making efforts in capitalization operations.

## **(II) Potential Risks**

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

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

### ***Policy and Regulatory Risks***

The Company’s core business is affected by changes in government policies relating to the construction industry, including laws and regulations affecting infrastructure development, new energy, project financing and taxation, local government budgets and corporate participation in the infrastructure industry. During the Reporting Period, the Company complied with the regulatory requirements of the principal laws, regulations and departmental rules while closely monitoring the legislative developments in the industries in which it operates. During the Reporting Period and up to the date of this announcement, the Group has complied with the relevant laws and regulations that have impacts on the Group’s business and operations. Relevant employees and operating units are notified from time to time of any changes in applicable laws

and regulations. Changes in the PRC government's policies relating to the construction industry may affect the Company's business and financial performance; any changes in procurement policies or industry standards may have significant impacts on the Company's business.

### ***Market Risks***

The Company is exposed to market risks primarily from the Company's major customers and key suppliers. Market uncertainties caused by reforms 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 laws and regulations. For example, we are required to take measures to control environmental pollution generated at construction sites and pay for the discharge of waste materials.

In the event of serious environmental offences, we may be subject to fines and other administrative penalties and/or rejection from obtaining or renewing relevant licences 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.

### ***Employees***

As at June 30, 2024, the Group had 3,739 full-time employees, and the majority of them are based in Taiyuan, Shanxi Province. Staff costs during the Reporting Period, including directors' emoluments, totalled approximately RMB317 million (as at December 31, 2023: approximately RMB613 million). The Company enters into written employment agreements with our direct employees to specify the employee's position, responsibilities, remuneration, benefits and grounds of termination pursuant to relevant labor laws and regulations. We also have employees under labor dispatch agreements.

We believe that our long-term growth depends on the expertise, experience and development of our employees. We mainly recruit through recruitment fairs and on-campus recruitment. We have established a training system for our employees, based on their responsibilities, covering professional knowledge, technical, operational and managerial skills, corporate culture, internal control and other areas. Such programs are designed to foster career development of our employees and invest in the future of our human resources. At the same time, we have established a practice certificate incentive mechanism to encourage employees to obtain practice qualification certificates, forming a good learning atmosphere. The remuneration package for our employees generally includes salaries, bonuses and staff benefits. In addition, we make contributions to social insurance fund, including pension, medical, unemployment, maternity and occupational injury insurance, and housing provident fund for our employees.

## USE OF PROCEEDS

The total net proceeds from the issue of new H Shares by the Company in its listing on the Hong Kong Stock Exchange amounted to approximately HK\$738.5 million, after deducting the underwriting commission and other estimated expenses payable by the Company in connection with the global offering of the Company. The Company intends to use the unutilized net proceeds in the same manner and proportions as described in the prospectus issued by the Company dated November 10, 2023 and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

*Unit: million Currency: HK\$*

	Net proceeds intended to be distributed according to the prospectus	Net proceeds unutilized as at December 31, 2023	Actual use of proceeds during the Reporting Period	Net proceeds unutilized as at June 30, 2024	Expected timeframe for utilizing the remaining unutilized net proceeds
For financing our future centralized photovoltaic projects	147.6	147.6	5.6	142.0	To be utilized before end of 2025
For financing our investment in existing and future distributed photovoltaic projects	73.9	73.9	—	73.9	To be utilized before end of 2025

	Net proceeds intended to be distributed according to the prospectus	Net proceeds unutilized as at December 31, 2023	Actual use of proceeds during the Reporting Period	Net proceeds unutilized as at June 30, 2024	Expected timeframe for utilizing the remaining unutilized net proceeds
For our future investment in wind power projects in the PRC or abroad	73.9	73.9	—	73.9	To be utilized before end of 2026
For financing the future equity investment in and/or construction of other types of new energy projects	73.9	73.9	—	73.9	To be utilized before end of 2026
For financing our existing and future clean heating projects	29.5	29.5	—	29.5	To be utilized before end of 2026
For financing our future distributed energy projects	36.9	36.9	—	36.9	To be utilized before June 2025
For financing our existing water treatment projects	36.9	36.9	—	36.9	To be utilized before end of 2024
For financing our future solid waste disposal projects	29.5	29.5	—	29.5	To be utilized before end of 2026
For paying up the registered capital of the project company and the payment of construction fee of the existing service concession project	22.2	22.2	—	22.2	To be utilized before end of 2024
For making payment of the construction fee for purchase of equipment required for the existing service concession project	36.9	36.9	—	36.9	To be utilized before end of 2024
For our existing and future service concession projects including the service concession project of Urban Flood Control and Drainage and Comprehensive Treatment of Ecological Environment in Zhangzi County, Changzhi City	44.3	44.3	—	44.3	To be utilized before end of 2025

	Net proceeds intended to be distributed according to the prospectus	Net proceeds unutilized as at December 31, 2023	Actual use of proceeds during the Reporting Period	Net proceeds unutilized as at June 30, 2024	Expected timeframe for utilizing the remaining unutilized net proceeds
For financing new energy projects of upstream and downstream manufacturing industries, major expenditures including the payment used in purchase of tower production line equipment and related ancillary facilities, purchase of raw materials	73.9	73.9	—	73.9	To be utilized before end of 2025
For working capital and other general corporate purposes	59.1	59.1	44.9	14.2	To be utilized before end of 2024
Total	<u>738.5</u>	<u>738.5</u>	<u>50.5</u>	<u>688.0</u>	

## COMPLIANCE WITH THE CG CODE

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **REVIEW OF INTERIM RESULTS**

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

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the audited consolidated annual results for the Reporting Period and was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

## **INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend for the Reporting Period (June 30, 2023: nil).

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.sxaz.com](http://www.sxaz.com)). The 2024 interim report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders in due course and will be published on the websites of the Company and the Hong Kong Stock Exchange.

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

Shanxi, the PRC, August 28, 2024

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